

AGENDA

MEETING OF THE BOARD OF COMMISSIONERS

Chair: Sheila Kuehl

Monday, February 7, 2022

2:00 PM Click [HERE](#) for Public Zoom, YouTube and Dial-in Info

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** 2
Finance Update
 - A. Present the Proposed FY 2021-22 Mid-Year Revised Budget
 - B. Present the Budget/Long-term Financial Plan Calendar for 2022
- 3.
4. **Presenters: Raoul Ortega, Director, Finance and Daisy Lopez, Manager, Financial Planning & Analysis**
5. **INFORMATION**
Public Comments (For items not on the agenda)
6. **ACTION**
Adjournment

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A PUBLIC ENTITY

FIRST 5 LA

SUBJECT:

Mid-Year Adjustments to the FY 2021-22 Budget

RECOMMENDATION:

Approve mid-year adjustments to the FY 2021-22 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 \$114,296,168 million FY 2021-22 Budget, approved via Resolution by the Board of Commissioners on June 10, 2021, included \$92.3 million of funding for program costs and \$21.99 million for operating costs. This year's adjustments, which will be presented for review by the Budget and Finance Committee on Monday, February 7, 2022, and the Board of Commissioners on Thursday, February 10, 2022, represent a net decrease of approximately \$3.9 million to the FY 2021-22 Budget with some additional costs offset by non-Prop 10 funding received after the original FY 2021-22 Budget approval.

The FY 2021-22 Budget reflects the continued transition to the 2020-2028 Strategic Plan as well as the second budget developed amidst a global pandemic. Adjustments based on the impact of the evolution 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.

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 Board. Key themes throughout this year's mid-year adjustment requests include: less reliance on Proposition 10 funding and more emphasis on leveraging external alternative revenues; and the nearly two-year long COVID-19 public health emergency has impacted the originally proposed costs and activities and has resulted in revised project timelines. A high-level overview pertaining to the various program and operating adjustments, both upward and downward, 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 2021-22 Program Budget reflects a net decrease of approximately \$3,889,350 for a revised fiscal year Program Budget of \$88.4 million. These adjustments are detailed by program in Attachment 1—which are organized by team, office, and center.

The mid-year budget adjustment also includes increases and decreases to various Operating Budget line items, the net effect of which is an approximately \$26,700 downward adjustment, for reasons discussed more fully below. As a result, the original approved Operating Budget of \$21.99 million is adjusted to \$21.97 million for the fiscal year. These adjustments are detailed at a summary level in Attachment 2.

The result is a net decrease of \$3.9 million or approximately 3.4%, to the approved FY 2021-22 Budget of \$114.3 million for a revised total fiscal year budget of \$110.4 million, as illustrated in the high-level table below.

Budget Component	Approved FY 2021-22 Budget	Proposed Adjustments	Revised FY 2021-22 Budget	% Change
Program	\$ 92,304,000	\$ (3,889,350)	\$ 88,414,650	-4.2%
Operating	21,992,168	(26,700)	21,965,468	-0.1%
Total Revised FY 2021-22 Budget	\$ 114,296,168	\$ (3,916,050)	\$ 110,380,118	-3.4%

In addition to the proposed decrease above, \$435,000 in estimated costs are being offset by non-Proposition 10 revenue received during FY 2021-222 by funding received from the Los Angeles County Department of Public Health (LACDPH) (\$225,000 for FY 2021-22) and a Medi-Cal Managed Care Plan (\$210,000 for FY 2021-22). Funding from LACDPH will continue to support the African American Infant and Maternal Mortality Communications Initiative in FY 2021-22 and FY 2022-23, which LACDPH supported in FY 2019-20 and FY 2020-21. Funding from a Medi-Cal Managed Care Plan will be used to support First 5 LA's investment in Welcome Baby and Select Home Visitation in FY 2021-22 and FY 2022-23.

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 2021-22 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 program in Attachment 1—which are organized by team, office, and center.

The following are highlights of the requested changes at the Team/Office/Center level. As noted during the FY 2021-22 Budget development and approval process, the FY 2021-22 budget framework was revised to align with the 2020-2028 Strategic Plan and First 5 LA's adapted organizational structure. Projects are organized by Team/Office instead of initiative, as was the previous standard. Further assessment and alignment of the framework, costs, and activities to the 2020-2028 Strategic Plan will be reflected in subsequent Budgets.

2020-2028 Refined Strategic Plan

Family Supports: Cost neutral adjustments

Year-to-date spending, anticipated expenditures and historical spending informed all the downward adjustments within the Family Supports budget. These decreases were offset by an increase to the Welcome Baby Impact Study (\$322,000), whose adjustment is based on the inclusion of delayed deliverables from the previous fiscal year, as well as additional funding needs for data collection activities. It should be noted, however, that although the Welcome Baby Hospitals (WBH) and Select Home Visiting (SHV) budgets did not increase, external funding was received to support these activities in the amount of \$210,000 each year for two years, beginning in FY 2021-22. The external funding from the Medi-Cal Managed Care Plan is intended to offset WBH and SHV costs and will not increase the existing budget.

Communities: No proposed adjustments

Program resources are projected to continue to be at the level needed to satisfy anticipated expenditures in the remainder of the fiscal year, consistent with the approved budget for FY 21-22.

Early Care & Education Systems: Decrease of \$159,000 or -1.2%

The net change to the Early Care & Education Systems budget is due to decreases in the Kindergarten Readiness Assessment (KRA) program (\$125,000), as well as QSLA (Quality Start Los Angeles) Database (\$84,000). Resources in KRA were included in the original budget for a potential re-engagement of Compton Unified School District. However, after numerous unsuccessful contact attempts, a decision was made not to pursue Compton Unified and the budget has been adjusted downward accordingly. The QSLA Database budget is being adjusted downward due to lower than anticipated spending in Consulting and Personnel due to vacancies. These reductions are offset by a \$50,000 increase in the Home-Based Child Care Strategy in response to Commission feedback and recommendations to increase landscape analysis translation services to outreach to more diverse groups and increase honorariums for Providers participating in the Provider Advisory Group set to launch in Q3 of FY22.

Health Systems: Increase of \$10,000 or 0.2%

The upward adjustment to the Health Systems budget is due to the receipt of external funding (\$225,000) from the Los Angeles County Department of Public Health (LACDPH) and corresponding activities and costs related to the African American Infant and Maternal Mortality (AAIMM) Strategic Communications Initiative. These activities include but are not limited to: development of digital media and outdoor advertising, development of digital and print collateral, engagement with key stakeholders, and compilation of an annual report on communications activities and impact. This increase to the budget due to new funding is offset by downward adjustments to Help Me Grow (-\$105,256) and First Connections (-\$110,000). The Help Me Grow budget was adjusted downward to reflect the staffing shifts and reassignments at the Los Angeles County Department of Public Health (LACDPH), to support the broader ongoing COVID-19 response, as well as adjustments based on revised projected needs for the remainder for the fiscal year due to a revised media campaign implementation timeline. The First Connections budget adjustment is based on a project implementation strategy shift, as well as leveraging existing First 5 LA consultants to support analysis and learning from First Connections care coordination activities to inform Help Me Grow.

Office of Government Affairs & Public Policy: Reduction of \$55,750 or -1.8%

The net downward adjustment to the Office of Government Affairs & Public Policy area of the budget is largely due to the ongoing pandemic and state of emergency which has impacted the Conference Funding to Advance the Field of Early Childhood Development's (\$75,000) proposed support for in-person conferences. This reduction is offset by an increased need in the Strategic Plan Advocacy Strategies (\$19,250) to support an increase in coalition governance and operations procedures development and facilitation costs.

Office of Communications: Reduction of \$700,000 or -15.2%

The total downward adjustment to the Office of Communications is the result of a downward adjustment to Strategic Marketing (\$450,000) due to the ongoing COVID restrictions which has resulted in fewer in-person marketing events and printing costs and more integrated digital marketing, as well as a delay in a proposed strategic partnership with LA Partnership for Early Childhood Investment (PECI) under the Strategic Communications Partnerships (\$250,000). The partnership with Peci is anticipated to launch in FY 2022-23 and resources will be included in next fiscal year's budget, accordingly.

Office of Data for Action: Reduction of \$717,600 or -30.2%

The net downward adjustment to the Office of Data for Action is an aggregate result of reductions to several program budgets including, Data Policies & Practices (\$150,000), WIC Data Mining Research Partnership (\$60,000), Assisting and Supporting Staff with Information for Specialized Tasks (\$119,000), and Impact Framework (\$388,600). The adjustment to Data Policies & Practices is due to its relationship with the Data Strategy development, which is not as far along as originally projected since the intention is to develop data related policies and practices that align with and support our data strategy. The WIC Data Mining Research Partnership project was found to include duplicative costs that were captured in the Family Supports budget. Like Data Policies & Practices, the Assisting and Supporting Staff with Information for Specialized Tasks budget is primarily delayed due to its connection with the Data Strategy development, since the intention is to develop the infrastructure to support with providing Technical Assistance in alignment with and in support of our data strategy. Delays in the Data Strategy Development have also impacted the work related to the Impact Framework key performance indicators and long-term system outcome indicators, resulting in a downward adjustment for FY 2021-22.

Emerging Opportunities Fund: Reduction of \$1,300,000 or 87%

The reduction to the Emerging Opportunities Fund in FY 2021-22 is based on year-to-date spending and anticipated need for the remainder of the fiscal year. Further discussion and strategic decision-making will determine the emerging opportunities resources to be proposed to the Board for next fiscal year.

Legacy Investments: Reduction of \$967,000 or 30.4%

Little by Little/One Step Ahead Program: Reduction of \$967,000

In an effort toward sustainability, the grantee was able to acquire additional funding for the project, resulting in a downward adjustment to the First 5 LA Little by Little/One Step Ahead Program budget for FY 21-22.

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 2021-22 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 team 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.

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

- Personnel Related Expenses – Changes to the personnel expenses include downward salary adjustments in CAP (Contract Administration and Purchasing) and IT (Information Technology), repurposing a portion of staffing vacancy savings to offset costs in other line items, such as unexpected consultant costs, additional costs due to offsite storage inventory, hardware requirements, software and increased Blackbaud grantmaking license costs. Additionally, a percentage of the IT Director's salary was reclassified to the Center of Excellence budget as the IT Director has been assuming a dual role this fiscal year as Director of IT and Interim Chief Operating Officer. The result is a net downward adjustment of \$43,000. Any other personnel

savings associated with staffing vacancies will be calculated at the end of the budget year, consistent with First 5 LA practice.

- Operating Services – This category includes several line-item adjustments, both upward and downward, with a total net decrease of \$8,500. Adjustments include a decrease to both Utilities and Building Repairs and Maintenance line items within the Facilities Team Budget, based on reduced anticipated need compared to the original budget. These downward adjustments will be used to offset an increase in Consultant Services. Additional decreases include: Outside Printing and Publishing (\$500), Office Supplies (\$1,000), Equipment Rents and Leases (\$1,000), and Internal Meeting (\$14,500). Internal meeting is primarily being driven down by the Communities Team as they expect to have far fewer in-person meetings than originally planned. These decreases are offset by increases to Offsite Storage (\$2,500) which is adjusted to align with the revised anticipated needs. The most notable upward adjustments are increases to Hardware and Software Maintenance which is the result of the Consolidation of all (enterprise wide) Adobe Acrobat Pro licenses (\$4,000), Next Request - Software to track Public Records (\$5,000), \$12,000 increase in Blackbaud grantmaking license costs, and increase in miscellaneous costs (\$10,000) to support and enhance the return to office, such as hardware requirements for conference rooms to facilitate remote/in-person meetings.
- Consultant Services – This category includes adjustments across multiple departments, resulting in a net overall increase of \$11,000. However, the increase is primarily driven by an increase in the Facilities Team's Other Professional Fees budget. The additional resources, repurposed from Operating Services lower than anticipated spending, will be used toward the Facilities Manager's status change from part-time to full-time beginning September 2021 to support the building improvements and renovations.
- Professional Services – This category reflects a net upward adjustment in costs of \$49,000 primarily the result of an increase to Web-Based Services (\$50,000) in the HRTM (Human Resources & Talent Management) Team budget. HR is looking into an ADP module for tracking COVID-19 vaccination records for First 5 LA employees, in compliance with the Federal mandate. This increase is offset by decreases in other areas that net \$1,000, resulting in an overall \$49,000 increase.
- Travel Expenses – This category includes adjustments to many of the Team/Office/Center travel budgets in response to on the ongoing pandemic. There is an overall net decrease in the Travel cost category by \$33,000 as travel in the second half of the fiscal year is still unknown due to the recent Omicron COVID-19 variant.
- Professional Development – This category includes Training Materials & Supplies, Internal Training, Leadership Programs, Conference Registrations and External Education/Training. Downward adjustments were made to Training Materials & Supplies, Internal Training, Leadership Programs, and External Education/Training based on year-to-date spending and anticipated spending for the remainder of the fiscal year, due to ongoing pandemic challenges. Family Supports and the Health Team both had increases in their Conference Registration line items due to anticipated participation in virtual seminars, conferences, and events. CAP reduced their overall Professional Development line item by \$4,000 and repurposed those resources to Consultant Fees. The overall adjustments to these line items resulted in a net decrease of \$2,200.

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 June 2021 as part of the FY 2021-22 Budget was \$14.1 million, or roughly 12.37% of annual spending. Based on the mid-year budget revisions discussed above and detailed in Attachment 1 and Attachment 2, the total administrative cost is approximately \$14.1 million and the percentage – relative to annual program spending – is approximately 12.81%. Despite the roughly \$3.9 million downward adjustment to the overall budget, the costs captured under the administrative cost umbrella were unchanged. It should be noted, however, 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:

In subsequent months following the approval of the FY 2021-22 Budget, First 5 LA received \$435,000 in supplemental non-Proposition 10 funds, approved by the Board of Commissioners, to support the organization’s goals and offset an additional \$435,000 in revised expenditures at mid-year. Funding includes resources from the Los Angeles Department of Public Health (LADPH) to continue to support and advance the African American Infant and Maternal Mortality (AAIMM) Strategic Communications Initiative, whose intent is to build community awareness around the disparities and interventions created and expanded within the County through various communication platforms. First 5 LA is also receiving funds from a Medi-Cal Managed Care Plan to offset First 5 LA’s funding of Welcome Baby Hospitals and Select Home Visiting.

Tobacco tax revenue is projected to be roughly \$75.4 million in FY 2021-22 per the most recent estimate from the California Department of Tax and Fee Administration (CDTFA) released in June 2021 and adjusted downward internally by 1% based on historic trends. The comparison of projected revenues is consistent with the average annual forecasted rate of decline of 3-5% in tobacco tax revenue. As always, 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 \$4.0 million in revenue for FY 2021-22.

Projected Revenue	FY 2021-22		Variance
	LTFP Projected Estimates	Revised Mid-Year Estimates	
Proposition 10/Proposition 56 Allocations*	\$ 69,501,811	\$ 75,360,621	\$ 5,858,810
Other Revenue	5,144,000	5,144,000	-
Medi-Cal Managed Care Plan	-	210,000	210,000
LAC Department of Public Health	-	225,000	225,000
Interest Earnings	4,017,415	4,017,415	-
Total Projected Revenue	\$ 76,086,675	\$ 84,957,036	\$ 6,293,810

*Includes a 1% downward internal adjustment in response to Proposition 56 trends

CONCLUSION:

First 5 LA’s budget is built upon estimates and reflects projected expenditures for FY 2021-22. As we continue to gain experience with implementation of a refined Strategic Plan amidst a nearly two-year long global pandemic, the mid-year adjustment process provides an opportunity to align the

current year budget to revised cost estimates in response to latest information and actual spending and revenues for the first half of FY 2021-22. 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 in some areas. 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: Every year First 5 LA gains additional experience and data which 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 2021-22 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 refined strategic plan, implications of an ongoing global pandemic and latest 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 2022-23 Budget development process. This analysis will also inform the fund balance evaluation and reaffirmation process that takes place in conjunction with the approval of the FY 2022-23 Budget through which all levels of fund balance are evaluated for appropriateness and potential modifications. The proposed FY 2022-23 Budget is expected to be presented to the Board of Commissioners in May 2022 for discussion and in June 2022 for approval.

CENTER/TEAM/OFFICE	PROJECT NAME	APPROVED FY 2021-22 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2021-22 BUDGET	%
					CHANGE
2020-2028 STRATEGIC PLAN					
<i>Center for Child and Family Impact</i>					
FAMILY SUPPORTS	Welcome Baby Hospitals	\$ 22,406,000	\$ (200,000)	\$ 22,206,000	-1%
	Select Home Visiting Programs	11,596,000	(106,000)	11,490,000	-1%
	Deb Daro Consultation	35,000	(9,000)	26,000	-26%
	Family Strengthening Oversight Entity	3,810,000	(43,000)	3,767,000	-1%
	F5CA Home Visiting Coordination Project	100,000	(8,000)	92,000	-8%
	Home Visiting Staff Diversity/Retention Consultant	20,000		20,000	0%
	MAMA's Visits Home Visiting Program Training and T.A. Support	265,000		265,000	0%
	Stronger Families Database	667,000	(83,000)	584,000	-12%
	Welcome Baby Impact Study	1,362,000	449,000	1,811,000	33%
Sub-total Family Supports		\$ 40,261,000	\$ -	\$ 40,261,000	0.0%
COMMUNITIES	Region 1: Central-East Regional Network	\$ 3,953,000		\$ 3,953,000	0%
	Region 2: SLA Regional Network	4,513,000		4,513,000	0%
	Region 3: SFV Regional Network	2,084,000		2,084,000	0%
	Region 4: Port Cities Regional Network	2,380,000		2,380,000	0%
	Region 5: AV Regional Network	1,962,000		1,962,000	0%
	Network Capacity Strengthening	542,000		542,000	0%
	Network Knowledge Development and Dissemination	305,000		305,000	0%
	Link Advocates Government Family and Parks (Link)	150,000		150,000	0%
	Best Start Learning Agenda	540,000		540,000	0%
	Built Environment Policy Advocacy Fund (BEPAF)	875,000		875,000	0%
	Capacity Strengthening Learning Consortium	380,000		380,000	0%
	Long Beach Mayor's Fund for Education: Business Partner Cultivation	75,000		75,000	0%
Sub-total Communities		\$ 17,759,000	\$ -	\$ 17,759,000	0.0%
ECE	County Liaison Consultant/CFA Data	\$ 45,000		45,000	0%
	ECE Policy Advocacy Fund	2,450,000		2,450,000	0%
	Kindergarten Readiness Assessment	3,400,000	(125,000)	3,275,000	-4%
	Provider Advisory Group	175,000		175,000	0%
	Dual Language Learner	1,000,000		1,000,000	0%
	ECE Workforce Registry	550,000		550,000	0%
	Home-Based Child Care Strategy	300,000	50,000	350,000	17%
	IMPACT 2020	1,944,000		1,944,000	0%
	QSLA Database	600,000	(84,000)	516,000	-14%
	QSLA Expansion: IMPACT1	2,100,000		2,100,000	0%
	VIVA Social Impact Partners	400,000		400,000	0%
Sub-total ECE		\$ 12,964,000	\$ (159,000)	\$ 12,805,000	-1.2%
HEALTH SYSTEMS	Help Me Grow	\$ 4,172,000	\$ (105,000)	\$ 4,067,000	-3%
	First Connections	545,000	(110,000)	435,000	-20%
	Early Identification and Intervention Evaluation	79,000		79,000	0%
	AAIMM Birth Outcomes and Disparities – Policy and Systems Change	1,050,000	225,000	1,275,000	21%
Sub-total Health Systems		\$ 5,846,000	\$ 10,000	\$ 5,856,000	0.2%

CENTER/TEAM/OFFICE	PROJECT NAME	APPROVED FY 2021-22 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2021-22 BUDGET	%
					CHANGE
CENTER SUPPORT	Bold Vision	150,000		150,000	0%
	Center for Strategic Partnerships	25,000		25,000	0%
	County Partnership Fund	225,000		225,000	0%
	Infrastructure Support for Sustainability and Health Planning	180,000		180,000	0%
	Medi-Cal Administrative Activities Implementation Support	65,000		65,000	0%
	Southern California Grantmakers (SCG)	50,000		50,000	0%
Sub-total Center Support		\$ 695,000	\$ -	\$ 695,000	0.0%
Sub-Total: Center for Child and Family Impact		\$ 77,525,000	\$ (149,000)	\$ 77,376,000	-0.2%
Office of Government Affairs & Public Policy					
OFFICE OF GOVERNMENT AFFAIRS & PUBLIC POLICY	Policy Advocacy Fund Technical Assistance Provider	400,000		400,000	0%
	Conference Funding to Advance the Field of Early Childhood Development	150,000	(75,000)	75,000	-50%
	Organization-wide Sponsorships to Build Partnerships and Public Will for First 5 LA's Results Areas	200,000		200,000	0%
	Organizational Memberships and Stakeholder Engagement Efforts	508,000		508,000	0%
	Federal Policy and Sustainability Advocate	100,000		100,000	0%
	State Policy and Sustainability Advocate	448,000		448,000	0%
	Strategic Plan Advocacy Strategies	1,263,000	19,250	1,282,250	2%
Sub-Total: Office of Government Affairs & Public Policy		\$ 3,069,000	\$ (55,750)	\$ 3,013,250	-1.8%
Office of Communications					
OFFICE OF COMMUNICATIONS	Strategic Communications	2,500,000		2,500,000	0%
	Strategic Communications Partnerships	539,000	(250,000)	289,000	-46%
	Strategic Marketing	1,575,000	(450,000)	1,125,000	-29%
Sub-Total: Office of Communications		\$ 4,614,000	\$ (700,000)	\$ 3,914,000	-15.2%
Office of Data for Action					
OFFICE OF DATA FOR ACTION	Annual Reporting	\$ 74,000		\$ 74,000	0%
	Data Policies & Practices	150,000	(150,000)	-	-100%
	Data Requests	5,000		5,000	0%
	Children's Data Network (CDN)	850,000		850,000	0%
	County Data Partnership	115,000		115,000	0%
	WIC Data Mining Research Partnership	384,000	(60,000)	324,000	-16%
	Assisting and Supporting Staff with Information for Specialized Tasks	119,000	(119,000)	-	-100%
	First 5 LA Data Strategy	250,000		250,000	0%
	Impact Framework	430,000	(388,600)	41,400	-90%
Sub-total Office of Data for Action		\$ 2,377,000	\$ (717,600)	\$ 1,659,400	-30.2%
TOTAL 2020-2028 STRATEGIC PLAN		\$ 87,585,000	\$ (1,622,350)	\$ 85,962,650	-1.9%
LEGACY INVESTMENTS					
Baby Friendly Hospitals	Baby Friendly Hospital Project - Cycle 4	\$ 40,000		\$ 40,000	0%
Little by Little/One Step Ahead	Little by Little/One Step Ahead Program	3,179,000	(967,000)	2,212,000	-30.4%
TOTAL LEGACY INVESTMENTS		\$ 3,219,000	\$ (967,000)	\$ 2,252,000	-30.0%
Emerging Opportunities Fund	Emerging Opportunities Fund	\$ 1,500,000	(1,300,000)	\$ 200,000	-87%
TOTAL FIRST 5 LA PROGRAM BUDGET		\$ 92,304,000	\$ (3,889,350)	\$ 88,414,650	-4.2%

CENTER/TEAM/OFFICE	PROJECT NAME	APPROVED FY 2021-22 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2021-22 BUDGET	%
					CHANGE
INTERNAL OPERATIONS					
	Administrative Costs	\$ 14,135,548		14,135,548	0%
	Program Costs	7,856,620		7,856,620	0%
TOTAL INTERNAL OPERATIONS		\$ 21,992,168	\$ (26,700)	\$ 21,965,468	-0.1%
TOTAL FIRST 5 LA BUDGET		\$ 114,296,168	\$ (3,916,050)	\$ 110,380,118	-3.4%
NON- F5LA PROPOSITION 10 REVENUES					
	F5CA Home Visiting Coordination Project	\$ 100,000			
	F5CA Dual Language Learner	1,000,000			
	F5CA IMPACT	1,944,000			
	QSLA Expansion: IMPACT1	2,100,000			
	LACDPH - AAIMM			225,000	
	Medi-Cal Managed Care Plan			210,000	
TOTAL NON-F5LA PROPOSITION 10 REVENUES		\$ 5,144,000		\$ 435,000	
TOTAL DEMAND ON F5LA RESOURCES		\$ 109,152,168		\$ 109,945,118	

BUDGET SUMMARY FY 2021-22 Mid-Year Adjustments

	Approved FY 2021-22 Budget	Estimated FY 2021-22 Expenditures	Projected Savings/ (Shortfalls)	Mid-Year Adjustments	Revised FY 2021-22 Budget
OPERATING EXPENSES					
Personnel Related Expenses					
Salaries & Wages	13,151,967	-	13,151,967	(43,000)	13,108,967
Fringe Benefits	4,252,139	-	4,252,139	-	4,252,139
Total Personnel Related Expenses	17,404,106	-	17,404,106	(43,000)	17,361,106
Operating Services					
ADP-Payroll	40,000	-	40,000	-	40,000
Worker's Compensation Insurance	65,000	-	65,000	-	65,000
Utilities	135,000	-	135,000	(15,000)	120,000
Corporate Insurance	106,000	-	106,000	-	106,000
Mileage, Parking and Other Transportation	21,680	-	21,680	-	21,680
Telephone	70,000	-	70,000	-	70,000
Cell Phone & Mobile Devices	133,800	-	133,800	-	133,800
Outside Printing & Publishing	1,500	-	1,500	(500)	1,000
Other Supplies	5,250	-	5,250	-	5,250
Postage & Delivery	8,000	-	8,000	-	8,000
Educational Supplies	3,100	-	3,100	-	3,100
Office Supplies	59,700	-	59,700	(1,000)	58,700
Subscriptions & Publications	31,180	-	31,180	-	31,180
Capital Outlay	134,000	-	134,000	-	134,000
Equipment-Rents & Leases	27,000	-	27,000	(1,000)	26,000
Building Repair & Maintenance	150,000	-	150,000	(10,000)	140,000
Equipment Repairs & Maintenance	11,500	-	11,500	-	11,500
Offsite Storage	27,000	-	27,000	2,500	29,500
Hardware & Software Maintenance	445,214	-	445,214	31,000	476,214
Miscellaneous/Contingency	244,000	-	244,000	-	244,000
Stipend/Honorarium	2,100	-	2,100	-	2,100
Internal Meetings	84,200	-	84,200	(14,500)	69,700
Divisional Capacity Building	35,000	-	35,000	-	35,000
Total Operating Services	1,840,224	-	1,840,224	(8,500)	1,831,724
Consultant Services					
Consultant Fees	1,481,100	-	1,481,100	(14,000)	1,467,100
Other Professional Fees	320,000	-	320,000	25,000	345,000
External Reviewers	-	-	-	-	-
Total Consultant Services	1,801,100	-	1,801,100	11,000	1,812,100
Professional Services					
Audit	90,000	-	90,000	-	90,000
Legal Fees	225,000	-	225,000	-	225,000
Professional Dues	44,023	-	44,023	(1,000)	43,023
Staff Recruitment	10,000	-	10,000	-	10,000
Commissioners Stipends	23,000	-	23,000	-	23,000
Web-Based Services	56,600	-	56,600	50,000	106,600
Bank & Other Service Charges	20,000	-	20,000	-	20,000
Total Professional Services	468,623	-	468,623	49,000	517,623
Travel Expenses					
Airfare	31,850	-	31,850	(7,000)	24,850
Lodging	44,900	-	44,900	(18,000)	26,900
Per Diem	20,100	-	20,100	(6,250)	13,850
Other Travel Expense	16,750	-	16,750	(1,750)	15,000
Total Travel Expenses	113,600	-	113,600	(33,000)	80,600
Depreciation Expense					
Depreciation Expense	-	-	-	-	-
Total Depreciation Expense	-	-	-	-	-
Professional Development					
Training Materials & Supplies	7,200	-	7,200	(700)	6,500
Internal Training	63,500	-	63,500	(2,500)	61,000
Leadership Programs	172,000	-	172,000	(2,000)	170,000
Conference Registrations	87,215	-	87,215	10,000	97,215
External Education/Training	34,600	-	34,600	(7,000)	27,600
Total Professional Development	364,515	-	364,515	(2,200)	362,315
Marketing					
Advertising-Print	-	-	-	-	-
Advertising-Radio	-	-	-	-	-
Advertising-Digital	-	-	-	-	-
Advertising-Out Of Home	-	-	-	-	-
Sponsorship	-	-	-	-	-
Total	-	-	-	-	-
Total OPERATING EXPENSES	21,992,168	-	21,992,168	(26,700)	21,965,468

FY 2021-22 BUDGET CALENDAR

DATE	ACTIVITY	VENUE
February 2022	<i>FY 2021-22 Mid-Year Revised Budget</i> Share FY 2021-22 Mid-Year Revised Budget with the Budget and Finance Committee	Budget & Finance Committee
February 2022	Share FY 2021-22 Mid-Year Revised Budget with the Commission	Commission Meeting
March 2022	Request Commission adoption of the FY 2021-22 Revised Budget (Consent)	Commission Meeting
January 2022	<i>FY 2022-23 Budget Development</i> Provide training to First 5 LA staff on budget process and development	Internal Staff Training
February - April 2022	Complete development of FY 22-23 Budget and Updates to LTFP	Internal Staff Process
May 2022	Present FY 2022-23 Proposed Budget and Updated LTFP to the joint Budget and Finance/Executive Committees	Budget & Finance/Executive Committee Meeting
May 2022	Present FY 2022-23 Proposed Budget to the Commission (Informational)	Commission Meeting
May 2022	Revise FY 2022-23 Proposed Budget, if needed	Internal Staff Process
June 2022	Request Commission adoption of the FY 2022-23 Proposed Budget	Commission Meeting

FY 2021-22 Mid-Year Revised Budget

Special Board/Budget & Finance Committee Meeting

February 7, 2022



Objectives

- 1) Key Takeaways
- 2) Overview of Key Budget Development Dates
- 3) Mid-Year Adjustment
 - Purpose & Process
 - Impact to the FY 2021-22 Budget
 - High-level Discussion of Program and Operating Cost Adjustments
- 4) Revenue Updates
- 5) Next Steps

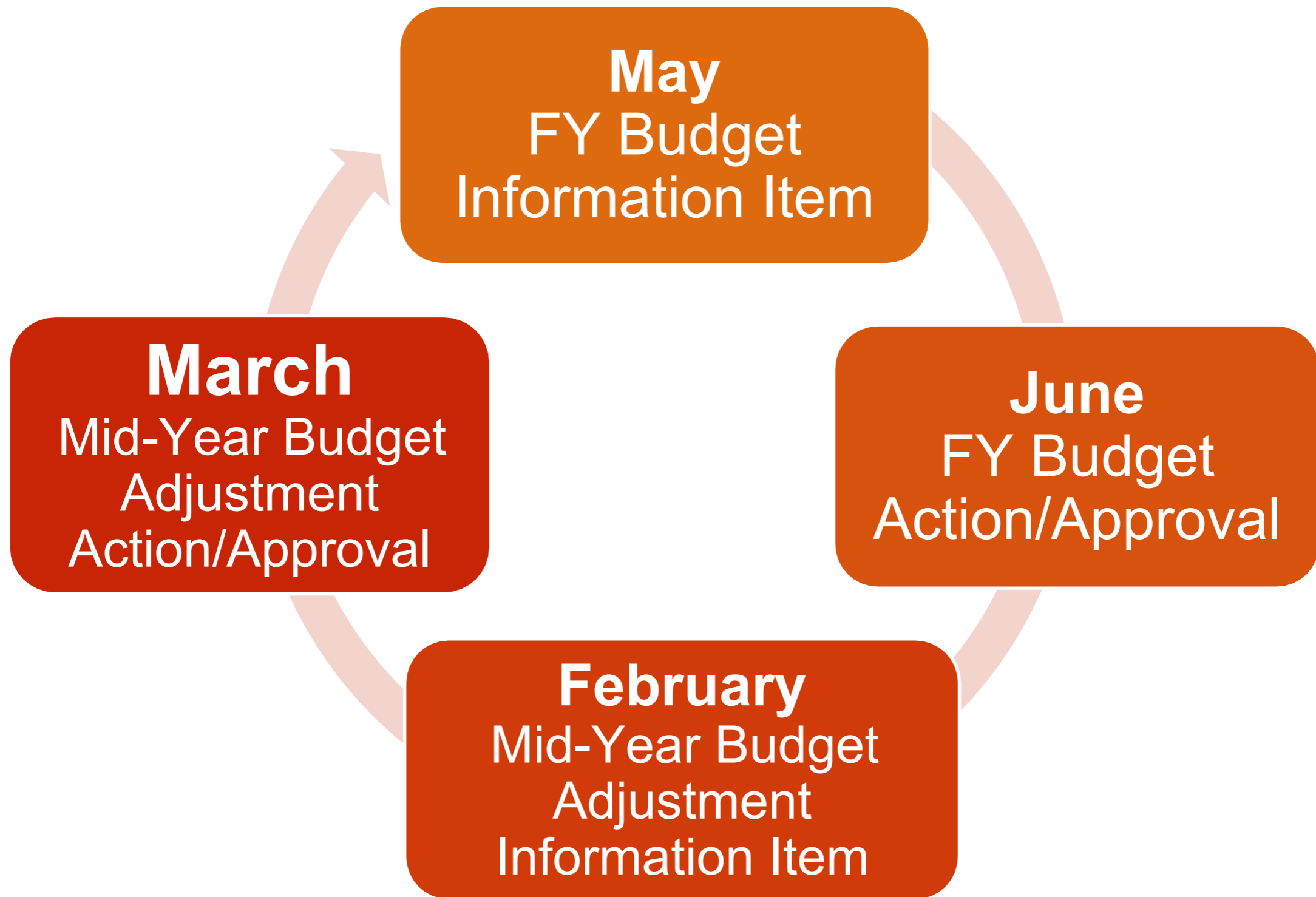
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Mid-Year Adjustment: Key Takeaways

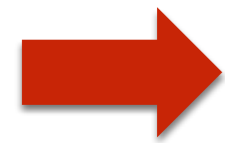
1. The ongoing COVID-19 pandemic has impacted activities originally proposed for FY 21-22.
2. Other adjustments are primarily driven by updated information, changing circumstances, and timeline adjustments.
3. New additional non-F5LA Proposition 10 funding (Medi-Cal Managed Care Plan and LACDPH) received after the development and approval of the FY 21-22 original budget.

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Commission Budget Review Process



FY 21-22 Mid-Year Revised Budget Timeline



February 7, 2022–Committee Meeting

- Budget & Finance Committee: Discussion of draft FY 2021-22 Mid-Year Revised Budget

• February 10, 2022– Commission Meeting

- Information Item: Overview and discussion of draft FY 2021-22 Mid-Year Revised Budget

• March 10, 2022– Commission Meeting

- Action Item (CONSENT): Share the FY 2021-22 Mid-Year Revised Budget materials for approval

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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.

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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 and are appropriate based on analysis of spending and updated information.

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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

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Budget Highlights

Revisions to the original budget estimates are primarily driven by:

- Ongoing COVID-19 public health emergency related challenges (Internal/External)
- 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:
 - Procurement and contract negotiation processes (Internal)
 - Staffing and priorities (Internal)
 - Subcontractor priority shifts (External)
 - Partnership establishment (External)

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FY 2021-22 Mid-Year Revised Budget Summary

Budget Component	Approved FY 2021-22 Budget	Proposed Adjustments	Revised FY 2021-22 Budget	% Change
Program				
<i>Total 2020-2028 Strategic Plan</i>	87,585,000	(1,622,350)	85,962,650	-1.9%
<i>Legacy Investments</i>	3,219,000	(967,000)	2,252,000	-30.0%
<i>Emerging Opportunities Fund</i>	1,500,000	(1,300,000)	200,000	-86.7%
Total Program	\$ 92,304,000	\$ (3,889,350)	\$ 88,414,650	-4.21 ²³ %
Operating	21,992,168	(26,700)	21,965,468	-0.1%
TOTAL FY 2021-22 BUDGET	\$ 114,296,168	\$ (3,916,050)	\$ 110,380,118	-3.4%

FY 2021-22 Revised Budget – Strategic Plan

Initiative/Project	Approved FY 2021-22 Budget	Proposed Adjustments	Revised FY 2021-22 Budget	% Change
<i>Center for Child and Family Impact</i>				
Family Supports	40,261,000	-	40,261,000	0.00%
Communities	17,759,000	-	17,759,000	0.00%
Early Care & Education Systems	12,964,000	(159,000)	12,805,000	-1.23%
Health-Related Systems	5,846,000	10,000	5,856,000	0.17%
Center Support	695,000	-	695,000	0.00%
<i>Office of Government Affairs & Public Policy</i>				
	3,069,000	(55,750)	3,013,250	-1.82%
<i>Office of Communications</i>				
	4,614,000	(700,000)	3,914,000	-15.17%
<i>Office of Data for Action</i>				
	2,377,000	(717,600)	1,659,400	-30.19%
Total 2020-2028 Strategic Plan	87,585,000	(1,622,350)	85,962,650	-1.85%

Operating Budget

Operating Cost Category	Approved FY 21-22 Budget	Proposed Adjustments	Revised FY 21-22 Budget	% Change
Personnel Services	\$ 17,404,106	\$ (43,000)	\$ 17,361,106	-0.2%
Operating Expenses	1,840,224	(8,500)	1,831,724	-0.5%
Consultant Services	1,801,100	11,000	1,812,100	0.6%
Professional Services	468,623	49,000	517,623	10.5%
Travel Expenses	113,600	(33,000)	80,600	-29.0%
Professional Development	364,515	(2,200)	362,315	-0.6% ²⁵
Total Operating Costs	\$ 21,992,168	\$ (26,700)	\$ 21,965,468	-0.1%

Administrative Cost Limit (ACL)

The mid-year adjustment process did not impact the \$14.1 million proposed for FY 2021-22, however, the percentage relative to annual spending increased from 12.37% to 12.81% of the total budget.

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Revenue Updates

Projected Revenue	FY 2021-22		Variance
	LTFP Projected Estimates	Revised Mid-Year Estimates	
Proposition 10/Proposition 56 Allocations*	\$ 69,501,811	\$ 75,360,621	\$ 5,858,810
Other Revenue	5,144,000	5,144,000	-
Medi-Cal Managed Care Plan	-	210,000	210,000
LAC Department of Public Health	-	225,000	225,000
Interest Earnings	4,017,415	4,017,415	- ²⁷
Total Projected Revenue	\$ 76,086,675	\$ 84,957,036	\$ 6,293,810

*Includes a 1% downward internal adjustment in response to Proposition 56 trends

Additional Non-F5LA Prop 10 Funding

FUNDING SOURCE	PURPOSE	FUNDING
Medi-Cal Managed Care Plan	WB & SHV (Family Supports)*	210,000
LACDPH	AAIMM (Health Systems)	225,000
	TOTAL \$	435,000

*WB = Welcome Baby Hospitals

*SHV = Select Home Visiting Programs

Next Steps

- February 10, 2022– Commission Meeting
 - Information Item: Overview and discussion of draft FY 2021-22 Mid-Year Revised Budget
- March 10, 2022– Commission Meeting
 - Action Item (CONSENT): Share the FY 2021-22 Mid-Year Revised Budget materials for approval

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Questions

