

AGENDA

MEETING OF THE BOARD OF COMMISSIONERS

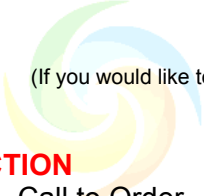
Chair: Sheila Kuehl

Tuesday, February 9, 2021
3:00 PM

Meeting Location:

First 5 LA
750 N. Alameda Street
Los Angeles, CA 90012

(If you would like to speak to any item on the agenda, please complete a public comment form)

- 
1. **ACTION**
Call to Order
- Yvette Martinez, Committee Chair
2. **INFORMATION** 3
Review of Meeting Notes from Joint Meeting of the Executive and Budget & Finance Committees – September 22, 2020
3. Finance Update 5
A. Present the Proposed FY 2020-21 Mid-Year Revised Budget
B. Present the Budget/LTFP Calendar for 2021
C. Preview the New FY 21-22 Budget Structure
- 4.

Presenters: Raoul Ortega, Finance Director and Daisy Lopez, Financial Planning & Analysis Manager

5. **INFORMATION**
Public Comments (For items not on the agenda)

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COMMISSIONERS

Los Angeles County Supervisor	Jane Boeckmann	Yvette Martinez
Sheila Kuehl	Bobby Cagle	Romalis J. Taylor
Chair	Barbara Ferrer, Ph.D., M.P.H., M.Ed.	Keesha Woods
Judy Abdo		Marlene Zepeda, Ph.D.
Vice Chair		

EX OFFICIO MEMBERS

Karla Pleitez Howell
Jonathan E. Sherin, M.D., Ph.D.
Wendy Smith, Ph.D., LCSW
Deanne Tilton

EXECUTIVE DIRECTOR

Kim Belshé

EXECUTIVE VICE PRESIDENT

John A. Wagner

A PUBLIC ENTITY

6. **ACTION**
Adjournment



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SUMMARY MEETING NOTES

**FIRST 5 LA
SUMMARY MEETING NOTES
Special Meeting of the Board of Commissioners
(Joint Meeting of the Budget & Finance and Executive Committees)
September 22, 2020
3:00 pm – 4:00 pm**

BUDGET & FINANCE COMMITTEE

MEMBERS PRESENT:

Linda Aragon (Alternate)
Astrid Heger
Yvette Martinez
Romalis Taylor

BUDGET & FINANCE COMMITTEE MEMBER

ABSENT:

Barbara Ferrer [Excused]

EXECUTIVE COMMITTEE MEMBERS

PRESENT:

Judy Abdo
Yvette Martinez
Marlene Zepeda

NON-COMMITTEE MEMBER PRESENT:

Wendy Garen

EXECUTIVE COMMITTEE MEMBERS

ABSENT:

Jonathan Sherin [Excused]

STAFF PRESENT:

Kim Belshé, Executive Director
Carl Gayden, Senior Director of Administration
Jaimie Knowles, Acting Board Secretary
John Wagner, Executive Vice President

LEGAL COUNSEL:

Craig Steele

1. Call to Order/Roll Call

The Special Meeting of the Board of Commissioners (Joint Meeting of the Budget & Finance and Executive Committees) was called to order by Executive Committee Chair Abdo at 3:02 pm. Roll call completed.

2. Review of Meeting Notes from Combined Meeting of the Budget & Finance and Executive Committees – June 17, 2020

Notes were received and filed with no additions or deletions.

3. Standing Items

A. Annual Audit: Draft of the Comprehensive Annual Financial Report (CAFR), Including the Independent Auditor's Report for the Fiscal Year Ending June 30, 2020

Raoul Ortega and Tino Faustino presented background on First 5 LA's annual audit process and informed the Committees that this year's audit was a clean one, with no findings or adjustments. As next steps, - staff will be bringing this item as action on consent at the October 8th Board meeting. Following Board approval, staff will submit this final audit report to the State Controller's Office and First 5 CA.

SUMMARY MEETING NOTES

Commissioner Comments:

Marlene Zepeda is interested in how First 5 LA's financials will be impacted by COVID and having to be in this virtual setting.

There was no further discussion on this item.

B. Review of Annual Operating Budget: No Discussion

C. Review of Annual Report to the State Commission

Holli Kyle presented background on First 5 LA's process to submitting data to First 5 CA as part of their annual process. She covered First 5 LA's investment categories and provide copies of the information that would be sent for inclusion in their First 5 CA Annual Report that is typically published around May each year. She highlighted that there was a minor change in how we collected Data for this report (direct numbers versus percentage data).

Commissioner comments:

Marlene Zepeda had concerns about the data not representing the communities we serve

Judy Abdo – Most of the work we are doing is in concentrated parts of the county and is interested in how First 5 LA is measuring results in the entire county when we don't reach the entire county?

D. Contract Compliance: No Discussion

E. Quality Assurance: No Discussion

F. Evaluation: No Discussion

G. Policy and Advocacy: No Discussion

H. Personnel and Compensation

There was no further discussion on this item.

3. Capital Improvement Plan Update

4. Public Comment (for items not on the agenda)

No public comments.

ADJOURNMENT:

Meeting adjourned @ 3:50 pm.

NEXT MEETING:

The next Special Meeting of the Budget & Finance Committee will take place on Tuesday, February 9, 2021 at 3:00 pm and will be conducted as a VIRTUAL meeting. Details will be posted and made public in compliance with Brown Act requirements.

Summary minutes were recorded by Jaimie Knowles, Acting Board Secretary.

FIRST 5 LA

SUBJECT:

Mid-Year Adjustments to the FY 2020-21 Budget

RECOMMENDATION:

Approve mid-year adjustments to the FY 2020-21 Budget as detailed in Attachment 1 (Program Budget) and Attachment 2 (Operating Budget).

BACKGROUND:

The Board adopts an annual budget which reflects the staff's best estimate of the financial resources that will be needed to move work forward and in alignment to the strategic direction. The \$124,256,493 million FY 2020-21 Budget, approved via Resolution by the Board of Commissioners on July 9, 2020, included \$101.5 million of funding for program costs and \$22.8 million for operating costs. This year's adjustments represent a net decrease of approximately \$444,000 to the FY 2020-21 Budget offset by funding added from non-Prop 10 revenues.

The FY 2020-21 Budget reflects not only the gradual transition to a revised 2020-2028 Strategic Plan, which refines, bridges and builds from the foundational work developed and advanced during the 2015-2020 Strategic Plan period, but also marks the first budget that was largely developed during a momentous time in history—at the brink of a global pandemic. The transition to a revised Strategic Plan as well as the unique circumstances and challenges that derive from a viral outbreak at a global-scale suggested the likelihood that an increase in budget adjustments would be needed at mid-year. Adjustments based on the impact of COVID-19 are reflected in both the program and operating budgets, as are adjustments based on the continued alignment to the revised Strategic Plan. The new strategic plan and priorities encourage the organization to work differently and optimize its performance and effectiveness to enhance our impact and sustainability. Such efforts require First 5 LA to align its structure, staffing, processes and culture with the new strategic priorities to promote the successful growth we seek. Initial budget requests were estimated using the information available at the time of budget development and were based on spending projections—rather than final negotiated contract amounts—so staff would have the flexibility to manage contracts within a budget unit without having to return to the Commission. Key themes throughout this year's mid-year adjustment requests namely include: much of the proposed spending increase for the year relies less on Proposition 10 funding and more on external alternative revenues; organizational alignment staffing changes are not evident in the mid-year but will impact future years; and the ongoing COVID-19 pandemic has impacted the originally proposed costs and activities and has resulted in many revised project timelines.

Although the mid-year shifts are reflective of upward and downward adjustments, it is important to underscore that these only represent the adjustment to anticipated spending in the fiscal year. A high-level overview pertaining to the various program and operating adjustments is included in the Discussion section of this memo.

As a reminder, our total budget is comprised of two components – the Program Budget and the Operating Budget. Based on updated information and analysis, the FY 2020-21 Program Budget reflects a net increase of approximately \$45,000 for a revised fiscal year Program Budget of \$101.5 million. These adjustments are detailed by priority outcome area and initiative in *Attachment 1A* and by program—which aggregate up to the amounts at the priority outcome area, strategy and initiative level—in *Attachment 1B*.

The mid-year budget adjustment also includes increases and decreases to various Operating Budget line items, the net effect of which is an approximately \$489,000 downward adjustment, for reasons discussed more fully below. As a result, the original approved Operating Budget of \$22.8 million is adjusted to \$22.3 million for the fiscal year. These adjustments are detailed at a summary level in Attachment 2.

The result is a net decrease of \$444,045 or approximately 0.4%, to the approved FY 2020-21 Budget of \$124.3 million for a revised total fiscal year budget of \$123.8 million, as illustrated in the high-level table below.

Budget Component	Approved FY2020-21 Budget	Proposed Adjustments	Revised FY2020-21 Budget	% Change
Program	\$ 101,459,000	\$ 45,200	\$ 101,504,200	0.0%
Operating	22,797,493	(489,245)	22,308,248	-2.1%
Total Revised FY 2020-21 Budget	\$ 124,256,493	\$ (444,045)	\$ 123,812,448	-0.4%

Of the proposed increase noted above, nearly \$3.0 million in estimated costs are being offset by \$2.99 million in non-Proposition 10 revenue received during FY 2020-21 from First 5 California (F5CA) (\$2,765,000) and the Aurrera Health Group, LLC (\$225,000). Funding from F5CA will be used to support the Home Visitation Coordination development of a Common Consent form across funding streams to allow for improved and efficient data access, improving coordination and communication at the implementation level, and supporting integration efforts with other family support systems (\$100,000). Funds will also be used to support the Dual Language Learners initiative work aligned with the Quality Start L.A. Framework (\$1.9 million) and incentive layer COVID-19 funds contributed to a pooled fund with the California Community Foundation (\$777,000). Funding from Aurrera Health Group, LLC (\$225,000) will enhance First 5 LA's capacity to implement provider engagement activities that include cross-sector network of care sessions, peer-to-peer learning sessions, and a practice paper with the goal to reduce adverse childhood experiences (ACEs) by half in one generation.

DISCUSSION:

Program Budget:

Per current First 5 LA policy, any change to the spending levels approved at the initiative level in the Program Budget requires formal approval by the Board of Commissioners via Resolution. As in the prior year, staff consolidated all FY 2020-21 Program Budget adjustments into a single process for presentation to the Commission at mid-year for approval. These adjustments, including both augmentations and reductions for programs whose projected cost differs from the originally approved budget levels, are detailed by priority outcome area and initiative in Attachment 1A and by program—which aggregate up to the amounts at the priority outcome area, strategy and initiative level—in Attachment 1B.

The following are highlights of the requested changes at the strategy and initiative level. As noted during the FY 2020-21 Budget development and approval process, due to the transition of the budget from one strategic plan to another, and the timing of the budget development in the midst of a global pandemic, the budget framework mirrors the 2015-2020 outline with a focus on the activities within the four priority outcome areas. Further alignment to the 2020-2028 Refined Strategic Plan will be reflected in the forthcoming FY 2021-22 Budget.

2020-2028 Refined Strategic Plan

Strategic Plan Priority Outcome Areas

Outcome 1: Families: Increase of \$587,000 or 1.6%

The net upward adjustment to this priority outcome area is driven by increases to Select Home Visiting (SHV) Programs (\$630,000), the shift of funding originally reflected in Integration & Learning (Deb Daro Consultation - \$35,000) in alignment with activities being carried out by the Families outcome area, and the receipt of new funding from First 5 California for the Home Visiting Coordination Project (\$100,000). The increase to SHV is increased to better align with the actual spending rate, based on higher staff retention and higher than usual personnel expenses. The overall increase to SHV is still within the approved contracted amount. Additionally, these increases are offset by decreases to the Family Strengthening Oversight Entity (\$50,000), Medi-Cal Administrative Activities Implementation Support (\$67,000) and Project Dulce (\$61,000), the latter of which is being updated to reflect the reconciled remaining contract amount.

Outcome 2: Communities: Increase of \$205,000 or 1.0%

The modification to this priority outcome area is primarily driven by an increase to Network Capacity Building (\$150,000), Built Environment Policy Advocacy Fund (BPAF) (\$125,000) and Data Analysis, Learning and Dissemination (\$50,000). The Network Capacity Building and BPAF budgets are being adjusted in response to COVID-19 – to address the immediate capacity building needs of nonprofits within the Best Start geographies that are being exacerbated by coronavirus and support BEPAF's Strategic Response Funds to aid current sub-grantees, respectively. A portion of these increases are offset by the downward adjustment to the Stakeholder Engagement and Leveraging budget (\$120,000), reduced due to the rescheduling of the State of the Child Summit to FY 2021-22.

Outcome 3: Early Care & Education Systems: Increase of \$2,497,000 or 13.3%

The net change to the Early Care & Education Systems priority outcome area is related to new funding received from First 5 California to support a Dual Language Learner initiative (\$1,888,000) and incentive layer funding to support Quality Start L.A. included in the QRIS Continuous Site Engagement program (\$777,000). The Dual Language Learner funding will be regranted to external partners to develop resources and strategies to support Dual Language Learners. The net increase to ECE is offset by a decrease to the Kindergarten Readiness Assessment (KRA) program (\$168,000). Due to the uncertainty of the COVID-19 pandemic, a decision was made not to expand KRA this fiscal year and therefore funding earmarked to pilot an additional school district will not be used.

Outcome 4: Health-Related Systems: Reduction of \$193,000 or -3.3%

The downward adjustment to the Health Systems outcome area is due to a revised estimated need in support of Help Me Grow through the end of the fiscal year. The budget was largely adjusted downward to reflect the staffing shifts and reassignments at the Los Angeles County Department of Public Health (LACDPH), to support the broader COVID-19 response, as well as adjustments based on actual expenditures during the first half of the fiscal year and revised projected needs for the remainder for the fiscal year. The decrease is offset by new external funding from Aurrera Health Group, LLC, and corresponding proposed activities and costs. These activities include: 1) Network of Care Activities (NOC) for multiple types of providers; 2) Peer-to-Peer Learning amongst primary care physicians; and 3) White Paper Development to influence large scale systems change for screening alignment, treatment and referrals/care coordination. Funds more explicitly will be used for meeting facilitation consultants, research and report development consultants, speaker honorariums, subject matter experts, and subcontract with peer-to-peer joint partner American Academy of Pediatrics California Chapter 2, all with the goal to reduce adverse childhood experiences (ACEs) by half in one generation.

Policy & Strategy Support: Reduction of \$275,000 or -3.2%

The net downward adjustment to the Strategic Plan Policy & Strategy Support area of the budget is largely the result of pandemic-related implications, such as not funding large-scale public events – like the Los Angeles Times Festival of Books, CicLAVia, and the Summer Children’s Concert Series – or procuring promotional items for said events. This resulted in a downward adjustment to Strategic Marketing (\$185,000). Additionally, the Strategic Communications budget was adjusted downward (\$200,000) as an appropriate news organization was not identified. The partnership with the Los Angeles Partnership for Early Childhood Investment (LAPECI) to build newsroom capacity to cover early learning issues with a news organization is postponed to FY 2021-22. These reductions are partly offset by increased needs in the Federal Policy and Sustainability Advocate budget (\$75,000) to support the We Must Count Coalition to strengthen systems to capture and release comprehensive and disaggregated COVID-19 data, and the Strategic Plan Advocacy Strategies (\$35,000) to support coalition facilitation and an increase in coalition governance and operations procedures development costs.

Integration & Learning: Reduction of \$71,000 or -1.6%

The total downward adjustment to Integration & Learning is an aggregate result of reductions to several budgets, including Family and Community Engagement Best Practices (\$75,000), Annual Reporting (\$25,000), Impact Framework (\$200,000) and Knowledge Management (\$55,000). Adjustments to these areas are due to timeline line shifts because of priority reassessments for the year and reassessment of the timing for primary data collection and external engagement. Many of the costs removed from this year’s budget will be revisited for next fiscal year. These decreases are partly offset by an increase to the Welcome Baby Impact Study (\$284,000) due to a modification to the study design, evaluation plan and Internal Review Board (IRB) protocols and the addition of a comparison group of WIC clients.

Legacy Investments: Increase of \$80,200 or 2.5%

Baby Friendly Hospitals: Increase of \$80,200

The Baby Friendly Hospitals: Baby Friendly Hospital Project – Cycle 4 was scheduled to end in FY 2019-20, however, the pandemic delayed the Baby Friendly designation site visit and related expenses. The FY 20-21 budget is being adjusted to reflect the remaining contract amount, which is higher than originally anticipated. Consequently, a no-cost extension is necessary to extend the timeline and access to remaining funds to complete the designation as a Baby Friendly Hospital in FY 20-21. No additional funds were added to this grantee’s contract.

Emerging Opportunities Fund: Decrease of \$2,785,000 or 93%

The Emerging Opportunities Fund is funding dedicated to enhancing First 5 LA’s capacity to act on new developments and opportunities given the complexity of the systems and partnerships that influence our work. This funding is also used to respond to emerging needs or unanticipated opportunities when found to align with the strategic direction of the organization. In addition, this fiscal year’s centralized funding also includes COVID-19 response resources to aid with the additional costs required to respond to immediate needs resulting from a global pandemic. In the end, COVID-19 relief resources were drawn from the individual program budgets. As a result, a downward adjustment of roughly \$2.8 million is made to the Emerging Opportunities Fund.

Operating Budget:

Per current First 5 LA policy, the Executive Director has the authority to approve budget adjustments to the Operating Budget between line items in an amount not to exceed \$25,000. Adjustments to the various line items within the FY 2020-21 Operating Budget exceed this amount specified in the policy, and as such require approval by the Board of Commissioners. Consistent with past practice, spending

projections and requested adjustments are prepared at the departmental level, which support the organization-wide adjustments presented for Commission approval in *Attachment 2*. This allows for more due diligence to ensure that budgets are monitored and managed at the appropriate level. Based on analysis of actual expenditures as well as additional anticipated expenditures through June 2021, we expect that higher-than-anticipated needs in some areas will be offset by savings projected in other areas. Implications resulting from the ongoing pandemic have resulted in projected lower than anticipated net operational costs for FY 2020-21.

The following are highlights of changes within the major spending categories:

- Personnel Related Expenses – Despite staff reductions over the course of the year, Finance has completed an analysis of the current personnel budget and concluded that due to the severance payments made to the separating employees, no adjustments are needed at mid-year.
- Operating Services – This category includes several line item adjustments, both upward and downward, with a total net decrease of \$150,650. This is primarily due to a decrease of \$164,000 in Miscellaneous/Contingency costs. These resources were largely intended to support the safety of staff upon returning to the office building such as plexiglass dividers, daily cleaning and deep cleaning services, additional security and temperature testing. Since staff will not be returning to the office building in FY 20-21 due to ongoing pandemic concerns, these resources have been adjusted downward. Additional decreases include: Worker’s Compensation Insurance (\$14,000), Mileage, Parking and Other Transportation (\$8,700), Internal Meetings (\$30,800), Capital Outlay (\$2,500) and Office Supplies (\$300) based on the current burn rate and projected cost for the remainder of the year, as well as a one-time Worker’s Compensation refund payment following the evaluation of actual claims. These decreases are offset by increases to Corporate Insurance (\$11,000) and Offsite Storage (\$4,550) which were adjusted to align with the revised anticipated need. The most notable upward adjustment is \$51,300 to Cell Phone and Mobile Phone Devices which is the result of the COVID-19 pandemic and the compensation to staff as we continue to telecommute. The original approved budget included \$50 for Cellphone and \$50 for Internet per month per staff member for the first 6 months of the fiscal year, as the duration of the pandemic was still unclear. The mid-year adjustment includes an additional 6 months of Internet and Cell Phone reimbursements as staff continue to work from home for the remainder of the fiscal year.
- Consultant Services – This category includes adjustments across multiple Departments, resulting in a net overall decrease of \$17,000. This is driven primarily by a decrease in the Early Care and Education Department budget as they will not be hiring for their monthly offsite retreats this fiscal year.
- Professional Services – This category reflects a net downward adjustment in costs of \$6,900 based on a decrease to Professional Dues (\$6,900) which was adjusted based on incurred expenditure trends in the first half of the fiscal year and projected need for the remainder of the fiscal year.
- Travel Expenses – This category includes adjustments to all departments with travel budgets based on the ongoing pandemic. As such, all remaining travel related costs including Airfare, Lodging, Per Diem and Other Travel Expenses that were anticipated for the second half of the fiscal year were eliminated. The remaining budget resources will be used offset costs from FY 2019-20 that were applied to the FY 2020-21 budget due to submission delays. The net result is a decrease of \$286,195 to Travel Expenses.
- Professional Development – This category includes Training Materials & Supplies, Internal Training, Leadership Programs, Conference Registrations and External Education/Training. Downward adjustments were made to Internal Training, Conference Registrations, and External Education/Training. These line items were adjusted to align with incurred expenditures and projected need for the remainder of the fiscal year as the ongoing pandemic has impacted the

previously anticipated professional development opportunities. The adjustments to these line items resulted in a net decrease of \$28,500.

Administrative Cost:

Though it does not set or mandate a limit, Proposition 10 does require all First 5 commissions to establish an administrative cost cap. As part of the approval of the annual fiscal year budget, First 5 LA approves an annual limit on the organization's administrative spending. While this administrative cost limit represents a percentage of the overall fiscal year budget, the Commission approves the limit at the dollar amount level. This is because administrative costs are generally not as fluid as other types of costs and cannot adapt quickly to respond to changes in actual spending levels.

The administrative cost limit approved in July 2020 as part of the FY 2020-21 Budget was \$14.3 million, or roughly 11.47% of annual spending. Based on the mid-year budget revisions discussed above and detailed in *Attachment 2*, the total revised administrative cost decreased to approximately \$13.8 million, as did the percentage – relative to annual program spending – to 11.18%. It should be noted that although the administrative cost percentage will fluctuate throughout the year, as it is dependent on incurred programmatic expenditures, the administrative spending for the fiscal year will not exceed the approved amount.

Revenue:

During FY 2020-21, First 5 LA received \$2.99 million in supplemental non-Proposition 10 revenue, approved by the Board of Commissioners, to support the organization's goals and offset an additional \$2.99 million in revised expenditures at mid-year. Funding includes pass-through resources from First 5 California (F5CA) to advance and support strategies related to the Dual Language Learners initiative, Quality Counts California (QCC) and the Quality Start Los Angeles (QSLA) efforts. F5CA is also providing funding to implement the Home Visiting Coordination (HVC) project. Additional funds from Aurrera Health Group, LLC (ACEs funding) will enhance First 5 LA's capacity to implement provider adverse childhood experiences (ACEs) engagement activities.

Tobacco tax revenue is projected to be roughly \$72.0 million in FY 2020-21 per the most recent estimate from the California Department of Tax and Fee Administration (CDFTA) released in June 2020. The comparison of projected revenues is consistent with the average annual forecasted rate of decline of approximately 3-4% in tobacco tax revenue. The increase to FY 2019-20 revenues is due to an increase in Proposition 56 backfill payments which are issued in arrears and are distributed irregularly and delayed, making monthly or quarterly analysis challenging. The projected Proposition 56 backfill for FY 20-21 is estimated to be approximately \$18.2 which is at the same level as the prior year. Recent conversations with the California Department of Tax and Fee Administration (CDTFA) and other key stakeholders suggest possible backfill methodology irregularities which may impact future payouts. Staff will continue to work with and engage other County Commissions, the State First 5 Association, and the CDTFA to monitor, evaluate and discuss any potential revenue impacts.

Interest earnings are projected to yield approximately \$4.1 million in revenue for FY 2020-21. The lease agreement with La Petite, which occupied the first floor of the Commission building, ended in FY 2019-20 and will not be renewed—this results in an approximately \$145,000 decrease in revenue.

Projected Revenue	FY 2020-21		Variance
	LTFP Projected Estimates	Revised Mid-Year Estimates	
Proposition 10/Proposition 56 Allocations*	\$ 67,885,883	\$ 70,909,108	\$ 3,023,225
Other Revenue	4,150,000	4,150,000	-
First 5 CA	-	2,765,000	2,765,000
Aurrera Health Group, LLC (ACEs)	-	225,000	225,000
Interest Earnings	4,050,792	4,050,792	-
Total Projected Revenue	\$ 76,086,675	\$ 82,099,900	\$ 6,013,225

*Includes a 2% downward internal adjustment in response to Proposition 56 trends

CONCLUSION:

First 5 LA’s budget is largely built upon estimates and reflects projected expenditures for FY 2020-21. As we transition into a new Strategic Plan amidst a global pandemic, these approximations result in the need for a mid-year adjustment process to align the current year budget to revised cost estimates in response to new information and actual spending and revenues for the first half of FY 2020-21. Although historical spending is utilized in the development of proposed cost estimates, the addition of new and/or emerging investments make historical trends less applicable. Other factors that contribute to changing estimates include:

- **Contract negotiations:** Preliminary grantee/vendor contract estimates are used during the budget development process as contracts are regularly finalized after the Board has approved the budget. In many cases, providers do not have the level of detail necessary to inform future spending until the contract is being developed (negotiated) with First 5 LA. Frequently, the final contracts are lower than originally estimated.
- **New funding opportunities:** First 5 LA’s work requires us to be adaptable to changing circumstances and new opportunities. The continued decline of Proposition 10 revenues means that the organization must pursue additional funding and/or partnerships to leverage resources and maximize impact. New revenues are received throughout the fiscal year, with corresponding costs and budgetary implications.
- **Real experience:** An additional year of experience and data has yielded significant information about actual project cost for many of our ongoing investments. This program implementation spending experience allows First 5 LA to use more data to inform better future estimates.

The mid-year shifts and adjustments proposed for FY 2020-21 are reflective of increased experience and adaptability. The mid-year process has allowed the organization to go back to the Board to propose refined estimates, informed by final negotiated contracts, actual expenditures, a continued transition to alignment with a revised strategic plan, implications of a global pandemic and any new information impacting First 5 LA investments. As always, we will continue to strive toward optimizing our effectiveness while adjusting to the organization’s fiscal reality.

NEXT STEPS:

First 5 LA’s approach to budgeting has evolved in recent years and will continue to evolve – informed by experience - to achieve greater clarity and transparency. The analysis of spending trends and project status that was conducted as part of the mid-year budget adjustment process this year will be used to inform the FY 2021-22 Budget development process. This analysis will also inform the reaffirmation process that takes place in conjunction with the approval of the FY 2021-22 Budget, through which all levels of fund balance are evaluated for appropriateness and potential modifications. The proposed FY 2021-22 Budget is expected to be presented to the Board of Commissioners on May 13, 2021 for discussion.

BUDGET COMPONENT	FY 2020-21 APPROVED	PROPOSED ADJUSTMENT	FY 2020-21 REVISED BUDGET	% CHANGE
2020-2028 STRATEGIC PLAN				
1 Families	\$ 37,631,000	\$ 587,000	\$ 38,218,000	1.6%
2 Communities	20,200,000	205,000	20,405,000	1.0%
3 Early Care & Education Systems	18,791,000	2,497,000	21,288,000	13.3%
4 Health-Related Systems	5,768,000	(193,000)	5,575,000	-3.3%
Sub-total: 2020-2028 Strategic Plan	\$ 82,390,000	\$ 3,096,000	\$ 85,486,000	3.8%
Policy & Strategy Support				
5 Policy Agenda/Advocacy	\$ 1,515,000	\$ 110,000	\$ 1,625,000	7.3%
6 Communications & Marketing	5,748,000	(385,000)	5,363,000	-6.7%
7 County Partnerships	315,000	-	315,000	0.0%
8 Strategic Partnership-Cross-Cutting Funder Partnership	692,000	-	692,000	0.0%
9 Strategic Partnership-Grantmaking Memberships	41,000	-	41,000	0.0%
10 Community Engagement and Advocacy	207,000	-	207,000	0.0%
Sub-total: Policy & Strategy Support	\$ 8,518,000	\$ (275,000)	\$ 8,243,000	-3.2%
Integration & Learning				
11 Communities of Practice	\$ 114,000	\$ (75,000)	\$ 39,000	-65.8%
12 Data Development and Integration	752,000	(25,000)	727,000	-3.3%
13 Data Partnership with Funders	850,000	-	850,000	0.0%
14 Dissemination	20,000	-	20,000	0.0%
15 Impact Framework	325,000	(200,000)	125,000	-61.5%
16 Knowledge Management	80,000	(55,000)	25,000	-68.8%
17 Learning Plan Development	100,000	-	100,000	0.0%
18 Program Evaluation	2,082,000	284,000	2,366,000	13.6%
19 Staff Capacity Building	75,000	-	75,000	0.0%
Sub-total Integration & Learning	\$ 4,398,000	\$ (71,000)	\$ 4,327,000	-1.6%
TOTAL 2020-2028 STRATEGIC PLAN	\$ 95,306,000	\$ 2,750,000	\$ 98,056,000	2.9%
LEGACY INVESTMENTS				
20 Baby Friendly Hospitals	\$ 48,000	\$ 80,200	\$ 128,200	167.1%
21 Little by Little/One Step Ahead	3,105,000	-	3,105,000	0.0%
TOTAL LEGACY INVESTMENTS	\$ 3,153,000	\$ 80,200	\$ 3,233,200	2.5%
22 Emerging Opportunities Fund	\$ 3,000,000	\$ (2,785,000)	\$ 215,000	-92.8%
TOTAL PROGRAM COSTS	\$ 101,459,000	\$ 45,200	\$ 101,504,200	0.0%
TOTAL FIRST 5 LA BUDGET	\$ 101,459,000	\$ 45,200	\$ 101,504,200	0.0%

INITIATIVE / STRATEGY NAME	PROJECT NAME	FY 2020-21 APPROVED BUDGET	PROPOSED ADJUSTMENTS	FY 2020-21 REVISED BUDGET	CHANGE
					%
2020-2028 STRATEGIC PLAN					
Home Visiting	Welcome Baby Hospitals	\$ 21,730,000		\$ 21,730,000	0%
	Select Home Visiting Programs	10,170,000	630,000	10,800,000	6%
	Deb Daro Consultation	-	35,000	35,000	100%
	Family Strengthening Oversight Entity	3,650,000	(50,000)	3,600,000	-1%
	F5CA Home Visiting Coordination Project	-	100,000	100,000	
	Funding to Support Home Visiting Health Plan Partnerships	50,000		50,000	0%
	Home Visiting Sustainability Support in Health Systems	120,000		120,000	0%
	Home Visiting Sustainability Support in Mental Health Systems	75,000		75,000	0%
	Infrastructure Support for Health Plan Reimbursement	25,000		25,000	0%
	LAC Perinatal and Early Childhood Home Visiting Consortium	50,000		50,000	0%
	MAMA's Visits Home Visiting Program Training and T.A. Support	265,000		265,000	0%
	Stronger Families Database	667,000		667,000	0%
	Medi-Cal Administrative Activities Implementation Support	277,000	(67,000)	210,000	-24%
Family Engagement	Abriendo Puertas	230,000		230,000	0%
	Project Dulce	282,000	(61,000)	221,000	-22%
	Family Engagement Learning Community Support	40,000		40,000	0%
Sub-total Families		\$ 37,631,000	\$ 587,000	\$ 38,218,000	1.6%
Best Start Networks	Neighborhood Action Councils	\$ 450,000		\$ 450,000	0%
	Region 1 Central-East Regional Network	4,392,000		4,392,000	0%
	Region 2 SLA Regional Network	5,014,000		5,014,000	0%
	Region 3 SFV Regional Network	2,315,000		2,315,000	0%
	Region 4 Port Cities Regional Network	2,644,000		2,644,000	0%
	Region 5 AV Regional Network	2,180,000		2,180,000	0%
	Network Capacity Building	575,000	150,000	725,000	26%
Public Infrastructure	Built Environment Policy Advocacy Fund (BPAF)	875,000	125,000	1,000,000	14%
	Food Security	105,000		105,000	0%
	Link Advocates Government Family and Parks (Link)	300,000		300,000	0%
Field Building	Capacity Building Learning Consortium	400,000		400,000	0%
	Data Analysis, Learning and Dissemination	650,000	50,000	700,000	8%
	Stakeholder Engagement and Leveraging	300,000	(120,000)	180,000	-40%
Sub-total Communities		\$ 20,200,000	\$ 205,000	\$ 20,405,000	1.0%
County Systems Building	County Liaison Consultant	\$ 75,000		75,000	0%
	Early Childhood Education Credential Advocacy Project	362,000		362,000	0%
	ECE Policy Advocacy Fund	3,350,000		3,350,000	0%
	Educare Policy and Advocacy	300,000		300,000	0%
	FCC Strategy	200,000		200,000	0%
	Kindergarten Readiness Assessment	6,309,000	(168,000)	6,141,000	-3%

INITIATIVE / STRATEGY NAME	PROJECT NAME	FY 2020-21 APPROVED BUDGET	PROPOSED ADJUSTMENTS	FY 2020-21 REVISED BUDGET	CHANGE
					%
Quality Improvement System	VIVA Social Impact Partners	400,000		400,000	0%
	QRIS Continuous Site Engagement	1,300,000	777,000	2,077,000	60%
	Dual Language Learner	-	1,888,000	1,888,000	100%
	QRIS Database	600,000		600,000	0%
	FFN Landscape	200,000		200,000	0%
	IMPACT 2020	2,760,000		2,760,000	0%
	QSLA Expansion	2,100,000		2,100,000	0%
	Shared Services Support	3,000		3,000	0%
	Early Childhood Educator Competencies Curriculum Project	182,000		182,000	0%
	ECE Workforce Registry	650,000		650,000	0%
Sub-total ECE		\$ 18,791,000	\$ 2,497,000	\$ 21,288,000	13.3%
Early Identification and Intervention	Help Me Grow	\$ 3,496,000	\$ (418,000)	\$ 3,078,000	-12%
	First Connections	583,000		583,000	0%
Trauma-Informed Approaches	Trauma-Informed Approaches	289,000	225,000	514,000	78%
AAIMM Birth Outcomes and Disparities – Policy and Systems Change	AAIMM Birth Outcomes and Disparities – Policy and Systems Change	1,400,000		1,400,000	0%
Sub-total Health		\$ 5,768,000	\$ (193,000)	\$ 5,575,000	-3.3%
Sub-Total		\$ 82,390,000	\$ 3,096,000	\$ 85,486,000	3.8%
Policy & Strategy Support					
Policy Agenda/Advocacy	Federal Policy and Sustainability Advocate	\$ 100,000	\$ 75,000	\$ 175,000	75%
	State Policy and Sustainability Advocate	440,000		440,000	0%
	Strategic Plan Advocacy Strategies	975,000	35,000	1,010,000	4%
Communications & Marketing	Strategic Communications	2,700,000	(200,000)	2,500,000	-7%
	Strategic Communications Partnerships	800,000		800,000	0%
	Strategic Marketing	2,248,000	(185,000)	2,063,000	-8%
County Partnerships	Bold Vision	150,000		150,000	0%
	County Partnership Fund	165,000		165,000	0%
Strategic Partnership - Cross-Cutting Funder Partnership	LA Funders Collaborative	25,000		25,000	0%
	LA-N-Sync	25,000		25,000	0%
	Los Angeles Area Chamber of Commerce	30,000		30,000	0%
	Los Angeles Partnership for Early Childhood Investment	30,000		30,000	0%
	Sector Partnership Development	470,000		470,000	0%
	Southern California Grantmakers (SCG)	112,000		112,000	0%
Strategic Partnership - Grantmaking Memberships	Grantmaking Memberships	41,000		41,000	0%
Community Engagement and Advocacy	Municipalities Engagement	130,000		130,000	0%
	Parent Advocacy and Engagement	77,000		77,000	0%
Sub-Total: Policy & Strategy Support		\$ 8,518,000	\$ (275,000)	\$ 8,243,000	-3.2%
INTEGRATION & LEARNING					
Communities of Practice	Family and Community Engagement Best Practices	\$ 100,000	\$ (75,000)	\$ 25,000	-75%
	Organization-wide Learning	14,000		14,000	0%
Data Development and Integration	Data Policies & Practices	25,000		25,000	0%
	Data Requests	5,000		5,000	0%
	Annual Reporting	25,000	(25,000)	-	-100%
	Indicator Development	150,000		150,000	0%
	WIC Data Mining Research Partnership	547,000		547,000	0%

INITIATIVE / STRATEGY NAME	PROJECT NAME	FY 2020-21 APPROVED BUDGET	PROPOSED ADJUSTMENTS	FY 2020-21 REVISED BUDGET	CHANGE
					%
Data Partnership with Funders	Children's Data Network (CDN)	850,000		850,000	0%
Dissemination	Dissemination	20,000		20,000	0%
Impact Framework	Impact Framework	325,000	(200,000)	125,000	-62%
Knowledge Management	Knowledge Management	80,000	(55,000)	25,000	-69%
Learning Plan Development	First 5 LA Data Strategy	100,000		100,000	0%
Program Evaluation	Best Start Learning Agenda	540,000		540,000	0%
	Early Identification and Intervention Evaluation	150,000		150,000	0%
	Quality Rating and Improvement System Evaluation	522,000		522,000	0%
	Welcome Baby Impact Study	870,000	284,000	1,154,000	33%
Staff Capacity Building	Capacity Building and Technical Assistance	75,000		75,000	0%
<i>Sub-total Integration & Learning</i>		\$ 4,398,000	\$ (71,000)	\$ 4,327,000	-1.6%
TOTAL 2020-2028 STRATEGIC PLAN		\$ 95,306,000	\$ 2,750,000	\$ 98,056,000	2.9%
LEGACY INVESTMENTS					
Baby Friendly Hospitals	Baby Friendly Hospital Project - Cycle 4	\$ 48,000	\$ 80,200	\$ 128,200	167%
Little by Little/One Step Ahead	Little by Little/One Step Ahead Program	3,105,000		3,105,000	0%
TOTAL LEGACY INVESTMENTS		\$ 3,153,000	\$ 80,200	\$ 3,233,200	2.5%
Emerging Opportunities Fund	Emerging Opportunities Fund*	\$ 3,000,000	\$ (2,785,000)	215,000	-93%
TOTAL FIRST 5 LA PROGRAM BUDGET		\$ 101,459,000	\$ 45,200	\$ 101,504,200	0.0%

* Emerging Opportunities/Threats resources were included throughout the programs budgets in FY 2019-20 and centralized in FY 20-21.

* Emerging Opportunities Fund also includes resources to support the COVID-19 response needs.

BUDGET SUMMARY FY 2020-21 Mid-Year Adjustments

	Approved FY 2020-21 Budget	Estimated FY 2020-21 Expenditures	Projected Savings/ (Shortfalls)	Mid-Year Adjustments	Revised FY 2020-21 Budget
OPERATING EXPENSES					
Personnel Related Expenses					
Salaries & Wages	13,722,800	10,402,581	3,320,219	-	13,722,800
Fringe Benefits	4,081,895	3,568,314	513,581	-	4,081,895
Total Personnel Related Expenses	17,804,695	13,970,895	3,833,800	-	17,804,695
Operating Services					
ADP-Payroll	40,000	26,846	13,154	-	40,000
Worker's Compensation Insurance	75,000	63,139	11,861	(14,000)	61,000
Utilities	145,000	108,009	36,991	-	145,000
Corporate Insurance	90,000	31,000	59,000	11,000	101,000
Mileage, Parking and Other Transportation	43,370	3,246	40,124	(8,700)	34,670
Telephone	70,000	29,379	40,621	-	70,000
Cell Phone & Mobile Devices	116,100	86,650	29,450	51,300	167,400
Outside Printing & Publishing	3,600	5,100	(1,500)	-	3,600
Other Supplies	10,250	-	10,250	-	10,250
Postage & Delivery	13,200	5,961	7,239	-	13,200
Educational Supplies	2,900	771	2,129	-	2,900
Office Supplies	77,870	17,169	60,701	(300)	77,570
Subscriptions & Publications	25,440	3,156	22,284	2,800	28,240
Capital Outlay	147,000	849	146,151	(2,500)	144,500
Equipment-Rents & Leases	27,000	17,481	9,519	-	27,000
Building Repair & Maintenance	150,000	86,463	63,537	-	150,000
Equipment Repairs & Maintenance	12,000	-	12,000	-	12,000
Offsite Storage	25,000	25,125	(125)	4,550	29,550
Hardware & Software Maintenance	470,730	61,578	409,152	-	470,730
Miscellaneous/Contingency	259,000	-	259,000	(164,000)	95,000
Stipend/Honorarium	-	-	-	-	-
Internal Meetings	125,800	19,190	106,610	(30,800)	95,000
Divisional Capacity Building	75,000	-	-	-	75,000
Total Operating Services	2,004,260	591,113	1,338,147	(150,650)	1,853,610
Consultant Services					
Consultant Fees	1,435,725	553,823	881,902	(17,000)	1,418,725
Other Professional Fees	350,500	251,007	99,493	-	350,500
External Reviewers	3,000	-	3,000	-	3,000
Total Consultant Services	1,789,225	804,830	984,395	(17,000)	1,772,225
Professional Services					
Audit	90,000	61,000	29,000	-	90,000
Legal Fees	150,000	114,906	35,094	-	150,000
Professional Dues	126,718	78,277	48,441	(6,900)	119,818
Staff Recruitment	10,000	396	9,604	-	10,000
Commissioners Stipends	25,000	21,600	3,400	-	25,000
Web-Based Services	48,000	16,776	31,224	-	48,000
Bank & Other Service Charges	35,000	32,000	3,000	-	35,000
Total Professional Services	484,718	324,955	159,763	(6,900)	477,818
Travel Expenses					
Airfare	127,350	-	127,350	(116,850)	10,500
Lodging	114,225	-	114,225	(108,225)	6,000
Per Diem	59,745	-	59,745	(55,620)	4,125
Other Travel Expense	25,425	-	25,425	(5,500)	19,925
Total Travel Expenses	326,745	-	326,745	(286,195)	40,550
Depreciation Expense					
Depreciation Expense	-	-	-	-	-
Total Depreciation Expense	-	-	-	-	-
Professional Development					
Training Materials & Supplies	11,300	-	11,300	-	11,300
Internal Training	92,000	10,000	84,400	(1,000)	91,000
Leadership Programs	48,500	14,850	33,650	-	48,500
Conference Registrations	158,750	19,384	139,366	(16,100)	142,650
External Education/Training	77,300	1,803	75,497	(11,400)	65,900
Total Professional Development	387,850	46,037	344,213	(28,500)	359,350
Marketing					
Advertising-Print	-	-	-	-	-
Advertising-Radio	-	-	-	-	-
Advertising-Digital	-	-	-	-	-
Advertising-Out Of Home	-	-	-	-	-
Sponsorship	-	-	-	-	-
Total	-	-	-	-	-
Total OPERATING EXPENSES	22,797,493	15,737,830	6,987,064	(489,245)	22,308,248

FY 2020-21 Mid-Year Revised Budget

Special Board/Budget &
Finance Committee
Meeting

February 9, 2021



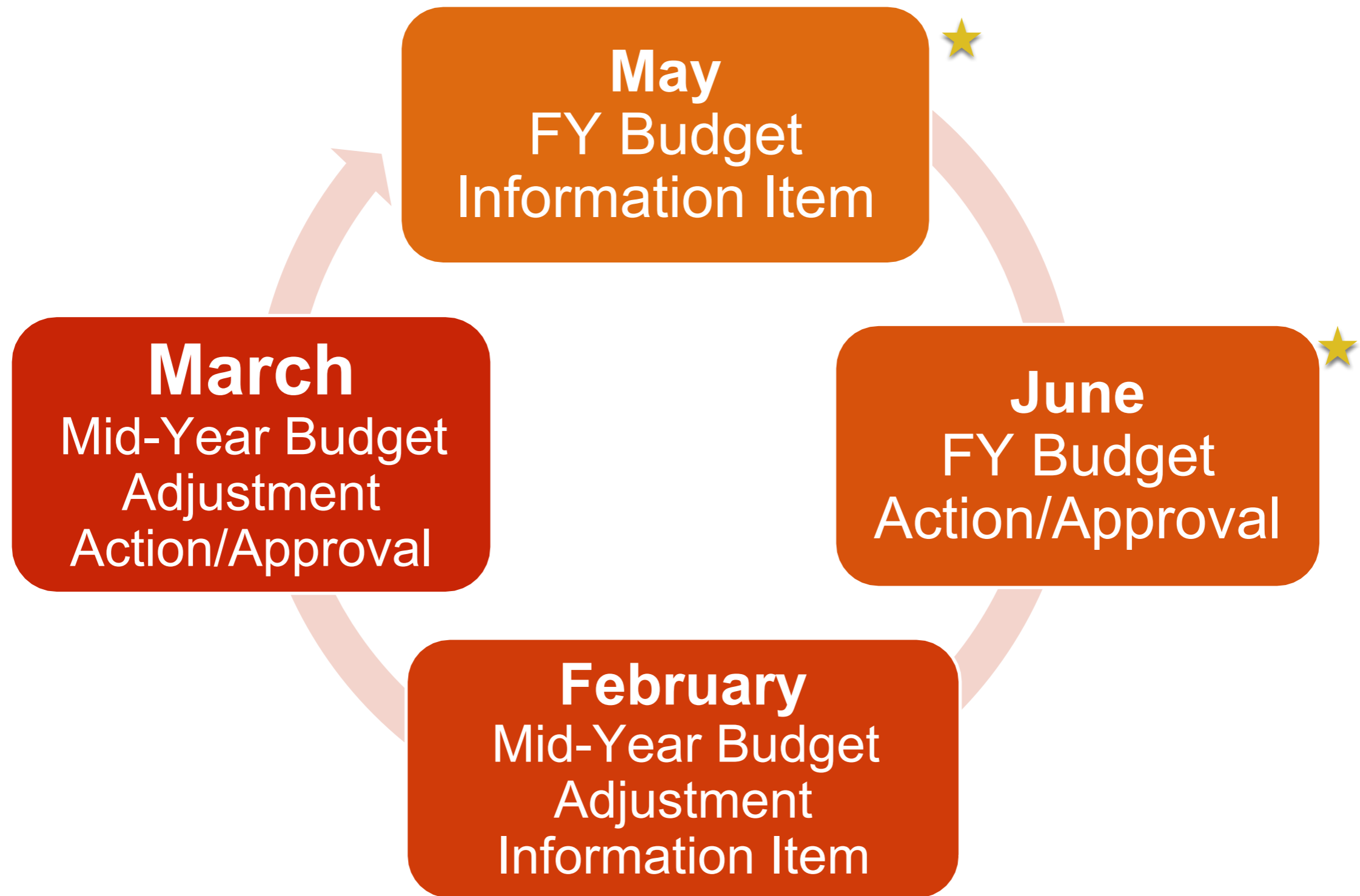
Objectives


- 1) Key Themes
- 2) Overview of Key Budget Development Dates
- 3) Mid-Year Adjustment Purpose & Process
- 4) Mid-Year Adjustment Impact to the FY 2020-21 Budget
- 5) High-level Discussion of Program and Operating Cost Adjustments
- 6) Revenue Updates
- 7) Next Steps

Mid-Year Adjustment: Key Themes

1. The ongoing COVID-19 pandemic has impacted the activities originally proposed for FY 20-21.
2. Additional Board approved non-Proposition 10 funding received after the development and approval of the FY 20-21 original budget (F5CA and Aurrera Health Group, LLC) is driving an increase in expenditures.
3. The net downward adjustment is largely the result of an adjustment to the Emerging Opportunities Fund which reconciled the accounting of resources within the individual program budgets and the EO Fund Budget, in response to the COVID-19 pandemic.

Commission Budget Review Process



 Due to the COVID-19 pandemic, the Budget was presented to the Board as an Information Item in June and an Action Item in July 2020.

FY 20-21 Mid-Year Revised Budget Timeline

- ➔ Feb 9, 2021– Special Board/Committee Meeting
 - Special Board/Budget & Finance Committee:
Discussion of draft FY 2020-21 Mid-Year Revised Budget
- February 11, 2021– Commission Meeting
 - Information Item: Overview and discussion of draft FY 2020-21 Mid-Year Revised Budget
- March 11, 2021– Commission Meeting
 - Action Item (CONSENT): Share the FY 2020-21 Mid-Year Revised Budget materials for approval

Purpose

The purpose of the Mid-Year Adjustment process is to adjust the current year budget (up or down) to reflect changing circumstances and updated information. It is also an opportunity to communicate any changes to revenue. Requires Board action.

Process

Consistent with prior years, we consolidated all adjustments into a single mid-year process. Proposed adjustments include both upward and downward alignment to spending authority are appropriate based on analysis of spending and updated information.

Mid-Year Adj. Board Policy Limitations

Program: All adjustments to approved Program budget amounts must be brought to the Board of Commissioners for approval

Operating: Adjustments between line items in excess of \$25,000 must be brought to the Board of Commissioners for approval

Pursuant to the above, the FY 2020-21 Mid-Year Adjusted Budget will be brought before the Board for approval.

Budget Highlights

Revisions to the original budget estimates are primarily driven by:

- Updated information or changing circumstances
 - New funding and corresponding costs received after Budget was Board approved
 - Final contract negotiations vs. budget estimates
 - Updated spending projections
 - Updated information regarding programmatic outcomes, targets or deliverables
- Timeline adjustments due to:
 - COVID-19 pandemic-related challenges (Internal/External)
 - Procurement and contract negotiation processes (Internal)
 - Staffing and priorities (Internal)
 - Subcontractor priority shifts; (External)
 - Partnership establishment (External)

FY 2020-21 Mid-Year Revised Budget Summary

Budget Component	Approved FY 2020-21 Budget	Proposed Adjustments	Revised FY 2020-21 Budget	% Change
Program				
<i>Total 2020-2028 Strategic Plan</i>	\$ 95,306,000	\$ 2,750,000	\$ 98,056,000*	2.9%
<i>Legacy Investments</i>	3,153,000	80,200	3,233,200	2.5%
<i>Emerging Opportunities Fund</i>	3,000,000	(2,785,000)	215,000	-92.8%
Total Program	\$ 101,459,000	\$ 45,200	\$ 101,504,200	0.0%
Operating	22,797,493	(489,245)	22,308,248	-2.1%
Total FY 2020-21 Budget	\$ 124,256,493	\$ (444,045)	\$ 123,812,448	-0.4%

*Expenditures are offset with \$2.99 million in funding from First 5 CA (Families and ECE) and the Aurrera Health Group, LLC for ACE's (Health)

FY 2020-21 Revised Budget – Strategic Plan

Initiative/Project	Approved FY 2020-21 Budget	Proposed Adjustments	Revised FY 2020-21 Budget	% Change
<i>Strategic Plan Priority Outcome Areas</i>				
Families	37,631,000	587,000	38,218,000	1.6%
Communities	20,200,000	205,000	20,405,000	1.0%
Early Care & Education Systems	18,791,000	2,497,000	21,288,000	13.3%
Health-Related Systems	5,768,000	(193,000)	5,575,000	-3.3%
Strategic Plan Policy & Strategy Support	8,518,000	\$ (275,000)	\$ 8,243,000	-3.2%
Integration & Learning	4,398,000	\$ (71,000)	\$ 4,327,000	-1.6%
Total 2020-2028 Strategic Plan	\$ 95,306,000	\$ 2,750,000	\$ 98,056,000	2.9%

FY 2020-21 Revised Budget – EO Funds

Budget Component	Approved FY 2020-21 Budget	Proposed Adjustments	Revised FY 2020-21 Budget	% Change
Program				
<i>Emerging Opportunities Fund</i>	3,000,000	(2,785,000)	215,000	-92.8%

SOURCE	AMOUNT	ADDITIONAL CONTEXT
Component 1*	\$2,435,000	Board Approved through original budget process. Resources included in corresponding project budgets. Rounded up from \$2,434,583
Network Capacity Building	150,000	Existing investment. Additional resources were approved through COVID Response Grant process
Built Environment Policy Advocacy Fund (BEPAF)	125,000	Existing investment. Additional resources were approved through COVID Response Grant process
Federal Policy and Sustainability Advocate	75,000	Existing investment. Additional resources were approved through COVID Response Grant process
TOTAL EO FUND ADJUSTMENT	\$2,785,000	

**Component 1 funds were identified late in the budget development in direct response to the COVID-19 pandemic. These funds were intended to facilitate our COVID-19 responsiveness by providing additional targeted support to existing contractors with unique capabilities and needs as well as offering additional support to new opportunities, including pooled or aligned funds.*

FY 2020-21 Revised Budget – Legacy Investments

Budget Component	Approved FY 2020-21 Budget	Proposed Adjustments	Revised FY 2020-21 Budget	% Change
Program				
<i>Legacy Investments</i>	3,153,000	80,200 *	3,233,200	2.5%

* The proposed adjustment is specific to the Baby Friendly Hospitals legacy investment

Operating Budget

Operating Cost Category	Approved FY 20-21 Budget	Proposed Adjustments	Revised FY 20-21 Budget	% Change
Personnel Services	\$ 17,804,695	\$ -	\$ 17,804,695	0.0%
Operating Expenses	2,004,260	(150,650)	1,853,610	-7.5%
Consultant Services	1,789,225	(17,000)	1,772,225	-1.0%
Professional Services	484,718	(6,900)	477,818	-1.4%
Travel Expenses	326,745	(286,195)	40,550	-87.6%
Professional Development	387,850	(28,500)	359,350	-7.3%
Total Operating Costs	\$ 22,797,493	\$ (489,245)	\$ 22,308,248	-2.1%

Administrative Cost Limit (ACL)

The mid-year adjustment process resulted in a decrease to the ACL from \$14.3 million or 11.47% of the total proposed FY 2020-21 budget to \$13.8 million or 11.18%

- Decrease due to an overall reduction in operating costs

Revenue Updates

Projected Revenue	FY 2020-21 LTFP Projected Estimates	FY 2020-21 Revised Mid-Year Estimates	Variance
Proposition 10/Proposition 56 Allocations*	\$ 67,885,883	\$ 70,909,108	\$ 3,023,225
Other Revenue	4,150,000	4,150,000	-
First 5 CA	-	2,765,000	2,765,000
Aurrera Health Group, LLC (ACEs)	-	225,000	225,000
Interest Earnings	4,050,792	4,050,792	-
Total Projected Revenue	\$ 76,086,675	\$ 82,099,900	\$ 6,013,225

*Includes a 2% downward internal adjustment in response to Proposition 56 trends

Additional Non-Prop 10 Funding and Expenditures

FUNDING SOURCE	PURPOSE	FY 20-21 FUNDING
First 5 California (resolution # 2020-09)	F5CA Home Visiting Coordination Project (Families)	100,000
First 5 CA IMPACT 2020 (resolution # 2020-04)	Dual Language Learner (ECE)	1,888,000
First 5 CA IMPACT 2020 (resolution # 2020-04)	CCF Covid-19 Funding (ECE)	777,000
Aurrera Health Group LLC (resolution # 2020-03)	Adverse Childhood Experiences (ACEs) (Health)	225,000
		TOTAL \$2,990,000

Total of \$2,990,000 in new expenditures for FY 2020-21 are offset by new non-Proposition 10 restricted funds

Next Steps

- February 11, 2021– Commission Meeting
 - Information Item: Overview and discussion of draft FY 2020-21 Mid-Year Revised Budget
- March 11, 2021– Commission Meeting
 - Action Item (CONSENT): Share the FY 2020-21 Mid-Year Revised Budget materials for approval

Adjustments will inform:

- The Long-Term Financial Plan (FY 20-21 Revised Budget estimates will replace the FY 20-21 Original Budget, included in the long-term financial plan)
- Development of the FY 2021-22 Budget, currently underway

Questions



FY 2020-21 BUDGET CALENDAR

DATE	ACTIVITY	VENUE
February 2021	<p><i>FY 2019-20 Mid-Year Revised Budget</i> Provide FY 2019-20 Mid-Year Budget Adjustment update to the Budget and Finance Committee Provide Long Term Financial <i>Plan and</i> revised Policy updates to the Budget and Finance Committee</p>	Budget & Finance Committee
February 2021	Provide FY 2019-20 Mid-Year Budget Adjustment update to the Commission	Commission Meeting
March 2021	Request Commission adoption of the FY 2020-21 Revised Budget (Consent)	Commission Meeting
January 2021	<p><i>FY 2021-22 Budget Development and Updates to the Long-Term Financial Plan</i> Provide updates re: LTFP and training to First 5 LA staff on budget process and development</p>	Internal Staff Training
February - April 2021	Complete Budget development and updated to the LTFP	Internal Staff Process
May 2021	Present FY 2021-22 Proposed Budget and revised LTFP to the joint Budget and Finance/Executive Committees	Budget & Finance/Executive Committee Meeting
May 2021	Present FY 2021-22 Proposed Budget and revised LTFP to the Commission (Informational)	Commission Meeting
May 2021	Revise FY 2021-22 Proposed Budget and revised LTFP as necessary	Internal Staff Process
May 2021	Present revised FY 2021-22 Proposed Budget and revised LTFP to the Budget and Finance Committee <i>(tentative, contingent on proposed changes)</i>	Budget & Finance Committee
May 2021	Present revised FY 2021-22 Proposed Budget and LTFP to the Program and Planning Committee	Program and Planning Committee Meeting
June 2021	Request Commission adoption of the FY 2021-22 Proposed Budget and revised LTFP	Commission Meeting

FY 2020-21 PROPOSED BUDGET FRAMEWORK

Budget Structure – Recommendation

- ✚ High-level alignment to new structure
 - Executive Director’s Office
 - Office of Communications
 - Office of Data for Action
 - Office of Equity, Strategy & Learning
 - Office of Government Affairs & Public Policy
 - Center for Child & Family Impact: Teams
 - Center for Operational Excellence: Teams
- Eliminate initiative level
 - Identify primary and secondary strategic priorities addressed by each program
 - List all projects/programs in alphabetical order and corresponding resources for the FY
 - Identify the accountable Center/Office/Team
 - Total will be provided by the comprehensive program cost only

Example:

2020-2028 STRATEGIC PLAN				
PRIMARY STRATEGIC PRIORITIES	SUPPLEMENTAL STRATEGIC PRIORITIES	PROJECT NAME	FY 2021-22 BUDGET	CENTER/OFFICE/ TEAM
		AAIMM Birth Outcomes and Disparities – Policy and Systems Change	1,400,000	Health Systems
1	2	Abriendo Puertas	230,000	Family Supports
2	1	Best Start Learning Agenda	540,000	Office of Data for Action
1	2,3	Bold Vision	150,000	Center Support Team
3	1	Built Environment Policy Advocacy Fund (BPAF)	1,000,000	
		Capacity Building and Technical Assistance	75,000	
		Capacity Building Learning Consortium	400,000	
		Children's Data Network (CDN)	850,000	
		County Liaison Consultant	75,000	
		County Partnership Fund	165,000	