

AGENDA

MEETING OF THE EXECUTIVE COMMITTEE Committee Chair: Summer McBride

Thursday, September 12, 2024
3:00 PM – 4:30 PM

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

1. **ACTION**
Call to Order/Roll Call
2. **INFORMATION**
AB 2449 Request(s) to Participate Remotely Due to Emergency Circumstances and Notice(s) of Remote Participation for Just Cause
3. **INFORMATION** 2
Policy on Compensation & General Human Resources Procedures

Presenters: John Wagner, Executive Vice President and Gala Collins, Director of Human Resources
4. **INFORMATION** 21
Direction on the Long-Term Financial Plan to Align with the Strategic Plan for 2024-2029

Presenters: John Wagner, Executive Vice President; JR Nino, Vice President of Operations & Sustainability; and Raoul Ortega, Director of Finance
5. **INFORMATION**
Public Comment (for items on this agenda)
6. **ACTION**
Adjournment

COMMISSIONERS

Los Angeles County Supervisor
Holly J. Mitchell
Chair
Summer McBride
Vice Chair

Robert Byrd, Psy.D.
Alma Cortes
Barbara Ferrer, Ph.D.,
M.P.H., M.Ed.
Astrid Heger, M.D.

Abigail Marquez
Maricela Ramirez
Carol Sigala

EX OFFICIO MEMBERS

Deanne Tilton Durfee
Jacquelyn McCroskey, DSW
Alejandra Albarran Moses
Brandon Nichols

PRESIDENT & CEO

Karla Pleitez Howell

EXECUTIVE VICE PRESIDENT

John A. Wagner

FIRST 5 LA

SUBJECT:

Policy to delegate authority to the President & CEO of First 5 LA for the administration of human resources, including: (1) organizational structure, (2) personnel (hiring, discipline, termination and evaluation), (3) compensation.

BACKGROUND:

With the Board of Commissioner's approval of the new 2024-2029 strategic plan in November of 2023, followed by the organizational restructuring that occurred to align internal staff functions to the goals, objectives and strategies identified in the strategic plan, it's timely to bring forward a policy clarifying the delegation of authority to the President & CEO for general administration of human resources, including: (1) organizational structure, (2) personnel, and (3) compensation.

In addition, in a management letter provided to the organization as part of the FY 2023/24 audit, the auditors recommended a best practice of establishing a Board-approved policy clarifying this delegation of responsibility to the President & CEO to ensure maximum transparency.

In addition to the attached policy being brought forward for Board consideration and eventual action at the November Board meeting, it's also important to point out that any financial impact of decisions made in general human resources administration, personnel, or compensation will continue to be clearly spelled out as part of the annual budget development process.

NEXT STEPS:

Given the purview of the Board's Executive Committee in First 5 LA's Bylaws, staff will bring a draft version of this policy to the Executive Committee at its September 12, 2024, meeting for their advice and input. After discussion with the Executive Committee, the policy will be presented to the full Board as an informational item in October, and then brought back to the Board as an action item at its November meeting.

Los Angeles County Children and Families First Proposition 10 Commission

PURPOSE

In addition to regularly managing the human resources of an organization, it is considered a best practice to periodically review an organization's compensation framework in comparison to the external market. This policy clarifies the delegation of authority to the President & CEO for general administration and management of human resources, including but not limited to areas described within this policy. Except for the President & CEO who reports to the Board of Commissioners, this policy covers all First 5 LA employees, reporting to the President & CEO.

BACKGROUND

For purposes of this policy, the general administration and management of human resources is delegated to the President & CEO and includes planning, management, and oversight of: (1) the internal organizational structure, (2) personnel, and (3) compensation.

Internal Organizational Structure:

Internal organizational structure includes but is not limited to hierarchy of authority (chain of command, span of control), decision making and delegation of authority within the organization, division of work (determination of jobs, departments, functions, and job placement within the organization), job reclassifications, job descriptions, organizational culture (norms, practices, values, and beliefs of an organization).

Personnel

Personnel refers to policies, procedures, and practices impacting recruitment and hiring, onboarding and orientation, employment terms, performance management, training and development, employee conduct, health and safety, employee relations, termination and resignation, employee records and privacy, and diversity, equity, and inclusion.

Compensation:

Compensation includes both salaries and benefits. Compensation refers to but is not limited to salaries and wages, adjustments to salary, updates to salary structure and ranges, promotions, pay for performance (merit), and cost of living adjustments (COLA). Benefits include but are not limited to any form of indirect compensation to employees, in addition to base salaries and wages, such as medical, dental and vision insurance, employee assistance program (EAP), life insurance, disability insurance, retirement plans, wellness programs, commuter benefits, general leave (holidays, vacation days, sick leave, bereavement, etc.), health/flexible savings accounts (H/FSA's), relocation benefits, etc. *

In 2014, First 5 LA undertook a comprehensive Compensation Study. On October 9, 2014, the Board of Commissioners approved the organization's Compensation Philosophy, which provides guidelines for how the President & CEO should approach the overall administration of the compensation of staff, taking into account:

1. **External Competitiveness**
2. **Alignment with Best Practices**

3. **Internal Equity**
4. **Reward for Performance**

In addition to approving the Compensation Philosophy, the Board endorsed a formal salary classification system and modified salary and benefits system which, with regular adjustments, continues to this day. Furthermore, First 5 LA's overall administration of Human Resources is regularly updated to comply with all applicable local, state, and federal laws.

When modifying or updating compensation and benefits, accountability for public funds is always taken into consideration.

APPLICATION

These guidelines apply to all employees of First 5 LA, below the level of the President & CEO. The President & CEO will work with their leadership team to update internal policies and procedures, as needed in the areas of general administration of human resources, personnel and compensation. Any fiscal impacts to the organization's budget will be clearly presented as part of the annual budget development process to the Board.

The Executive Committee will provide advice and feedback to the President & CEO regarding personnel and compensation issues as aligned to the organization's Bylaws.

****Any such reference is discretionary on the part of F5LA and no right or expectation shall be inferred or implied from the existence from this policy.***

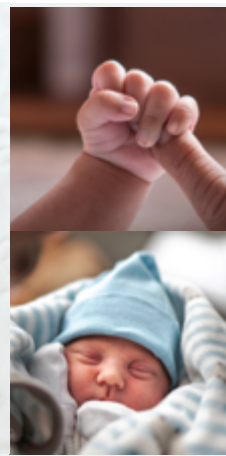


September 12, 2024
Special Meeting of the Executive Committee

Policy on Compensation & General Human Resources Procedures

5

Gala Collins, Director of Human Resources
John Wagner, Executive Vice President



Objectives

1. Introduction of the Policy on Compensation & General Human Resources Procedures
2. Overview of the Board approved 2014 Compensation Study
3. Significance of bringing forth this Policy
4. Continued Board approval
5. Next Steps



Introduction of the Policy on Compensation & General Human Resources Procedures

7

Introduction of the Policy on Compensation & General Human Resources Procedures

- Policy will clearly delegate authority to the President & CEO for general administration and management of human resources, which includes planning, management, and oversight of the organizational structure, personnel, and compensation.

Introduction of the Policy on Compensation & General Human Resources Procedures

- Organizational Structure refers to hierarchy of authority (chain of command, span of control), decision making and delegation of authority within the organization, division of work (determination of jobs, departments, functions, and job placement within the organization), job reclassifications, job descriptions, and organizational culture (norms, practices, values, and beliefs of the organization).
- Examples include decisions on how the organization is structured, the naming conventions of the centers, departments and jobs in the organization, what jobs are needed in the organization, and the duties included in the job description.

Introduction of the Policy on Compensation & General Human Resources Procedures

- Personnel refers to policies, procedures, and practices impacting recruitment and hiring, onboarding and orientation, employment terms, performance management, training and development, employee conduct, health and safety, employee relations, termination and resignation, employee records and privacy, and diversity, equity, and inclusion.
- Examples include decisions on candidate selection, salary offered within the salary range to a candidate, when and how we conduct our employee performance evaluations and what training is provided to employees.

10

Introduction of the Policy on Compensation & General Human Resources Procedures

- Compensation includes both salaries and benefits. Compensation refers to salaries and wages, adjustments to salary, updates to salary structure and ranges, promotions, pay for performance (merit), and cost of living adjustments(COLA). Benefits include any form of indirect compensation to employees such as medical, dental and vision insurance, employee assistance program (EAP), life insurance, disability insurance, retirement plans, wellness programs, commuter benefits, general leave (holidays, vacation days, sick leave, bereavement, etc.) health/flexible savings accounts (H/FSA's), relocations benefits.
- Examples include decisions on merit allocation, up to the merit amount approved in the budget, based on different levels of performance, selection of medical, dental, and vision providers, updating commuter benefits based on updated parking rate information.



2014 Compensation Study & Philosophy

12

2014 Compensation Study

- In 2014, The Hay Group (now Korn Ferry) completed a comprehensive compensation study for First 5 LA.
- Based on the results of the compensation study:
 - The Board approved a compensation philosophy which provides guidelines for how First 5 LA should approach staff compensation and is still relevant today.
 - Aligned with the compensation philosophy, the Board also endorsed a formal salary classification system which, with regular adjustments, is still in use today.

13

First 5 LA's Compensation Philosophy

External Competitiveness

- Develop a compensation program informed by an understanding of how First 5 LA's base pay practices and benefits compare to other organizations in First 5 LA's market for talent.

Alignment with Best Practices

- Align existing compensation practices with appropriate levels of base pay upon analysis of internal and external data, taking into account emerging and best practices in the market.

14

Internal Equity

- Achieve an appropriate alignment of positions and compensation in an internally fair and equitable manner based on job content and responsibility.

Reward for Performance

- While recognizing equity-based job content, also reward talented and high-performing employees.



Why is this
important now?¹⁵

Why is this important now?

- With the Board's approval of the new 2024-2029 Strategic Plan, followed by the organizational restructure to align staff functions to the goals, objectives and strategies in the strategic plan. It's timely to bring forward a policy clarifying the delegation of authority to the President & CEO for general administration of human resources.
- In a management letter, as part of the FY 2023/24 audit, the auditors recommend a best practice of establishing a Board-approved policy clarifying the delegation of authority to the President & CEO to ensure maximum transparency.

16



Continued Board Approval¹⁷

Board Approval

- ✓ Per our Bylaws, the President & CEO will continue to engage the Executive Committee for their “advice and consent” on personnel and compensation matters.
- ✓ The Board will continue to approve the annual budget, and any financial impact of decisions made will be clearly stated as part of the annual budget development process.
- ✓ Accountability for public funds will always be taken in consideration.

18



Next Steps

19

Next Steps

- October 10, 2024 – Commission Meeting (Information)
 - Information Item: High-level Overview of the Policy on Compensation and General Human Resources Procedures
- November 14, 2024 – Commission Meeting (Action)
 - Action Item: Policy on Compensation and General Human Resources Procedures is presented to the Board for action

20



Item 4 September 12, 2024
Special Meeting of Executive Committee

Recommendations on Long-term Financial Plan to align with the new FY 2024/29 Strategic Plan

21

Agenda

- Background & Guiding Principles
- Recap & Recommended Long-Term Financial Plan (LTFP) Options
- LTFP Implementation
- Next Steps
- Questions

Background

Adopted LTFP:

- Adopted in FY 2019/20 to support FY 2020/28 Strategic Plan.
- Established declining annual spending limits.
- Original plan did not account for the passage of Prop 31.

Guiding Principles

Revise LTFP to:

- Plan F5LA's resources for the greatest impact on our youngest children and their families.
- Provide much needed consistency, stability and longer-term contracts for our partners' work in our communities with our youngest children and their families.
- Ensure alignment and adequate resources to implement the new FY 2024/29 Strategic Plan.

24

Recap - Direction for the LTFP

For Strategic Long -Term Impact

A. \$50 Million B. \$55 Million C. \$60 Million D. \$65 Million

25

For Partners & Community Stability – Available Fund Balance by FY2034/35

A. \$100 + Million B. \$100 Million C. \$50 Million D. Zero

Recap - Direction for the LTFP (continued)

For Strategic Long-Term Impact - Timing (by when)

A. FY 2025/26 B. FY 2026/27 C. FY 2027/28 D. FY 2028/29

For Partners & Community Funding Stability - Size of Reserve (% of budget)²⁶

✓ A. 50% (6 months) B. 25% (3 months)

Updated LTFP Recommendations

For Strategic Long -Term Impact (Estimated demand on F5LA's resources)

A. \$55 Million B. \$60 Million

For Partners & Community Stability – Available Fund Balance by FY2034/35

A. \$80 + Million B. \$30 + Million

27

For Strategic Long-Term Impact – Timing (by when)

✓ A. FY 2027/28

For Partners & Community Funding Stability – Size of Reserve (% of budget)

✓ A. 50% (6 months)

LTFP Recommended Option - Aligning to \$55 Million

Long Term Financial Plan - Multi-Year Detail												
Beginning Fund Balance as of July 1	\$ 299,627,941	\$ 267,068,772	\$ 242,174,969	\$ 219,069,167	\$ 205,480,796	\$ 200,617,554	\$ 193,668,807	\$ 184,695,682	\$ 173,756,380	\$ 160,906,292	\$ 146,198,119	\$ 129,681,978
Annual Projected Revenue	PROPOSED BUDGET FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
Proposition 10 Tax Allocations	\$ 53,998,409	\$ 54,553,223	\$ 52,234,711	\$ 50,014,736	\$ 47,889,110	\$ 45,853,822	\$ 43,905,035	\$ 42,039,071	\$ 40,252,410	\$ 38,541,683	\$ 36,903,661	\$ 35,335,256
Adjustment in Response to Proposition 56 Trend		(545,532)	(522,347)	(500,147)	(478,891)	(458,538)	(439,050)	(420,391)	(402,524)	(385,417)	(369,037)	(353,353)
Other Revenue	8,288,000	9,275,000										
Interest Earnings	4,271,246	3,544,900	3,181,834	2,897,040	2,726,539	2,655,969	2,560,891	2,442,018	2,300,026	2,135,561	1,949,234	1,741,630
Total Projected Revenue	\$ 66,557,655	\$ 66,827,590	\$ 54,894,198	\$ 52,411,629	\$ 50,136,758	\$ 48,051,253	\$ 46,026,875	\$ 44,060,698	\$ 42,149,912	\$ 40,291,827	\$ 38,483,859	\$ 36,723,534
TOTAL ESTIMATED DEMAND ON FSLA'S RESOURCES	\$ 99,116,824	\$ 91,721,393	\$ 78,000,000	\$ 66,000,000	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000	\$ 55,000,000
			-15%	-15%	-17%	0%						
TOTAL ESTIMATED SPENDING IN EXCESS OF REVENUES	\$ 32,559,169	\$ 24,893,803	\$ 23,105,802	\$ 13,588,371	\$ 4,863,242	\$ 6,948,747	\$ 8,973,125	\$ 10,939,302	\$ 12,850,088	\$ 14,708,173	\$ 16,516,141	\$ 18,276,466
PROJECTED ENDING FUND BALANCE	\$ 267,068,772	\$ 242,174,969	\$ 219,069,167	\$ 205,480,796	\$ 200,617,554	\$ 193,668,807	\$ 184,695,682	\$ 173,756,380	\$ 160,906,292	\$ 146,198,119	\$ 129,681,978	\$ 111,405,512
Reserve - Organizations Approved Budget	\$ 49,558,412	\$ 45,860,697	\$ 39,000,000	\$ 33,000,000	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000	\$ 27,500,000
PROJECTED AVAILABLE ENDING FUND BALANCE	\$ 217,510,360	\$ 196,314,273	\$ 180,069,167	\$ 172,480,796	\$ 173,117,554	\$ 166,168,807	\$ 157,195,682	\$ 146,256,380	\$ 133,406,292	\$ 118,698,119	\$ 102,181,978	\$ 83,905,512

LTFP Recommended Option - Aligning to \$60 Million

First 5 LA												
Long Term Financial Plan - Multi-Year Detail												
Beginning Fund Balance as of July 1	\$ 299,627,941	\$ 267,066,156	\$ 242,172,323	\$ 217,065,523	\$ 199,451,176	\$ 189,513,163	\$ 177,428,748	\$ 163,258,328	\$ 147,059,363	\$ 128,886,496	\$ 108,791,670	\$ 86,824,237
Annual Projected Revenue	PROPOSED BUDGET FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
Proposition 10 Tax Allocations	\$ 53,998,409	\$ 54,553,223	\$ 52,234,711	\$ 50,014,736	\$ 47,889,110	\$ 45,853,822	\$ 43,905,035	\$ 42,039,071	\$ 40,252,410	\$ 38,541,683	\$ 36,903,661	\$ 35,335,256
Adjustment in Response to Proposition 56 Trend		(545,532)	(522,347)	(500,147)	(478,891)	(458,538)	(439,050)	(420,391)	(402,524)	(385,417)	(369,037)	(353,353)
Other Revenue	8,288,000	9,275,000										
Interest Earnings	4,268,630	3,544,868	3,180,836	2,871,065	2,651,769	2,520,301	2,363,595	2,182,354	1,977,247	1,748,908	1,497,942	1,224,922
Total Projected Revenue	\$ 66,555,039	\$ 66,827,559	\$ 54,893,200	\$ 52,385,653	\$ 50,061,987	\$ 47,915,585	\$ 45,829,580	\$ 43,801,035	\$ 41,827,133	\$ 39,905,174	\$ 38,032,567	\$ 36,206,826
TOTAL ESTIMATED DEMAND ON FSLA'S RESOURCES	\$ 99,116,824	\$ 91,721,392	\$ 80,000,000	\$ 70,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000	\$ 60,000,000
			-13%	-13%	-14%	0%						
TOTAL ESTIMATED SPENDING IN EXCESS OF REVENUES	\$ 32,561,785	\$ 24,893,833	\$ 25,106,800	\$ 17,614,347	\$ 9,938,013	\$ 12,084,415	\$ 14,170,420	\$ 16,198,965	\$ 18,172,867	\$ 20,094,826	\$ 21,967,433	\$ 23,793,174
PROJECTED ENDING FUND BALANCE	\$ 267,066,156	\$ 242,172,323	\$ 217,065,523	\$ 199,451,176	\$ 189,513,163	\$ 177,428,748	\$ 163,258,328	\$ 147,059,363	\$ 128,886,496	\$ 108,791,670	\$ 86,824,237	\$ 63,031,062
Reserve - Organizations Approved Budget	\$ 49,558,412	\$ 45,860,696	\$ 40,000,000	\$ 35,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000
PROJECTED AVAILABLE ENDING FUND BALANCE	\$ 217,507,744	\$ 196,311,627	\$ 177,065,523	\$ 164,451,176	\$ 159,513,163	\$ 147,428,748	\$ 133,258,328	\$ 117,059,363	\$ 98,886,496	\$ 78,791,670	\$ 56,824,237	\$ 33,031,062

LTFP Recommended Options

Options	By _____.	F5LA will become a \$____ organization,	With a projected “Available Fund Balance” of roughly \$____ by FY 34/35.
1	FY 27/28	\$55 Million	\$84 Million
2	FY 27/28	\$60 Million	\$33 Million



Implementation & Next Steps

31

LTFP Implementation via Annual Budget Development

- Resources will be aligned to final set of tactics under the FY 2024-29 Strategic Plan via the annual budget development process.
- Resources for programs and operations will be adjusted appropriately and proportionately year to year to meet the needs of the organization and our work with partners.
- New adopted LTFP will be grounded in the annual budget process.

32

LTFP Implementation via Annual Budget Development (continued)

- Secured resources from our Sustainability Framework efforts will be reflected through our annual LTFP updates and budget development.
- Management to review and update the board annually to ensure fidelity to the direction of the approved LTFP.

33

Next Steps

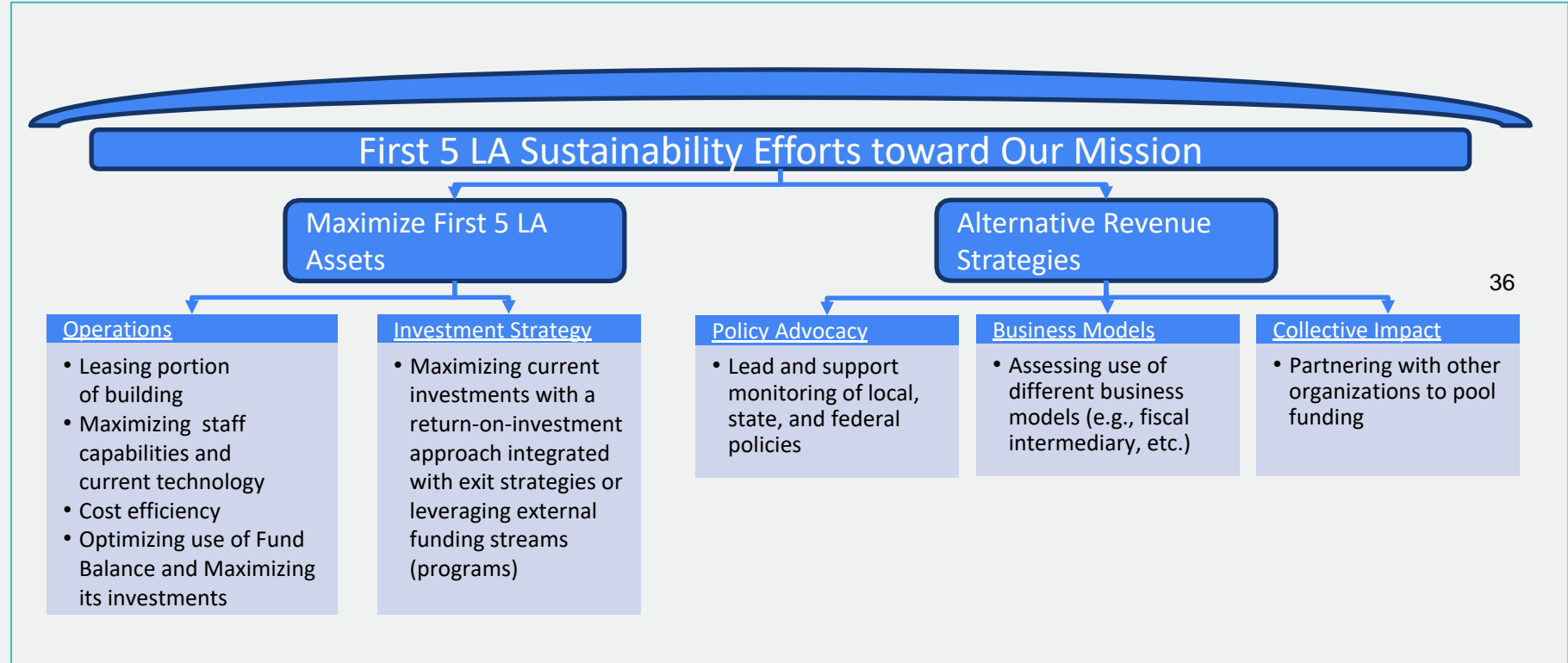
- September PPC Meeting – Present as an Informational Item the two options that commits F5LA's estimated use of Prop 10 funds of either \$55M or \$60M by FY 2027/28.
- October Board Meeting - Present LTFP as an Action Item.

34

Questions

35

Appendix: Sustainability Framework



36