

**Procedures Engagement
Phase Two
First 5 LA**

Submitted to the
First 5 LA
Board of Commissioners

Harvey M. Rose Associates, LLC
<http://www.harveyrose.com>

October 11, 2011

HARVEY M. ROSE
ASSOCIATES, LLC

1390 Market Street, Suite 1150 • San Francisco, California 94102
(415) 552-9292 • (415) 252-0461 (FAX) • info@harveyrose.com

public sector management consulting



October 11, 2011

Mayor Michael D. Antonovich, Chair
First 5 LA Commission
Members of the Ad Hoc Committee
Members of the First 5 LA Commission
750 N. Alameda Street
Los Angeles, California 90012

Dear Chair Antonovich, Members of the Ad Hoc Committee and Members of the Commission:

Harvey M. Rose Associates, LLC is pleased to present this Phase Two report of our *Procedures Engagement of First 5 LA*. This report was prepared in response to your Board's request, as delegated to the Ad Hoc Committee, for an independent assessment of First 5 LA's use of its available resources.

Thank you for providing our firm with the opportunity to conduct this procedures engagement of First 5 LA. We are available at any time to respond to questions about the contents of this report.

Sincerely,

A handwritten signature in blue ink that reads 'Fred Brousseau'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Fred Brousseau
Project Manager

Table of Contents

Executive Summary i

Introduction..... 1

1. Comparative Use of First 5 LA Resources3

2. Staffing.....15

3. Governance Structure and Information Flow31

4. Contract and Grant Agreements.....47

5. Human Resource Management61

6. Research and Evaluation.....71

Appendix A: First 5 County Financials

Appendix B: County Commission Structures

Appendix C: First 5 Board of Commissioner Details

Appendix D: First 5 Los Angeles Grant Agreements and Contracts FY 2010-11

Executive Summary

Harvey M. Associates, LLC (HMR) was retained to conduct Phase Two of this *Procedures Engagement of First 5 Los Angeles*. First 5 Los Angeles, through an ad hoc committee appointed by the organization's Board of Commissioners, requested a procedures engagement study conducted in two phases. The purpose of Phase One, completed in July 2011, was to review and validate First 5 LA's reserved and available funds and to evaluate financial information reported to the Board of Commissioners. The purpose of Phase Two was to review how First 5 LA is using its available resources compared to other First 5 agencies and relative to pertinent laws, policies, agency goals and objectives and efficiency and effectiveness measures.

The results of Phase Two of this procedures engagement are presented in six report sections, each containing findings, conclusions and recommendations. A summary of the findings and the recommendations from each report section are as follows. A brief risk assessment is presented for each section.

1. Comparative Use of First 5 LA Resources

Risk Assessment:

With programmatic under-spending occurring and the buildup of a significantly larger fund balance than found at other First 5 agencies in recent years, the organization is at risk of not fulfilling its mission and goals to the extent possible and consistent with Board of Commissioners policy and program objectives.

In general, First 5 LA costs are higher than at comparison agencies though administrative costs do not appear to explain the difference. However, the agency is incurring higher program and evaluation costs compared to other First 5 agencies reviewed.

The population served by First 5 LA appears comparable to other First 5 agencies though at a higher cost per child, putting the agency at risk of not maximizing the number of children served due to a higher cost structure.

Summary of findings:

- A review of financial data for a sample of First 5 agencies showed that for the past three years, First 5 Los Angeles has expended less of its programmatic resources and maintained a higher fund balance than the next 10 largest First 5 agencies in California, both in terms of the dollar amount and as percentages of expenditures and revenues. First 5 LA's fund balance was five times greater than expenditures in Fiscal Year (FY) 2009-10 compared to a median fund balance 2.5 times greater than expenditures for other First 5 agencies.
- For the past five years, First 5 LA revenues have consistently exceeded actual expenditures and, between FY 2007-08 and FY 2009-10, the agency under-

spent compared to its planned programmatic expenditures at rates between 9.89 and 39.5 percent. Programmatic expenditures for FY 2010-11 appear to also be substantially below planned amounts for the year and prior year actual expenditures. The Board of Commissioners (Board) is not able to monitor and oversee programmatic expenditures against an approved budget since monthly programmatic expenditures are not presented relative to a budget. Further, before FY 2011-12, the Board did not receive detailed programmatic budgets for approval.

- Based on administrative expenditures reported to First 5 California, other large First 5 agencies have higher administrative costs relative to total expenditures and children served than First 5 LA. However, First 5 LA's programmatic under-spending and administrative over-spending in FY 2009-10 resulted in the agency's administrative spending, as reported to First 5 California, exceeding five percent of total expenditures, in violation of agency policy. The comparison with other agencies also shows that First 5 LA has higher program, evaluation and total costs per child served than the median for comparison First 5 agencies.
- First 5 LA serves less than the median percentage of children 0-5 served by other large First 5 agencies and the cost per child served by First 5 LA is higher than the median for the other jurisdictions. However, the population served results may be unreliable due to some double-counting by the other agencies. A comparison of the number of children served by just the School Readiness Initiative allows for an analysis without double-counting. First 5 LA was above-average in terms of the percentage of the population of children ages 0-5 participating in School Readiness programs (4.3% in LA versus a median of 3.7%), though its cost per person served was 24.2% higher than the median for the other counties (\$446 in LA versus a median of \$359).

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

- 1.1 As also recommended in the Phase One Procedures Engagement report, direct management to conduct formalized and methodical quarterly reconciliations and compilations for financial reporting purposes, and include monthly comparisons of actual expenditures to budgeted amounts, by initiative or program.
- 1.2 Direct Finance Department staff to use consistent definitions and standards when calculating and reporting administrative expenditures and percentages. Internal references to administrative cost amounts should not differ from those reported to First 5 California.
- 1.3 Direct Finance Department and Grants Management staff to: (a) maintain an inventory of all contractors and grantees that consistently fail to meet annual budgeted expenditure goals; (b) conduct an analysis of all under-spending programs; and, (c)

make recommendations to grantees and contractors in the areas of technical support, capacity building, or other services that will address under-spending.

- 1.4 Direct staff to develop policies and procedures that will assist in preparing an annual Business Plan to be issued to the Board prior to the annual budget approval that includes: (a) a Work Plan for the upcoming year; (b) a Resource Plan to assist in carrying out the Work Plan; (c) a comparison of accomplishments to goals; and (d) a summary of proposed budgets including an analysis of actual versus budgeted expenditures for the prior year and an analysis of all proposed new expenditures.
- 1.5 Establish a standing Budget and Finance Committee to review, at minimum: (a) the recommended quarterly financial updates; and (b) the proposed annual Business Plan that includes a detailed analysis of budgeted versus actual spending to inform the June budget approval process.

2. Staffing

Risk Assessment:

Current staffing is not configured to best enable development and administration of new programs and initiatives, particularly the Countywide Augmentation programs authorized by the Board of Commissioners in 2010. This is contributing to delays in program commencement and programmatic under-spending.

Overall staffing at First 5 LA is high relative to other First 5 LA agencies, particularly in departments such as Public Affairs and Research and Evaluation. Combined with low staffing levels in Program Development, staff resource allocations are at risk of not reflecting Board of Commissioner policies and goals.

Summary of findings:

- The allocation of staff is disproportionate across First 5 LA departments based on the funding allocated to the projects and the priority of the work being performed. The Program Development Department is responsible for launching approximately \$227 million worth of new Countywide Augmentation programs and administering \$286 million worth of programs, but only has nine positions. This is fewer than the average of 19 positions each for three departments responsible for fewer contracts and grants and lower levels of funding: the Best Start Communities, Public Affairs and Research and Evaluation Departments.
- While the work of all departments is important and the value of contracts is only one measure of responsibility, one of the consequences of the relatively low level of staffing in the Program Development Department is that implementation of Countywide Augmentation programs approved by the

Board of Commissioners in fall 2010 are not being achieved. Only \$15 million is anticipated to be disbursed for those programs in FY 2011-12, or 6.6 percent of the total funding allocated for those programs through 2017. Implementation of these new programs should be expedited, possibly with reallocation of existing staff. Agency management reports that it has recently reallocated five positions, including four that were vacant from other departments, and is currently recruiting new staff. Further reallocations may be needed depending on a full assessment of the relative workload of all departments by agency management.

- While Program Development Department staffing is low relative to its responsibilities, staffing at First 5 LA overall is high compared to the next four largest First 5 agencies statewide. First 5 LA receives 4.6 times the annual revenue of the other agencies but has 5.2 times the number of staff. While each First 5 has its own priorities and plans, the other First 5 agencies can serve as benchmarks for determining baseline staffing and costs unless higher staffing levels and costs reflect policy decisions by the Board of Commissioners based on expected benefits commensurate with the higher costs.
- With 28 positions between them, Public Affairs and Research and Evaluation department staffing at First 5 LA is higher than those functions at four comparison First 5 agencies. Both of these departments also utilize contract consultants for work that is likely duplicating the work of existing staff members. Consolidating and delegating some work now performed by staff to these consultants, as well as identifying process and procedures efficiencies, could help the agency reduce its staffing levels and/or reallocate positions to Program Development.

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

- 2.1 Direct management to prepare a current analysis of the basis of staff allocations associated with each department to the Board of Commissioners and obtain approval for continuing the current structure or making changes in the allocation or total number of positions. The same information should be submitted to the Board of Commissioners annually as part of staff's proposed budget.
- 2.2 Direct management to conduct an assessment and present it to the Board of Commissioners covering staff allocations and identifying: (a) functions assigned to existing staff that are redundant or duplicated through existing professional services contracts; and, (b) efficiencies in processes and procedures so that less staff would be required to perform the same functions within a department.
- 2.3 Direct management to develop a clear staffing plan for the Best Start Communities and Grants Management Departments given the anticipated changes in workload for the staff in each department. The staffing plan should then be presented to the Board of Commissioners for approval.

- 2.4 Direct management to, based on the results of an assessment of staffing allocation, reduce staffing in departments accordingly by (a) reassigning staff to other departments that may be in need of additional staff to complete its current workload in a timely manner, such as the Program Development Department, and (b) eliminating unnecessary positions through attrition.

3. Governance Structure and Information Flow

Risk Assessment:

The Board of Commissioners does not receive sufficient information from staff to ensure adequate oversight of agency spending, programmatic activity and outcomes. Budgeted and actual expenditure information provided to the Board of Commissioners does not provide sufficient detail or context to allow needed oversight of agency operations.

Board effectiveness and efficiency could be hampered by the current composition and structure of the Board of Commissioners.

Summary of findings:

- Staff information provided to and communications with the First 5 LA Board of Commissioners (Board) varies in terms of accuracy, clarity and level of detail, creating obstacles to the staff and Board's ability to make informed and clearly understood fiscal and programmatic decisions. Transmittals do not include key data needed to enable effective oversight of key agency functions. Board decision are not always clearly communicated and/or documented by staff.
- Information on revisions to existing initiatives and allocations or proposed new initiatives and allocations is inconsistently presented to the Board. Most grant and contract awards, representing hundreds of millions of dollars of annual agency expenditures, are not submitted for Board approval or review. Until the current fiscal year, detailed annual programmatic budgets were not submitted for approval. The Board of Commissioners has little systematic input into plans for evaluating initiatives, allocations, grants and contracts, and program evaluation results are not consistently reported to the Board.
- In comparison with First 5 organizations in other counties, First 5 LA could engage in additional collaboration with other agencies in Los Angeles County to leverage funds and services for children aged five and under and their families.
- Improved governance policies should include additional rationale and requirements for the composition of the full Board to include additional County agency representation, as well as a reconsideration of the structure, role and

membership of committees used to support the Board. The Board should also develop policies related to committee attendance, agenda setting, and record-keeping, particularly pertaining to Board decisions.

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

- 3.1 Direct management to develop detailed policies and reporting templates for information transmitted to the Board of Commissioners in the areas of program development, new and amended initiative and program allocation approvals, budget approval and research and evaluation processes.
- 3.2 Direct management to assess the costs and benefits of using County support services in lieu of strictly in-house services so Board of Commissioners can assess the advantages and disadvantages of remaining an independent agency.
- 3.3 Direct management to initiate trainings that ensure staff is familiar with all recommended governance policies.
- 3.4 Direct management to initiate methods of increased collaboration, such as participation in childcare advisory groups, with other County entities that provide early childhood services and resources, and to regularly report results of collaboration efforts to the Board of Commissioners.
- 3.5 Consider developing additional or alternative requirements for the composition of Board of Commission members such as including representatives of the Department of Children and Family Services and the Department of Public Social Services on the First 5 LA Board of Commissioners.
- 3.6 Consider strengthening the structure and role of committees used to support the Board, and develop detailed policies related to committee attendance, agenda setting, and record-keeping.

4. Contract and Grant Agreements

Risk Assessment:

With over \$200 million in contracts awarded in FY 2010-11, the absence of reporting all contract and grant awards to the Board of Commissioners raises the risk of agreements being in place for inappropriate purposes or with unqualified vendors or grantees. The absence of documentation that competitive bidding took place raises the risk that contracts and grants have been awarded without complying with agency competitive bidding requirements.

Summary of findings:

- Review of contracting policies and procedures shows that First 5 LA does not adequately ensure bids for grantee and contractor services are obtained using a consistent set of procedures and cannot document that fair competitive bidding processes are taking place for all contractor and grantee agreements. Outreach and bid documentation from other bidders was not on file for six of the ten sample contract files reviewed. Timeline records were not on file that would allow a complete evaluation of time required for the bidding process.
- Although First 5 LA policy calls for competitive bidding of its contracts and grants, agency records show that at least 58 contracts and agreements in effect in Fiscal Year (FY) 2010-11, with a value of approximately \$79 million, were awarded without competitive bidding. Information on file detailing the justification for exemption from competitive bidding requirements is not sufficient.
- Furthermore, while First 5 LA policy requires that the Board of Commissioners approves all new contracts over \$25,000, the contracting process is not governed by formal Board approval, and many new contracts and grant agreements are approved only by staff. Many grants and contracts are multi-year. Although new grant agreements and contracts are typically executed on an annual basis for single and multi-year agreements, no consistent re-approval process exists in the form of issuing new solicitations or obtaining specific approval from the Board of Commissioners.
- First 5 LA does not have sufficient guidelines in place for contract and grant solicitation and approval processes, reporting and record-keeping. While most required contract and grantee documents are on file, others such as insurance and tax forms are not consistently maintained in the agency's database system.
- Monitoring of grantee and contractor compliance does not adequately ensure First 5 LA or its contractors are in compliance with internal policies and procedures. Fiscal and performance evaluation documentation, including annual budgets, invoices, Mid- and Year-End performance reports, is not submitted in a complete and consistent manner. Further, staff are not adequately familiar with the existing policies and do not ensure that the contractor and grantee monitoring documentation on file is current and meets existing requirements.

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

- 4.1 Direct management to prepare policies and procedures for Board approval outlining the Board approval process for new grant agreements and contracts with clearly designated annual dollar thresholds, even for multi-year agreements, and other characteristics triggering required Board approval.

- 4.2 Direct management to include a consent item for approval on the monthly Board of Commissioners agenda listing all grantee and contractor agreements and amounts to be approved, whether Board of Commissioner approval is required or not, so that information about all agreements is disclosed and any agreement can be further scrutinized at Board meetings if so requested by any member of the Board of Commissioners. Bidding process dates and other milestones should also be reported.
- 4.3 Direct management to prepare a protocol addressing the preparation and maintenance of documentation related to all sole source contracts and grants, regardless of their characterization as AB 109 Exceptions, Strategic Partners, or others, and ensure staff familiarity with and adherence to these policies.
- 4.4 Revise current policy so that all solicitation materials, outreach effort documentation, proposals from all bidders, agreements and contracts, and agreement monitoring documentation is kept on file until two years after the termination date of the agreement. This documentation can serve as a valuable management tool for assessing the efficiency of the contracting process and compliance with competitive bidding requirements.
- 4.5 Direct Contract Compliance staff to develop staff trainings that ensure the First 5 LA staff monitoring contracts and grant agreements are aware of all compliance requirements and understand the necessity of updating the database with current contractor and grantee information.
- 4.6 Direct staff of the Finance and Grants Management departments to develop requirements that ensure contractors submit and adhere to an itemized budget and consistent performance metrics.

5. Human Resource Management

Risk Assessment:

High turnover and the absence of Board-approved compensation policy updates raises the risk of First 5 LA not being able to attract and retain qualified, high-performing employees. Staff morale or work environment issues have not been formally reported to the Board of Commissioners.

The agency's current salary schedule provides management flexibility in setting staff salaries but is not specific enough to provide the Board of Commissioners with assurances that salaries are competitive and internally equitable.

Summary of findings:

- Like any organization, the effectiveness and success of First 5 LA is dependent on attracting and retaining talented and motivated employees. However, little

information about the organization's effectiveness in this regard is formally prepared for review by management or the Board of Commissioners. Key human resource management indicators such as turnover, compensation, staff morale, and performance evaluation results, are not regularly collected and reported to the Board of Commissioners.

- Staff turnover has ranged from 8 to 19 percent per year over the last four fiscal years. These rates are generally higher than rates reported by other surveyed First 5 agencies and than national benchmark rates for public agencies. Turnover rates should be regularly reported and analyzed by management to determine if there are human resource issues such as compensation, work environment or lack of advancement opportunities that need to be addressed to attract and retain high caliber employees.
- First 5 LA management does not track and report the next place of employment of separating employees. Staff morale surveys conducted in 2008 for the agency identified work environment issues needing improvement, but those surveys have not been distributed to the Board of Commissioners or used as the basis for improvements.
- It is unclear when the last compensation schedule setting salary ranges for employee classifications was revised based on a salary survey approved by the Board of Commissioners. Documentation was provided showing the Board of Commissioners approved a compensation study in 2001. A compensation schedule that was revised in 2006 was provided, but without documentation of Board of Commissioners approval. Further, a compensation study was conducted in 2007, but First 5 LA management reports that it was not approved by the Board of Commissioners.
- Based on best practices, a compensation schedule that has not been revised in five years or more puts the organization at risk of compensating employees at levels that are not comparable and/or competitive with the market. The current compensation schedule groups disparate staff classifications together and provides broad pay ranges of up to 75.4 percent. This gives management needed flexibility in establishing and adjusting salaries but makes it difficult from a governance perspective to determine if salaries are internally equitable and reasonable compared to market rate salaries. Some employees are currently being paid below or above established pay ranges.

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

- 5.1 Direct management to annually report human resource management performance indicators to the Board of Commissioners including: (a) turnover based on the number of separations relative to actually filled positions; (b) a summary of reasons for turnover; (c) grievance data; (d) a summary of performance evaluation frequency and timeliness; and, less frequently such as every two years, (e) results of independently conducted staff morale and satisfaction surveys. Plans of action should be prepared in

instances where high rates of turnover are occurring or staff concerns and issues are identified that could be contributing to staff turnover and/or frequent investigations of grievances.

- 5.2 Update its compensation policy and direct management to: (a) conduct a compensation survey at least every five years covering salaries and benefits; (b) revise the existing compensation schedule to include more distinctions of different classifications, and (c) update the compensation ranges for review and approval by the Board of Commissioners.
- 5.3 Direct management to develop an agency-wide training curriculum that addresses both technical skills required to complete responsibilities assigned to each classification, as well as management skills expected for the higher levels of employee classifications. Participation in courses, conferences, or seminars that meet the training curriculum requirements should be centrally tracked for the entire agency.

6. Research and Evaluation

Risk Assessment:

Since program evaluations are not consistently structured, the Board of Commissioners does not receive comparable information for all agency program and initiative outcomes. The agency does not produce an annual evaluation to provide the Board of Commissioners with a comprehensive assessment of key agency-wide outcomes.

Summary of findings:

- The three main types of research and evaluation conducted by or for First 5 LA are: (1) semi-annual or annual program evaluation reports submitted by grantees and contractors to Program Officers for compliance and process improvement; (2) an annual evaluation report submitted by First 5 LA to the State detailing target populations served; and (3) comprehensive evaluations conducted by First 5 LA staff and/or contractors to measure the impact of various initiatives.
- Staff reports that all programs and initiatives are subject to a comprehensive evaluation during their program term. However, some evaluation results for small investments are not reported to the Board of Commissioners and some evaluations for larger investments are not conducted or reported to the full Board of Commissioners until the end of the program, or on an impromptu basis at hearings. As a result of this approach, the Board of Commissioners may not receive an assessment on the impact of a program for several years. The only assessment of agency-wide results the Board of Commissioners receives is the annual report submitted to the State, but this only covers a limited number of performance results.

- First 5 LA staff developed a framework as well as a list of specific research projects and activities for place-based programs. With input from some Commissioners, staff defined the purpose, expected learning outcomes and timelines for each research project prior to approval by the full Board of Commissioners. However, First 5 LA has not developed a similar framework for the more recently approved Countywide Augmentation programs.
- First 5 LA is starting to implement evaluation “dashboards,” or “snapshot” reports with key metrics and performance indicators for each Best Start Community to: (a) monitor First 5 LA’s progress in reaching intermediate and long-term outcomes outlined in the Strategic Plan; and, (b) measure the agency’s effectiveness in a transparent manner that is easily accessible by stakeholders. However, comparable dashboards have not been implemented for countywide strategies and programs.
- Some First 5 agencies in other counties surveyed have implemented electronic data systems for their grantees to input required performance and outcome data. First 5 LA has implemented such a system but it can only be used by the grantees of five initiatives. However, First 5 LA reports that it is currently developing a technology plan and seeking a new data system. This system should be utilized by all grantees and contractors for the efficient use of data for multiple evaluations and to facilitate knowledge sharing among stakeholders.

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

- 6.1 Direct management to develop policies and procedures for a standardized approach to the development and approval of research and evaluation for all new programs that include: (a) the vehicle(s) by which Commissioners may provide feedback in the development of research and evaluation projects prior to formal approval by the entire Board of Commissioners; and, (b) a requirement that all research and evaluation project proposals include the purpose, expected learning outcomes, list of specific activities, and timelines for each activity or phase of the project, prior to approval.
- 6.2 Direct management to implement the use of annual dashboard reports that incorporate regularly reported output and outcome data from all grantees, contractors, and community partners. Implementation should include written policies and procedures that: (a) require that a compilation of the dashboard data be presented to the Board of Commissioners to provide an annual assessment of agency-wide performance; (b) require the dashboards to be displayed online and easily accessible by various stakeholders; (c) include an additional report on grantees or contractors that have been underperforming; and, (d) require such grantees and contractors to be available for questions and discussion during the presentation of the dashboards at Commission meetings.
- 6.3 Direct management to implement the Data Systems Integration strategy and ensure that it includes the purchase and development of an electronic system that allows *all* grantees to input both output and outcome data online so that data from grantees could

be collected consistently and efficiently and used in a more efficient way to: (a) assemble the Annual Evaluation Reports to First 5 California; and, (b) complement the data used for more comprehensive evaluations. Further, this data should be accessible to key stakeholders, including grantees to facilitate sharing of best practices and process improvement.

Introduction

Harvey M. Associates, LLC (HMR) was retained to conduct Phase Two of this *Procedures Engagement of First 5 Los Angeles*. First 5 Los Angeles, through an ad hoc committee appointed by the organization's Board of Commissioners, requested a procedures engagement study conducted in two phases. The purpose of Phase Two was to review how First 5 LA is using its available resources. Phase One of the Procedures Engagement, the purposes of which were to review and validate First 5 LA's reserved and available funds and material changes in allocations, and to evaluate financial information reported to the Board of Commissioners, was submitted to the Board of Commissioners in July, 2011. Field work for Phase Two then commenced and was completed in September, 2011.

Project Purpose and Scope

The overall objectives of Phase Two of this procedures engagement were to evaluate First 5 LA's financial position and costs relative to Proposition 10, or First 5, agencies in other counties; evaluate First 5 LA's use of resources for compliance with Proposition 10 requirements, including whether or not the agency has done an appropriate job of using its resources for intended programs rather than accumulating balances or incurring administrative costs; determine the percentage of the target population that receives services compared to other First 5 agencies; review First 5 LA's solicitation, evaluation and contracting process for program providers; and, assess the agency's evaluation and monitoring process.

Project Methods

To accomplish the project objectives, Harvey M. Associates, LLC staff interviewed representatives of the First 5 LA's Board of Commissioners (the Board) and the ad-hoc committee, as well as First 5 LA management and staff responsible for administration, program, human resources, program development, research and evaluation, policy, community investment, Best Start Communities, grants management, finance and contract compliance. Information and records collected and analyzed included: pertinent State laws; annual audited financial statements, budgeted and actual expenditures and revenues for the most recent three fiscal years; the agency's strategic plan and implementation plan; First 5 California and First 5 LA agency directives and policies detailing policies and procedures pertaining to negotiating and approving contracts; a database of all First 5 LA agreements with contractors and grantees in FY 2010-11; turnover and other human resource management data and queries; research and evaluation reports and projects; and, Board of Commissioner and Operations Committee agendas, meetings and supporting documentation. Files and documents for a sample of 10 executed contracts were reviewed.

Annual audited statements and organizational information was collected from 10 Proposition 10, or First 5, agencies in the 10 next largest California counties and compiled for comparison to First 5 LA. Interviews were conducted with management of selected other First 5 agencies and County officials. Representatives from selected community-based organizations were also interviewed.

A draft version of this report was provided to First 5 LA management for review, factual clarifications and comments and an engagement exit conference was conducted October 7, 2011.

Revisions to the report were then made and the final document submitted to the First 5 LA Board of Commissioners.

This procedures engagement was conducted in compliance with Generally Accepted Government Auditing Standards pertaining to performance auditing as promulgated by the U.S. Comptroller General of the United States.

Acknowledgements

Harvey M. Rose Associates, LLC would like to thank the ad hoc committee of the Board of Commissioners, the full Board of Commissioners and First 5 LA Chief Executive Officer and her management staff for their time and assistance. First 5 LA staff, particularly the Chief Administrative Officer, the Chief Program Office and the Finance Director were extremely helpful and professional and took the time necessary to provide detailed information to the project team.

1. Comparative Use of First 5 LA Resources

- A review of financial data for a sample of First 5 agencies showed that for the past three years, First 5 Los Angeles has expended less of its programmatic resources and maintained a higher fund balance than the next 10 largest First 5 agencies in California, both in terms of the dollar amount and as percentages of expenditures and revenues. First 5 LA's fund balance was five times greater than expenditures in Fiscal Year (FY) 2009-10 compared to a median fund balance 2.5 times greater than expenditures for other First 5 agencies.
- For the past five years, First 5 LA revenues have consistently exceeded actual expenditures and, between FY 2007-08 and FY 2009-10, the agency under-spent compared to its planned programmatic expenditures at rates between 9.89 and 39.5 percent. Programmatic expenditures for FY 2010-11 appear to also be substantially below planned amounts for the year and prior year actual expenditures. The Board of Commissioners (Board) is not able to monitor and oversee programmatic expenditures against an approved budget since monthly programmatic expenditures are not presented relative to a budget. Further, before FY 2011-12, the Board did not receive detailed programmatic budgets for approval.
- Based on administrative expenditures reported to First 5 California, other large First 5 agencies have higher administrative costs relative to total expenditures and children served than First 5 LA. However, First 5 LA's programmatic under-spending and administrative over-spending in FY 2009-10 resulted in the agency's administrative spending, as reported to First 5 California, exceeding five percent of total expenditures, in violation of agency policy. The comparison with other agencies also shows that First 5 LA has higher program, evaluation and total costs per child served than the median for comparison First 5 agencies.
- First 5 LA serves less than the median percentage of children 0-5 served by other large First 5 agencies and the cost per child served by First 5 LA is higher than the median for the other jurisdictions. However, the population served results may be unreliable due to some double-counting by the other agencies. A comparison of the number of children served by just the School Readiness Initiative allows for an analysis without double-counting. First 5 LA was above-average in terms of the percentage of the population of children ages 0-5 participating in School Readiness programs (4.3% in LA versus a median of 3.7%), though its cost per person served was 24.2% higher than the median for the other counties (\$446 in LA versus a median of \$359).

In order to evaluate First 5 LA's use of available resources, we conducted a comparative review of First 5 LA against other county First 5 agencies. The criteria used to select comparison Proposition 10 agencies was size measured in terms of (1) budget and (2) county population. The majority of agencies surveyed were located in urban areas of Southern California. Specifically, comparison agencies were located in Alameda, Fresno, Kern, Orange, Riverside, Sacramento, San Bernardino, San Diego, Santa Clara, and San Francisco Counties. First 5 LA represents the largest First 5 agency with the highest fund balance of all County agencies. With annual revenues of \$145,980,090 in FY 2009-10, First 5 LA revenues were over three times larger than the next largest First 5 Commission in San Diego County, which had revenues of \$41,027,298 in FY 2009-10.

Using FY 2009-10 financial information from Consolidated Annual Financial Reports (CARFs), various analyses were conducted of First 5 LA's financial position based on selected financial measures. The same data points were collected from First 5 agencies in the above-listed California counties, and the same ratios were calculated for use as benchmarks for assessing First 5 LA's use of its available resources. Based on the financial and performance data submitted to First 5 California, we were able to compare the cost of direct program services and average administrative costs per client for First 5 LA and surveyed agencies in other counties. Using the performance data submitted to First 5 California, we also reviewed the percentage of the county population that receives services from First 5 LA and compare these to other selected counties.

First 5 LA has a substantially higher amount of unspent funds than First 5 agencies in other California counties

First 5 LA's fund balance has remained high during the most recent three fiscal years for which we had data: 2007-08, 2008-09, and 2009-10, especially in comparison to fund balance totals in other county agencies. Exhibit 1.1 below shows the data points associated with First 5 agencies with the highest annual revenues in FY 2009-10, all of which are located in Southern California.¹ Given that First 5 LA receives significantly more Proposition 10 revenues than other counties, we compared First 5 agencies using percentages. The year-end fund balance, especially shown as ratios of expenditures and revenues, highlights the comparative difference between Los Angeles and other First 5 agencies. For the past three years First 5 LA has had a fund balance averaging approximately 541 percent of expenditures and of revenues. This percentage is significantly higher than the two County agencies with the second and third largest fund balances: San Bernardino and San Diego. In FY 2009-10, San Bernardino's fund balance was 372.5 percent of expenditures and 373.6 of revenues. San Diego's fund balance was 298.7 percent of expenditures and 430.8 of revenues during the same Fiscal Year.

¹ Refer to Appendix A for an overview of financial data at all ten of the surveyed First 5 agencies.

Exhibit 1.1: First 5 Agency Actual Expenditures, Revenues and Fund Balance: FY 2007-08 to FY 2009-10

	Orange	Riverside	San Bernardino	San Diego	MEDIAN	Los Angeles
FY 2007-08						
Revenues	\$50,318,853	\$31,356,068	\$34,086,796	\$52,281,222	\$42,202,825	\$178,891,645
Expenditures	\$59,600,292	\$25,360,695	\$28,495,362	\$44,256,770	\$36,376,066	\$139,586,539
Fund Balance	\$142,192,579	\$61,450,612	\$99,256,378	\$196,659,287	\$120,724,479	\$882,033,521
Fund Balance % Expends	238.58%	242.31%	348.32%	444.36%	295.32%	631.89%
Fund Balance % Revs	282.58%	195.98%	291.19%	376.16%	286.89%	493.05%
FY 2008-09						
Revenues	\$50,318,853	\$30,305,483	\$32,536,553	\$48,879,517	\$40,708,035	\$166,292,312
Expenditures	\$59,600,292	\$28,136,405	\$32,071,474	\$48,534,159	\$40,302,817	\$171,191,151
Fund Balance	\$142,192,579	\$63,619,690	\$99,721,457	\$194,885,729	\$120,957,018	\$875,270,635
Fund Balance % Expends	238.58%	226.11%	310.94%	401.54%	274.76%	511.28%
Fund Balance % Revs	282.58%	209.93%	306.49%	398.71%	294.54%	526.34%
FY 2009-10						
Revenues	\$36,305,503	\$26,869,183	\$26,666,280	\$41,027,298	\$31,587,343	\$145,980,090
Expenditures	\$56,088,242	\$30,264,106	\$26,750,802	\$59,163,850	\$43,176,174	\$168,232,317
Fund Balance	\$102,738,877	\$60,181,437	\$99,636,935	\$176,749,177	\$101,187,906	\$848,777,410
Fund Balance % Expends	183.20%	198.90%	372.50%	298.70%	248.80%	504.50%
Fund Balance % Revs	283.00%	224.00%	373.60%	430.80%	328.30%	581.40%

Sources: CAFRs from First 5 agencies in Los Angeles, Orange, Riverside, San Bernardino, and San Diego Counties.

Annual Expenditures

In order to understand the reason for First 5 LA's consistently high fund balance, which totaled \$882,033,521 at the end of FY 2007-08, \$875,270,635 at the end of FY 2008-09 and \$848,777,410 at the end of FY 2009-2010, a review was conducted of budget information presented in First 5 LA's CAFRs. Over the past five years, First 5 LA revenues have consistently exceeded expenditures. Exhibit 1.2 below shows the variance between budgeted and actual expenditures, and illustrates First 5 LA's consistent under-spending. Total under-spending ranges dramatically from one year to the next, jumping from \$91,369,494 in FY 2007-08 to \$18,797,289 in FY 2008-09 to \$30,309,164 in FY 2009-10, all of which have contributed to large reserve balances.

Exhibit 1.2: First 5 LA Budgeted* versus Actual Expenses Fiscal Years 2007-08 through 2009-10

	2007-2008				2008-1009				2009-2010			
	Final Budget	Actual	Variance	% Variance	Final Budget	Actual	Variance	% Variance	Final Budget	Actual	Variance	% Variance
Revenues												
Tobacco taxes	\$118,334,715	\$122,655,958	\$4,321,243	3.65%	\$120,411,697	\$114,925,729	(\$5,485,968)	-4.56%	\$105,337,875	\$102,504,928	(\$2,832,947)	-2.69%
State School Readiness	13,400,000	15,098,348	1,698,348	12.67%	13,400,000	15,445,577	2,045,577	15.27%		19,011,847	19,011,847	
State Commission Matching Grant		2,198,287	2,198,287			4,633,722	4,633,722			2,441,868	2,441,868	
Medical Administrative Activities							925,511			740,794	740,794	
Investment income	28,000,000	34,996,079	6,996,079	24.99%	21,000,000	925,511	7,102,852	33.82%	21,000,000	16,094,660	(4,905,340)	-23.36%
Other revenues	1,884,381	428,588	(1,455,793)	-77.26%	3,000,000	28,102,852	(2,584,952)	-86.17%	418,000	427,960	9,960	2.38%
Total revenues	161,619,096	175,377,260	13,758,164	8.51%	157,811,697	415,048	6,636,742	4.21%	126,755,875	141,222,057	14,466,182	11.41%
Expenditures												
Provider grants	219,071,022	130,177,569	88,893,453	40.58%	177,300,000	160,239,867	17,060,133	9.62%	184,477,925	157,019,407	27,458,518	14.88%
Salaries and benefits	8,601,334	7,286,283	1,315,051	15.29%	8,537,968	8,155,851	382,117	4.48%	10,201,342	8,774,370	1,426,972	13.99%
Operating services	1,867,300	1,201,475	665,825	35.66%	2,283,612	1,693,225	590,387	25.85%	1,615,200	955,763	659,436	40.83%
Consultant services	989,584	783,837	205,747	20.79%	1,284,973	653,301	533,086	41.49%	1,141,120	677,379	463,741	40.64%
Professional services	450,648	276,797	173,851	38.58%	442,762	400,037	42,725	9.65%	395,960	208,008	187,952	47.47%
Other expenses	232,769	117,202	115,567	49.65%	257,885	69,044	188,841	73.23%	192,900	80,355	112,545	58.34%
Capital outlay												
Total expenditures	\$231,212,657	\$139,843,163	\$91,369,494	39.52%	\$190,107,200	\$171,211,325	\$18,797,289	9.89%	\$198,024,447	\$167,715,282	\$30,309,164	15.31%

Sources: First 5 LA CAFRs

*Budgeted expenditures refer to the provider grants and expenses included in the Operating Budget (e.g. salaries and benefits, operating services, consultant services, professional services, and other expenses). These numbers include only General Funds, not revenues and expenditures associated with separate State Commission Programs Funds, which are included in the Agency Financial comparison detailed in Exhibit 1.1.

Because the most recent CAFR covered the fiscal year ending on June 30, 2010, an assessment was conducted in order to determine FY 2010-11 contracted versus actual spending, as grants and contracts constitute the programmatic budget. As shown in Exhibit 1.3 below, as of June 30, 2011 a balance of \$101,511,740 remained of the total \$237,244,688 in funds contracted to grantees and other service providers in FY 2010-11. Section 4 of this report provides a discussion of the different type of grants and contracts.

Exhibit 1.3: First 5 LA FY 2010-11 Contracts and Grant Agreements

Solicitation Type	Number of Contracts/Agreements	FY 2010-11 Contracted Amount ¹	FY 2010-11 Actual Expenditures as of June 30, 2011	Contracted Balance as of June 30, 2011
AB109 Exception	20	\$2,012,865	\$738,764	\$1,274,101
Board of Supervisors Approved	4	1,301,248	1,314,352	(13,104)
Executive Director Approved	1	25,000	25,000	0
No Approval Required: Less than \$5,000/ year	10	33,133	21,274	11,859
Pre-AB109	3	68,625,930	6,012,276	62,613,654
Research/Data Partnership	1	431,850	252,205	179,645
Request for Proposal (RFP)	182	147,285,126	116,776,836	30,508,291
Request for Qualifications (RFQ)	52	10,725,350	5,212,791	5,512,560
Request for Vendors (RFV)	11	465,000	155,084	309,916
Strategic Partnership	19	6,339,186	5,224,366	1,114,820
TOTAL	303	\$237,244,688	\$135,732,948	\$101,511,740

Source: First 5 LA

¹Some contract amounts will carry over in to FY 2011-12.

First 5 LA staff has historically not submitted a detailed programmatic budget to the First 5 Board of Commissioners for approval. In fact, FY 2010-11 marks the first year that the Board approved the programmatic budget, though it was only a one-page high level summary document. A detailed programmatic budget was submitted to the Board for the first time for FY 2011-12. The lack of submission of a detailed programmatic budget to the Board in the past, as well as the lack of budget oversight by the Board, may have led to less effective, accurate budgeting. At First 5 agencies in other counties, staff present their boards with budget data and analyses of budgetary issues such as budgeted versus actual expenditures for their programmatic

budgets. Several other First 5 agencies have a Budget and/or Finance Committee designated to review budget and other financial matters throughout the year, with special attention on the budget for the upcoming year.

Administrative Spending

Annual financial and performance data submitted by county agencies to First 5 California in Annual Evaluation Reports was used to compare the cost of direct program service to administrative costs. First 5 California specifies that administrative costs should not include expenses associated with evaluations and evaluation technical assistance, program outreach and education or other grantee capacity building. As shown in Exhibit 1.4 below, the percentage that First 5 LA reports as spending on administrative costs as a ratio of the total budget (six percent) is lower than the median of comparison county agencies (7.35 percent). First 5 LA evaluation costs as a percentage of total expenditures were 3.5 percent compared to a median for other jurisdictions of 3 percent.

Exhibit 1.4: FY 2009-10 County First 5 Actual Program, Administrative and Evaluation Costs as Reported to First 5 California

County	Program Expenditures	Administrative Expenditures	Evaluation Expenditures	Total Expenditures	Program % Total Expend.	Admin % Total Expend.	Eval. % Total Expend.
Alameda	\$21,796,296	\$1,292,077	\$1,639,015	\$24,727,388	88.15%	5.23%	6.6%
Fresno	\$16,660,789	\$1,291,296	\$648,053	\$18,600,138	89.57%	6.94%	3.5%
Kern	\$10,435,266	\$762,236	\$895,837	\$12,093,339	86.29%	6.30%	7.4%
Orange	\$50,257,291	\$4,479,728	\$1,351,223	\$56,088,242	89.60%	7.99%	2.4%
Riverside	\$27,441,610	\$2,408,966	\$413,530	\$30,264,106	90.67%	7.96%	1.4%
Sacramento	\$24,171,006	\$1,866,533	\$1,195,027	\$27,232,566	88.76%	6.85%	4.4%
San Francisco	\$20,606,774	\$2,441,440	\$301,659	\$23,349,873	88.25%	10.46%	1.3%
Santa Clara	\$23,763,237	\$2,053,013	\$663,723	\$26,479,973	89.74%	7.75%	2.5%
MEDIAN	\$22,779,767	\$1,959,773	\$779,780	\$25,603,681	89.17%	7.35%	3.0%
Los Angeles*	\$151,742,416	\$10,068,528	\$5,904,338	\$167,715,282	90.48%	6.00%	3.5%

Source: AR1/AR2 Annual Evaluation Report Summaries submitted to First 5 California

*Program and administrative spending totals reported to First 5 California differ from those in the exhibits above because Evaluation costs submitted to the State Commission were separated from Program and Operating budget totals.

However, it is important to note that at the June 11, 2009 Commission meeting, the First 5 LA Board set a five percent cap on administrative spending, specifying the total annual budget is defined as the budgeted/estimated grantee and contractor expenditures, the budgeted operating program costs, and the budgeted evaluation costs. First 5 LA exceeded this five percent cap in

terms of the 2009-10 approved budget and in terms of actual expenditures. As shown in Exhibit 1.2 above, the final approved budget was \$13,546,522 in administrative expenditures (total budgeted expenditures of \$198,024,447 less budgeted Provider Grants of \$184,477,925 = \$13,546,522), or 6.84 percent of the total final approved budget of \$198,024,447. As shown in Exhibit 1.4 above, based on the actual spending and as reported to First 5 California, First 5 LA exceeded this five percent limit by over-spending on administrative costs and under-spending on programmatic costs.

During the same June 11, 2009 Commission meeting, First 5 LA provided the following composition of its FY 2009-10 Operating Budget expenditures:

Administration	\$4,871,157
Program	\$4,659,153
Evaluation	<u>\$1,291,765</u>
Total	\$10,822,075

The definition that First 5 LA staff listed above and as provided to the Board of Commissioners conflicts with the FY 2009-10 administrative expenditures reported to the First 5 California.

Different definitions of administrative costs lead to confusion in the budget review and approval process, and per the definition submitted to the First 5 California, First 5 LA's violation of administrative budget further demonstrates the need for increased oversight and a consistent definition of First 5 LA's administrative and other expenditures, as well as regular reporting of administrative costs relative to total spending to the Board of Commissioners. FY 2010-11 administrative expenditures were reported in the June 30, 2011 Monthly Financial Report to the Board as \$14.4 million or 9.2 percent of \$155 million in total expenditures.

Programmatic Spending and Target Population Served

Using the performance data submitted to First 5 California, we also reviewed the percentage of the County population that receives services from First 5 LA and the cost of services per child served as compared to other surveyed counties. While all County agencies surveyed provided program-specific data to First 5 California, only four county agencies provided summary statistics with the total population served by all First 5 programs, as shown in Exhibit 1.5 below.

As can be seen in Exhibit 1.5, the comparative data shows that First 5 LA served 17 percent of the Los Angeles County population between ages 0-5, compared to a median of 33.3 percent by the comparison agencies. First 5 LA's total cost per child served was \$1,354, or ten percent above the \$1,222 median of the other agencies. The components of the unit cost showed that, at \$81, First 5 LA is below the median of the comparison agencies in terms of administrative costs per child served, but higher than the median in terms of both program expenditures per child served and evaluation costs per child served. First 5 LA's program expenditures per child served were \$1,225 compared to a median of \$1,087 and First 5 LA's evaluation expenditures per child served were \$48 compared to a median of \$30 in the other jurisdictions.

First 5 Orange County is unusual among First 5 may be explained by “double-counting” issues whereby children and families receive services from more than one provider or at more than one program and are included more than once in the total count of First 5 service recipients. If Orange County is excluded from the comparison, the median percentage of population 0-5 served drops to 16.9 percent, or close to the percentage of population 0-5 served by First 5 LA.

Exhibit 1.5: Populations Served: Alameda, Fresno, Los Angeles, Orange and San Francisco First 5 Agencies, FY 2009-10

	Alameda	Fresno	Orange	San Francisco	Median	Los Angeles
Total Population, 2010	1,510,271	930,450	3,010,232	805,235	1,220,361	9,818,605
Persons under 5 years old, percent, 2009	7.00%	9.10%	7.10%	5.10%	7.05%	7.40%
Population Under 5	105,719	84,671	213,726	41,067	95,195	726,577
# of Children Served	14,483	14,295	208,231	20,428	17,456	123,843
# of Parents/Other Family Members/ Providers Served	16,211	26,126	210,942	21,744	23,935	73,890
Program Expenditures	\$21,796,296	\$16,660,789	\$50,257,291	\$20,606,774	\$21,201,535	\$151,742,416
Administrative Expenditures	\$1,292,077	\$1,291,296	\$4,479,728	\$2,441,440	\$1,866,759	\$10,068,528
Evaluation Expenditures	\$1,639,015	\$648,053	\$1,351,223	\$301,659	\$999,638	\$5,904,338
Total Expenditures	\$24,727,388	\$18,600,138	\$56,088,242	\$23,349,873	\$24,038,631	\$167,715,282
Percentage of 0-5 Population Served	13.70%	16.88%	97.43%	49.74%	33.31%	17.04%
Total Cost/Child Served	\$1,707	\$1,301	\$269	\$1,143	\$1,222	\$1,354
Program Cost/Child Served	\$1,505	\$1,165	\$241	\$1,009	\$1,087	\$1,225
Administrative Cost/Child Served	\$89	\$89	\$309	\$169	129	\$81
Evaluation Cost/Child Served	\$113	\$45	\$6	\$15	\$30	\$48

Sources: AR1/AR2 Annual Evaluation Report Summaries submitted to California First 5, Census Bureau data

The total and child populations in each County differ significantly. For example nearly 10 million people reside in Los Angeles County, whereas just over 800,000 people live in San Francisco County. Therefore, we compared percentages of children served. However, an assessment of the percentages showed dramatic differences between counties. For example, only 13.7 percent of children age five and under receive services in Alameda County, versus over 97 percent in Orange County. Based on conversations with First 5 LA agency staff, the differences likely result from the double-counting issue. Evaluation staff in First 5 in Alameda County report making concerted efforts to avoid double-counting when recording service usage, whereas other county agencies may not make the same effort.

In an effort to address the issue of double counting and obtain a more accurate comparison of county service levels, we looked more specifically at the number of children and families that participated in School Readiness² programs in FY 2009-10 because School Readiness is one of the few initiatives that exists in all Counties that receive First 5 funding.

Exhibit 1.6: First 5 County Populations Served in School Readiness Initiative in FY 2009-10

	School Readiness Child Population Served	Percentage of 0-5 County Population Served	School Readiness Parents/ Other Family Members Population Served	Total School Readiness Cost FY 2009-10	Cost Per Person (child and parents/ other) Served
Alameda	8,962	8.48%	8,673	\$6,640,413	\$377
Fresno	1,104	1.04%	890	\$3,002,425	\$1,506
Kern	4,738	5.60%	9,698	\$2,368,193	\$164
Orange	4,813	2.25%	8,194	\$6,982,453	\$537
Riverside	10,360	5.99%	4,474	\$5,043,007	\$340
San Bernardino	1,477	0.87%	2,104	\$5,200,000	\$1,452
Sacramento	1,342	1.24%	2,135	\$1,577,530	\$454
San Diego	8,404	3.62%	5,399	\$3,687,667	\$267
San Francisco	2,260	5.50%	6,267	\$2,240,007	\$263
Santa Clara	5,068	3.79%	4,144	\$2,503,676	\$272
MEDIAN	4,776	3.71%	4,937	\$3,345,046	\$359
Los Angeles	31,075	4.28%	35,246	\$29,577,812	\$446

Sources: AR1/AR2 Annual Evaluation Report Summaries submitted to California First 5, Census Bureau data

As shown in Exhibit 1.6 above, based on a percentage and per child cost comparison, First 5 LA served 4.28 percent of the population of children ages 0-5, which is above the median percentage of 3.71 percent. In terms of per-child cost, First 5 LA comes in above the county agency median, spending \$446 per child, which is \$87 more or 24 percent higher, than the median cost of \$359 per-child. Four of the comparison agencies are spending more per child than First 5 LA.

Annual Business Plan, Quarterly Reporting, and Committee Support

In order to establish systems that will help prevent future administrative over-spending and programmatic under-spending that contributes to the high reserve balance, and to ensure funds

²According to the California First 5 website, in December 2001 First 5 California launched a four-year, \$400 million School Readiness Program in partnership with First 5 County Commissions to improve the ability of families, schools and communities to prepare children to enter school ready to succeed. The Program is statewide and focuses both on preparing children for school and preparing schools for children.

are used as efficiently as possible, First 5 LA should implement policies and procedures that will guide staff in preparing quarterly financial reports and an annual business plan.

Based on a review of Strategic Plans and related materials from the surveyed First 5 agencies, the First 5 Commission in Orange County has one of the most comprehensive approaches to financial management and planning. Orange County's annual Business Plan serves as a key document informing Board and staff fiscal decisions. The components of Orange County's FY 2011-12 Business Plan are as follows:

- Agency Vision
- Mission Statement
- Goal Areas
- Summary of Proposed 2011/12 Work Plan
- Resource Plan
- FY 2011/12 Operating and Administrative Budget
- Accomplishments and Work Plan by Goal Area

One integral component of Orange County's Business Plan is the Work Plan, which addresses the major actions for staff to pursue during the upcoming year, based on goals set in the Strategic Plan. The Resource Plan is helpful in its summary of what organizational resources will be used to execute the Work Plan, namely what staff, consulting and technical services will be necessary, and how the Board of Commissioners will support these efforts. The FY 2011/12 Operating and Administrative Budget includes an analysis of administrative and programmatic spending for the current and upcoming year, including exhibits describing spending by initiative for the programmatic budget and spending by category for the operating budget, as well as a discussion of major changes in the budget. A section entitled "Accomplishments and Work Plan by Goal Area" offers a comparison of the prior year accomplishments to the upcoming year's goals by initiative and by program. The Business Plan document itself is 26 pages long and offers the Board of Commissioners and staff a concise reference to the organization's progress toward meeting its early childcare and education goals.

First 5 LA should consider preparing a similar an annual plan issued prior to the start of each fiscal year. The plan should be tailored to the specific needs in Los Angeles, but at a minimum should include: (a) a Work Plan for the upcoming year; (b) a Resource Plan to assist in carrying out the Work Plan; (c) a comparison of accomplishments to goals; and, (d) a summary of the proposed budget including an analysis of actual versus budgeted expenditures for the prior year and an analysis of all proposed new expenditures.

While an annual business plan will provide First 5 LA with a tool for reviewing the financial position of the agency and establishing goals for the upcoming year, quarterly reports will provide the staff and Board of Commissioners with the opportunity to track spending throughout the year and identify areas of under-spending in the programmatic budget and over-spending on

the administrative budget. As recommended in the Phase One Procedures Engagement report³, First 5 LA management should conduct formalized and methodical quarterly reconciliations and compilations of expenditures to better inform Board members of the agency's financial status.

In addition to establishing improved financial reporting systems, a Budget and Finance Committee would offer the Board of Commissioners the opportunity to conduct a more informed review of fiscal issues facing the agency. Several other First 5 Commissions in other counties have fiscal committees that serve as a valuable resource in working with the staff to understand and communicate fiscal and budgetary issues to the full Board and, in turn, facilitate informed fiscal decision-making. For example, the First 5 San Francisco Board of Commissioners has a standing Budget and Finance Committee that meets on a bi-monthly basis. First 5 San Diego has a standing Finance Committee and First 5 Orange County has an Investment Oversight Committee to advise resource-related decisions.

Given the continually high fund balance and history of programmatic under-spending, First 5 LA should consider creating avenues for additional fiscal oversight through increased reporting and Committee insight.

Conclusions

The benchmarking exercise and review of historical annual spending showed that for the past three years, First 5 LA has maintained a higher fund balance than the next 10 largest First 5 organizations in California, both in terms of the dollar amount and as percentages of expenditures and revenues. Contributing to the fund balance is that fact that for the past five years, First 5 LA revenues have consistently exceeded total actual expenditures and actual expenditures have been lower than budgeted amounts. Because of programmatic under-spending and overspending on administrative costs, as defined by First 5 California, in FY 2009-10 First 5 LA did not comply with its own an internal policy that states that administrative spending should not exceed five percent of the total agency budget. First 5 LA's administrative costs compare favorably to surveyed First 5 agencies in other counties but its program and evaluation costs per child served are higher than the agencies in other jurisdictions.

A comparison was conducted of percentages of children served across counties. However, data limitations, specifically the issue of double counting across programs, made it difficult to discern the total number of unduplicated children and families served by First 5 agencies across counties. Therefore, a comparison was conducted of the number of children served by School Readiness Initiatives, which were present in all county agencies surveyed. First 5 LA was above-average in terms of the percentage of the population of children ages 0-5 participating in School Readiness programs. In terms of per-child cost, however, First 5 LA spent \$446 per child, more than the median of \$359 per child spent by other county First 5 agencies.

³ See "Procedures Engagement Phase One Report, First 5 LA" by Harvey M. Rose Associates, LLC. July 12, 2011

Recommendations

The First 5 LA Board of Commissioners should:

- 1.1 As also recommended in the Phase One Procedures Engagement report, direct management to conduct formalized and methodical quarterly reconciliations and compilations for financial reporting purposes, and include monthly comparisons of actual expenditures to budgeted amounts, by initiative or program.
- 1.2 Direct Finance Department staff to use consistent definitions and standards when calculating and reporting administrative expenditures and percentages. Internal references to administrative cost amounts should not differ from those reported to First 5 California.
- 1.3 Direct Finance Department and Grants Management staff to: (a) maintain an inventory of all contractors and grantees that consistently fail to meet annual budgeted expenditure goals; (b) conduct an analysis of all under-spending programs; and, (c) make recommendations to grantees and contractors in the areas of technical support, capacity building, or other services that will address under-spending.
- 1.4 Direct staff to develop policies and procedures that will assist in preparing an annual Business Plan to be issued to the Board prior to the annual budget approval that includes: (a) a Work Plan for the upcoming year; (b) a Resource Plan to assist in carrying out the Work Plan; (c) a comparison of accomplishments to goals; and (d) a summary of proposed budgets including an analysis of actual versus budgeted expenditures for the prior year and an analysis of all proposed new expenditures.
- 1.5 Establish a standing Budget and Finance Committee to review, at minimum: (a) the recommended quarterly financial updates; and (b) the proposed annual Business Plan that includes a detailed analysis of budgeted versus actual spending to inform the June budget approval process.

Costs and Benefits

Implementation of all recommendations should be accomplished using existing resources. By establishing systems to better monitor and analyze First 5 LA programmatic and administrative spending, the First 5 LA Board of Commissioners and staff will benefit from a better understanding of how First 5 LA funds are spent and will be better equipped to make informed financial decisions.

2. Staffing

- The allocation of staff is disproportionate across First 5 LA departments based on the funding allocated to the projects and the priority of the work being performed. The Program Development Department is responsible for launching approximately \$227 million worth of new Countywide Augmentation programs and administering \$286 million worth of programs, but only has nine positions. This is fewer than the average of 19 positions each for three departments responsible for fewer contracts and grants and lower levels of funding: the Best Start Communities, Public Affairs and Research and Evaluation Departments.
- While the work of all departments is important and the value of contracts is only one measure of responsibility, one of the consequences of the relatively low level of staffing in the Program Development Department is that implementation of Countywide Augmentation programs approved by the Board of Commissioners in fall 2010 are not being achieved. Only \$15 million is anticipated to be disbursed for those programs in FY 2011-12, or 6.6 percent of the total funding allocated for those programs through 2017. Implementation of these new programs should be expedited, possibly with reallocation of existing staff. Agency management reports that it has recently reallocated five positions, including four that were vacant from other departments, and is currently recruiting new staff. Further reallocations may be needed depending on a full assessment of the relative workload of all departments by agency management.
- While Program Development Department staffing is low relative to its responsibilities, staffing at First 5 LA overall is high compared to the next four largest First 5 agencies statewide. First 5 LA receives 4.6 times the annual revenue of the other agencies but has 5.2 times the number of staff. While each First 5 has its own priorities and plans, the other First 5 agencies can serve as benchmarks for determining baseline staffing and costs unless higher staffing levels and costs reflect policy decisions by the Board of Commissioners based on expected benefits commensurate with the higher costs.
- With 28 positions between them, Public Affairs and Research and Evaluation department staffing at First 5 LA is higher than those functions at four comparison First 5 agencies. Both of these departments also utilize contract consultants for work that is likely duplicating the work of existing staff members. Consolidating and delegating some work now performed by staff to these consultants, as well as identifying process and procedures efficiencies, could help the agency reduce its staffing levels and/or reallocate positions to Program Development.

Allocation of Staff and Workload

A review was conducted of all of the grants and contracts assigned to First 5 LA departments, as of September 2011, and matched to the allocations approved by the Board of Commissioners (Board). Projects that were assigned to departments, for which no contract or grant has been awarded yet was also included in the analysis. The funding allocations were then compared to the organizational chart and positions authorized as of August 2011.

As shown in Exhibit 2.1, below, the allocation of staff is disproportionate across departments based on the funding allocated to the projects and/or contracts and grants in each department's portfolio of work. The department responsible for the highest amount of funding allocations, Program Development, has fewer staff members than departments with a lower amount of allocated funding and/or responsibility for fewer contracts or grants, such as the Best Start Communities, Public Affairs and Research and Evaluation Departments.

Exhibit 2.1: Number of Staff and Allocation of Funding by Key Departments

	Authorized Staff Positions ¹	Balance of Total Allocations as of 6/30/11	Funding per Position
Best Start Communities	29*	\$27,895,008	\$961,897
Community Investments	7	\$30,276,391	\$4,325,199
Grants Management	5	\$45,068,197	\$9,013,639
Policy	6	\$7,817,826	\$1,302,971
Program Development	9	\$513,482,446	\$57,053,605
Public Affairs	13*	\$15,547,591	\$1,195,969
Research and Evaluation	15*	\$58,967,652	\$3,931,177

Sources: First 5 LA organizational chart as of August 2011, First 5 LA grantee/contractor database, report of allocations provided by the Chief Program Officer, unaudited Monthly Financial Report for June, 2011, Commission Meeting packets, and FY 2011-12 Programmatic Budget proposed on September 8, 2011.

¹The total number of authorized staff positions does not include Administrative Assistants, which range from 0-2 administrative positions per department.

*The total number of authorized staff positions includes an Assistant Director.

Program Development Department's Low Staffing Level

Additional review of the Program Development staff roles and functions, assigned portfolio, and output measures suggest that Program Development's staffing level is low relative to its responsibilities. When combined with inconsistent, and sometimes unrealistic, time frames for implementation and inconsistent program design details prepared prior to approval of the allocation, the Department's ability to meet expected timelines for launching the new Countywide Augmentation programs and disbursing significant programmatic funds in FY 2011-12 is hampered. These new programs were approved in the fall of 2010 by the First 5 LA Board of Commissioners but, none of the \$227 million in program allocations approved were expended in FY 2010-11 and only \$15 million, or 6.6 percent, is anticipated to be expended on them in FY

2011-12. The programs range from two to five years in length, with the longer programs now expected to be completed by 2017.

The Program Development Department is responsible for designing, developing, and implementing programs worth approximately \$11.2 million that are part of the Countywide and place-based strategies. In addition, the Department has assumed responsibility for administering contracts and grants, with a balance value of \$275 million, that were part of the previous strategic plan, but were continued into the FY 2009-2015 Strategic Plan. Finally, the Program Development Department has assumed responsibility for launching 13 of the 18 approved Countywide Augmentation programs, or approximately \$227 million in allocations. In sum, the Program Development Department is responsible for approximately \$513 million in unspent funding, as of June 30, 2011. Exhibit 2.2 below summarizes the programs assigned to the Program Development Department, along with their total allocation, balance of allocations as of June 30, 2011 and proposed FY 2011-12 funding.

**Exhibit 2.2: Programs Assigned to Program Development Department
Total Allocation, June 30, 2011 Balance of Allocations
and Proposed FY 2011-12 Funding**

	Total Allocation	Balance of Allocation as of 6/30/11	Proposed FY 11-12
Countywide Strategies			
Information Resource Referral (211) ¹	\$13,196,183	\$2,329,373	\$1,050,000
Place-Based Strategy			
Family Strengthening ²			\$2,815,000
LAUP Workforce Initiative	\$15,000,000	\$9,000,114	\$3,000,000
<i>Subtotal Place-Based Strategy</i>	<i>\$15,000,000</i>	<i>\$9,000,114</i>	<i>\$5,815,000</i>
Countywide Augmentation			
East LA College Child Care Providers	\$1,057,952	\$1,057,952	\$435,000
Tot Parks and Trails	\$10,000,000	\$10,000,000	\$250,000
ECE Workforce Consortium	\$37,079,667	\$37,079,667	\$4,455,000
Peer Support Groups for Parents	\$2,200,000	\$2,200,000	\$400,000
Substance Abuse Services	\$15,000,000	\$15,000,000	\$500,000
Nutrition & Physical Activity Environment in Child Care Setting	\$6,197,400	\$6,197,400	\$450,000
Nutrition & Reduce the Obesity Epidemic in Children Ages 0-5 and their Families	\$35,000,000	\$35,000,000	\$2,500,000
Parent Child Interactive Therapy	\$20,000,000	\$20,000,000	\$500,000
Community Family Hubs/Family Literacy	\$13,100,000	\$13,100,000	\$630,000
One Step Ahead	\$30,000,000	\$30,000,000	\$500,000
Universal Assessment of Newborns	\$54,100,000	\$54,100,000	\$990,000
Systematic Challenges for Autism	\$900,000	\$900,000	\$450,000
Cal-Learn	\$2,900,000	\$2,900,000	\$2,950,000
<i>Subtotal Countywide Augmentation</i>	<i>\$227,535,019</i>	<i>\$227,535,019</i>	<i>\$15,010,000</i>
Prior Strategic Plan			
Workforce Development ³	\$7,772,765	\$6,582,765	\$5,740,000

¹ Of the \$13,196,183 allocated to Information Resource Referral (211), \$11,000,000 was allocated as part of the prior strategic plan, most of which was spent by FY 2010-11.

² An amount for Family Strengthening was not specifically allocated as part of the FY 2010-11 Programmatic Budget; rather, these activities were originally included as part of the Partnership Development Process allocation. A separate line item was added for the FY 2011-12 budget to distinguish these activities from other Placed-Based activities.

³ Workforce Development includes funding for the following programs: Care Plus, Early Child Care Career Development Policy Project (LACOE), P-5 Core Competencies (all sectors), and High School Recruitment.

	Total Allocation	Balance of Allocation as of 6/30/11	Proposed FY 11-12
Family, Friends and Neighbors	\$5,083,722	\$500,000	\$500,000
Children's Council	\$4,250,000	\$839,810	\$800,000
LAUP ⁴	\$551,000,000	\$240,551,592	\$53,418,500
Oral Health Community Development	\$8,100,000	\$6,877,417	\$2,110,000
Oral Health/Nutrition Expansion ⁵	\$10,950,000	\$9,470,065	\$2,755,000
Best Start LA ⁶	\$13,750,000	\$9,796,290	\$2,366,250
<i>Subtotal Prior Strategic Plan</i>	<i>\$600,906,487</i>	<i>\$274,617,940</i>	<i>\$67,689,750</i>
Total	\$856,637,689	\$513,482,446	\$89,664,750

Sources: First 5 LA grantee/contractor database, report of allocations provided by the Chief Program Officer, unaudited Monthly Financial Report for June, 2011, Commission Meeting packets, and FY 2011-12 Programmatic Budget proposed on September 8, 2011.

According to First 5 LA management, every program must go through a six phase process before full implementation. These phases are (1) designing the program; (2) planning; (3) designing the structure of the procurement and award amount; (4) internal and external reviews of proposals and selection; (5) contract negotiation and execution; and (6) program management, including implementation and problem solving. While all programs may begin in the Program Development Department, some may eventually be assigned to another department for oversight and monitoring.

All of the 13 Countywide Augmentation programs assigned to Program Development must complete the six phase process prior to full implementation, but the expected timeline for implementation has been inconsistent. The Countywide Augmentation programs were introduced and approved by the Board of Commissioners in FY 2010-11, with the earliest approvals in November, 2010. In the April 2011 Board of Commissioners Meeting, First 5 LA staff reported that they expected to have all of the approved Countywide Augmentation programs in the program management, or final development phase, by July, 2011, regardless of which month they were approved by the Board of Commissioners (November 2010 or January or February, 2011), resulting in a development time frame ranging from four to nine months. However, only

⁴ The LAUP total allocation of \$580,000,000 is shared between the Program Development and Research and Evaluation Departments. The allocation of \$551,000,000 and corresponding numbers shown in Exhibit 2.2 represents the assumption that Program Development is allocated 95 percent while Research and Evaluation is allocated five percent of the total allocation

⁵ The Oral Health/Nutrition Expansion total allocation of \$21,900,000 is shared between the Program Development and Community Investments Departments. The allocation of \$10,950,000 and corresponding numbers shown in Exhibit 2.2 represents half of the total allocation, balance as of June 30, 2011 and proposed FY 2011-12 budget for the program.

⁶ The Best Start LA total allocation of \$55,000,000 is shared among the Best Start Communities, Program Development, Research and Evaluation, and the Public Affairs Department. The allocation of \$13,750,000 and corresponding numbers shown in Exhibit 2.2 represents a quarter of the total allocation, balance as of June 30, 2011 and proposed FY 2011-12 budget for the program.

two of the 13 programs that were assigned to the Program Development Department have entered the final phase of program development, but in September, 2011, not by July 2011.

First 5 LA reorganized in the fall of 2010 to reflect the newly adopted Strategic Plan for FY 2009-2015. This included the creation of the Best Start Communities Department, which is responsible for implementing the place-based program approach in 14 communities. Grants Management was to be dissolved as a department since staff would no longer be needed to oversee the grantees and contractors from the old strategic plan, while Program Development was reorganized to develop the Family Strengthening Strategy, or direct service programs, for the Best Start Communities. But in the fall of 2010, the Board of Commissioners modified the Strategic Plan to include new Countywide Augmentation programs and to extend the life of the previous strategic plan programs through June 2011. In response, the Grants Management Department was reestablished. However, staffing was not reallocated to Program Development to be consistent with the responsibilities and level of funding associated with implementing the new programs. In comparison to the Best Start Communities Department, which is responsible for launching \$221 million worth of programs⁷ and has 29 positions, the allocation of staff to Program Development is inconsistent.

Delays in the implementation of all Countywide Augmentation programs will impact First 5 LA's ability to provide full funding to its contractors and grantees in FY 2011-12 and achievement of its current strategic plan. As shown in Exhibit 2.2, First 5 LA staff anticipates that a majority of the programs will have only limited expenditures in FY 2011-12, particularly when the proposed budgets for each program are compared to the total allocations approved by the Board of Commissioners. Further, in the proposed FY 2011-12 Programmatic Budget, only two of the 18⁸ Countywide Augmentation programs distributed across various departments specified the expected number of months with expenditures for FY 2011-12. The Universal Assessment of Babies program is expected to have expenditures for three months and the One Step Ahead program is anticipated to have expenditures for seven months.

In addition to the inconsistent timeframes for implementation of Countywide Augmentation programs, research and program information available to Commissioners and staff prior to program approval is inconsistent. For example, the proposal for the East Los Angeles College Care Providers allocation was nine pages and included budget details and a comprehensive description of programmatic goals while the proposal for LA Tot Parks and Trails was limited to a brief one half-page overview of potential grants associated with the proposed allocation. Approved programs with limited research and information require more staff time and resources devoted to the designing and planning phases than other programs with more information and program details prepared prior to Board approval.

⁷ The \$221 million estimate is based on the \$17 million allocated for place-based investments in FY 2010-11 and \$204 million budget through FY 2014-15, projected by the Best Start Communities Department and presented at the September 8, 2011 Commission Meeting.

⁸ As shown in Exhibit 2.2, 13 Countywide Augmentation programs were assigned to the Program Development Department. Of the remaining five Countywide Augmentation programs, the Public Affairs, Community Investments and Policy Departments were assigned one program each, while the Research and Evaluation Department was assigned two programs.

The combination of a low staffing level in the Program Development Department, inconsistent and unrealistic expectations of timing for implementation, and inconsistent research and program design details available prior to program approval, appear to all be contributing to delays in implementing the Countywide Augmentation programs. When the Program Development Department staff is unable to develop projects, solicit and select contractors and grantees, and disburse funds in a timely manner, First 5 LA is unable to serve its target population in a timely manner, as well as risks not achieving its strategic plan goals and having large fund balances remaining for programs at the end of the fiscal year.

First 5 LA management should reallocate staff to the Program Development Department from other departments where (a) there are redundancies between First 5 LA staff and contractors that can be eliminated and (b) efficiencies in processes and procedures can be implemented so that less staff is required to perform the same functions. Agency management reports that it has recently reallocated five positions, including four that were vacant in other departments, and is currently recruiting new staff. Additional staff reallocations may be needed depending on a full assessment by agency management of relative workload of all departments.

Benchmarking Staffing

In addition to evaluating the allocation of staff within First 5 LA departments based on funding allocated to projects and type of work, the total staffing at First 5 LA as well as staffing for particular functions, such as public affairs and research and evaluation, was compared to those of other First 5 agencies.

A review of staffing levels and revenue at the five largest First 5 agencies in the state revealed that, while First 5 LA received the most revenue in FY 2009-10 and currently has the largest staff, other counties have lower staffing levels relative to their revenues. As shown in Exhibit 2.3 below, First 5 LA receives 4.6 times as much in revenue as median revenues for the next four largest organizations statewide, but has 5.2 times as many positions. First 5 LA has 8.7 authorized positions for every \$10 million in revenue or more than the median of 7.8 positions for every \$10 million in revenue for the four comparison organizations. Orange County and San Diego have substantially fewer staff positions for every \$10 million in revenue compared to First 5 LA, but Riverside and San Bernardino Counties have more positions for every \$10 million in revenues.

Exhibit 2.3: Total Staffing and FY 2009-10 Revenues for the Five Largest First 5 Commissions Statewide

	Total Staff	FY 2009-10 Total Revenue	\$Revenue per Staff Person	# Positions per \$10 Million Revenues
Orange	20	\$36,305,503	\$1,815,275	5.5
Riverside	30	\$26,869,183	\$895,639	11.2
San Bernardino	27	\$26,666,280	\$987,640	10.1
San Diego	20	\$41,027,298	\$2,051,365	4.9
Median	24	\$31,587,343	\$1,401,458	7.8
Los Angeles	122	\$145,980,090	\$1,196,558	8.7
Multiple (LA vs. median)	5.2 x higher	4.6 x higher	0.9 x lower	1.1 x higher

Sources: Organizational Charts and Comprehensive Annual Financial Reports of various First 5 Commissions

Compared to First 5 San Diego, the next largest First 5 organization in the State, First 5 LA's existing staff of 122 members is approximately six times greater than San Diego's total staff of 20 though First 5 LA's revenues are only 3.6 times greater than San Diego's. Similarly, First 5 LA's FY 2009-10 total revenue is approximately four times greater than Orange County's revenue of \$36,305,503 but the total staff for First 5 LA is, again, six times greater than Orange County's total staff of 20.

San Diego and Orange County's First 5 agencies are structured differently than First 5 LA, using a mix of County resources and professional services contracts for functions that could be performed by full time Commission staff. However, a review of San Diego and Orange County's business models revealed that First 5 LA could potentially reduce its total staffing allocation through shifting functions performed by in-house staff to professional service contractors or County staff, thereby allowing First 5 LA to reduce its administrative costs and have more funds available for its programmatic budget.

First 5 San Diego is a County entity and is billed for the use of County support services such as County Counsel, Information Technology, and Human Resources. Additionally, First 5 San Diego has in-house staff for communications and research and evaluation, but uses professional services contracts for these functions as well. However, First 5 San Diego reported that its total expenditures for professional services contracts are less than \$1,500,000 for these two functions. In contrast, First 5 LA's expenditures on research and evaluation and public affairs professional services contracts totaled approximately \$9,000,000 in FY 2010-11, or 6 times more than San Diego, and First 5 LA has approximately 4.7 times as many positions assigned to its public affairs and research and evaluation functions compared to San Diego.

The Children and Families Commission of Orange County reports that, pursuant to its Business Plan, its organizational structure limits the number of permanent staff positions and instead relies on the support of contract project managers and consultants for a number of the organization's key functions. The total amount allocated to professional services contracts cannot be determined as Orange County reports that such expenditures are included in its programmatic budget.

According to its FY 2009-10 Comprehensive Annual Financial Report, First 5 Orange County had expenditures totaling \$46,834,681 that were related to the “Zero to Five” Program, a portion of which was for professional services contracts. Further details of Orange County’s expenditures on professional services contracts were not made available by the organization.

Review of staff allocations for the communications/public affairs and research and evaluation functions among the four next largest First 5 organizations in California revealed that the staffing allocation for First 5 LA’s Public Affairs and Research and Evaluation Departments is significantly higher than the median staffing for the other organizations, both in absolute numbers and as a percentage of total staff. As shown in Exhibit 2.4, First 5 LA’s 13 staff members in Public Affairs, which represents 10 percent of the organization’s total staff, is well above the medians of 1.5 staff positions and six percent of total staff for the four comparison organizations. Similarly, First 5 LA’s allocation of 15 staff members to the Research and Evaluation Department, or 12 percent of the total staff, is greater than the medians of 2 staff positions and 7 percent of total staff for the comparison First 5 organizations.

Exhibit 2.4: Allocation of Staffing for Communications and Research and Evaluation for the Five Largest First 5 Commissions Statewide

	Total Staff	Communications (Public Affairs) Staff	Communications Staff as a Percent of Total Staff	Research and Evaluation Staff	Research and Evaluation Staff as a Percent of Total Staff
Orange	20	1	5%	1	5%
Riverside	30	1	3%	2	7%
San Bernardino	27	2	7%	2	7%
San Diego	20	2	10%	4	20%
Median	23.5	1.5	6.0%	2	7.0%
Los Angeles	122	13	10%	15	12%

Sources: Organizational and staffing charts of various First 5 Commissions

Given that First 5 LA’s total staff and allocation of staff to Public Affairs and Research and Evaluation are disproportionately higher than those allocated among the next top four largest First 5 organizations, even after accounting for total revenues received by each County, First 5 LA management should conduct a thorough assessment of its staffing allocation to identify opportunities for reducing staffing to a level that is comparable to most counties.

As highlighted below, an assessment of staffing allocation should include identifying: (a) functions assigned to existing staff that are redundant or duplicated through existing professional services contracts; and (b) efficiencies in processes and procedures so that less staff would be required to perform the same functions within a department. First 5 LA management should then reduce staffing in departments accordingly by (a) reassigning staff to other departments that may be in need of additional staff to complete its current workload in a timely manner and (b) eliminating unnecessary positions through attrition.

Use of Professional Services Contracts

Several departments utilize and manage professional services contracts for consultants and vendors to complete work, some of which are likely duplicating or redundant with the work of existing staff members. These departments are Best Start Communities, Public Affairs, and Research and Evaluation.

Best Start Communities

The Best Start Communities Department is primarily responsible for implementing the Commission's place-based strategy. Fourteen communities in Los Angeles County were selected by First 5 LA staff and subsequently approved by the Board of Commissioners as Best Start Communities, which are to receive targeted investments of funding and staff time. Two Program Officers in the Best Start Communities Department are assigned to each community. These Program Officers have been conducting initial outreach efforts in the 14 communities, identifying and engaging key stakeholders groups, and building capacity among community partners to be able to develop community goals that align with First 5 LA's Strategic Plan and achieve these goals. First 5 LA management reports that the Program Officers in the Best Start Communities Department are currently serving in the capacity as community organizers.

However, in addition to full time Program Officers engaging in the communities, First 5 LA currently contracts with a Partnership Support Team that provides training in 13⁹ of the communities in leadership development, parent engagement, decision-making and governance. Further, First 5 LA staff reports that the agency has hired contract Supervising Facilitators and Community Facilitators to coordinate efforts around community outreach, planning, and development of community partners and plans; part-time community based outreach workers; community evaluators; and external reviewers. First 5 LA management should assess what functions, if any, are duplicated by the contracted facilitators and community based outreach workers and which functions currently performed by staff could be consolidated with these contractors to enable reallocation of the Best Start Communities Department's staff where redundant community organizing and capacity building exist.

Public Affairs

According to the database of First 5 LA contractors and grantees as of September, 2011, the Public Affairs Department manages 19 professional services contracts with a FY 2010-11 value of \$4,039,747. These contracts are for services such as printing, news release distribution, marketing, website maintenance, and writing. However, the Public Affairs staff consists of two marketing managers, a media manger, writer/editor, graphic artist, project coordinator, social media coordinator, and webmaster.

First 5 LA management should assess what functions are currently being duplicated by the professional services contracts and full time staff members, as well as what functions could be

⁹ Metro LA is the fourteenth Best Start Community and has been established since 2009.

shifted to the professional services contractors. The allocation of staff to the Public Affairs Department should be reduced accordingly if there are duplications, or if the work of existing staff could be completed by contractors under their existing contract terms.

Research and Evaluation

According to First 5 LA management, the 15 staff members in the Department conduct original research as well as manage research and evaluation contracts. As of September, 2011, at least 29 professional services contracts were assigned to the Research and Evaluation Department with a FY 2010-11 value of \$7,391,634. Similar to the Best Start Communities and Public Affairs Departments, First 5 LA management should assess the appropriateness of the level of staffing and their workload in comparison to the work being done by contractors.

First 5 LA management reports that five positions have been reallocated from other departments to the Program Development Department. These positions include two vacant positions from Public Affairs, two vacant positions from Best Start Communities, and one filled position from Research and Evaluation. These positions are currently in the recruitment process.

Identifying Efficiencies to Reduce Staff Allocations

Interviews with First 5 LA management, as well as reviews of staff output measures and expected workload, revealed that processes and procedures within various departments should be further assessed to ensure efficient use of resources and staff. When functions and responsibilities can be reassigned to fewer staff positions, First 5 LA management could reduce or reallocate existing staff accordingly.

Best Start Communities (29 authorized positions, August 2011)

As previously mentioned, the Program Officers assigned to Best Start Communities have been primarily functioning as community organizers, which includes coordinating community meetings. After an average of five community meetings at each Best Start Community between the months of February to June 2011, First 5 LA staff should be more efficient in coordinating community meetings that require securing a venue, childcare, food, transportation, and translation services. Therefore, the Best Start Communities Department could potentially require less staff to perform such functions.

According to First 5 LA management, at full implementation, each Best Start community would be able to make their own decisions regarding what direct services to fund within their community. At the September 8, 2011 Commission Meeting, First 5 LA staff proposed that the communities will award up to \$100,000 per community in grants during FY 2011-12, up to \$2 million per community during FY 2012-13 and up to \$5 million per community during FY 2013-14 and beyond.

First 5 LA has not documented the functions the 29 staff positions in the Best Start Communities Department will perform once each Best Start Community begins allocating funding for direct services. According to First 5 LA management, the Program Officers could transition to grants managers, but it is unclear if two grants managers per Best Start Community are necessary or

efficient. Additionally, given the projected amount of grant funding per community, two Program Officers per community appears disproportionate to the level of funding administered by Program Officers in other departments. First 5 LA management should develop a staffing plan that addresses the need for staffing at different phases of implementing the place-based strategy, which should be approved by the Board of Commissioners. If the staffing plan results in a total allocation of staff that is less than the current allocation, such staff members should be reallocated to departments with a greater need for staffing.

Community Investments (7 authorized positions, August 2011)

The core functions of the staff in the Community Investments Department are to build relationships and share information with organizations in order to facilitate leveraging of fiscal and non-fiscal resources. In addition, the Community Investments Department provides grants to other organizations through a strategic partnership with Los Angeles Partnership for Early Childhood Investment¹⁰ as well as three competitive grant programs: Challenge Grants,¹¹ Matching Grants,¹² and Social Enterprise Grants¹³ Programs. Finally, the Community Investments Department is co-managing the Oral Health and Nutrition Expansion, an allocation from the previous strategic plan that was continued as part of the FY 2009-2015 Strategic Plan, and the Healthy Food Initiative, one of the Countywide Augmentation programs.

The Challenge Grants, Matching Grants, and Social Enterprise Grants Programs differ significantly from the grant programs designed in the Program Development Department. These grantmaking programs do not require the Program Officers in the Community Investments Department to design programs that will provide direct services and then find potential contractors or grantees to provide those services. Rather, the Program Officers in the Community Investments Department are managing a competitive grant program open to organizations that meet specific requirements for leveraging funding from other sources, whether it is other grant funding or revenue generated by the organization.

The Community Investments Department released a Request for Qualifications on May 18, 2011 to identify an intermediary to serve as the contract Program Administrator for both the Challenge Grants and Social Enterprise Grants Programs. Therefore, of the Department's four grantmaking programs, staff in the Community Investments Department will only be administering the grants approved as part of the Matching Grants Program. The Board approved \$4 million for the

¹⁰ The Commission approved an allocation of \$1,500,000 to the Los Angeles Partnership for Early Childhood Investment (LA PECHI) on November 18, 2010, of which \$500,000 will be used to support operations while the remaining \$1,000,000 would be matched by LA PECHI and used to create a pooled grant fund for activities aligned with the current First 5 LA Strategic Plan.

¹¹ The challenge grants are for organizations seeking to enhance, expand or sustain existing programs. First 5 LA would commit upfront to matching any new funds raised by competitively selected grantees at a 1:1 match rate.

¹² Matching funds would be provided for community organizations to improve their odds of a successful application for non-First 5 LA funding, such as those available from the federal government and private philanthropies.

¹³ Social Enterprise grants are provided to Los Angeles County non-profits with the capital necessary to build, grow, and diversify their revenue stream by implementing strategies to increase their income and resources.

Matching Grants Program, or 36.4 percent of the total \$11 million approved for the Resource Mobilization allocation.

Though the total number of grants within the Community Investments Department could potentially be greater than the total number of grants in other departments such as Program Development and Grants Management, the level of responsibility of this department, at \$4 million, is significantly less than the Program Development and Grants Management Departments. Therefore, First 5 LA management should require that Community Investments Department staff assume responsibility for more grants per staff person and reduce the total allocation of Program Officers within this Department. By doing so, the staffing to funding ratio in the Community Investments Department would be more aligned with the ratios of other departments and positions could be reallocated to departments with greater needs.

Grants Management (5 authorized positions, August 2011)

The Grants Management Department was eliminated during the restructuring of the organization as part of the implementation of the FY 2009-2015 Strategic Plan, based on the assumption that the initiatives of the previous strategic plan and their underlying contracts and grants would sunset. However, when the Board approved the extension of contracts for initiatives that were part of the previous strategic plan while the place-based strategy was being developed, a Grants Management Department was reconfigured to provide monitoring and oversight over these contracts. The initiatives that were continued into the FY 2009-2015 Strategic Plan and are now assigned to Grants Management include Communities of Opportunity Fund, Family Literacy, Healthy Births, Black Infant Health, Partnerships for Families, and the School Readiness Initiative.

In contrast to the work performed in the Program Development Department, the Program Officers in the Grants Management Department perform only the work related to the last phase of the six phases for program development. This work includes managing monthly invoices, reviewing and approving program or budget modifications, reviewing and providing feedback for the mid-year and end-of-the year reports, and site visits for monitoring program performance. Because the grantees within the portfolio of the Grants Management Department have had multi-year contracts for at least two years, and the workload has particular cycles (e.g. monthly or annually), First 5 LA management should assess if the Program Officers in the Grants Management Department have capacity to help with the program development of the Countywide Augmentation programs.

As of the writing of this report, a majority of the contracts being overseen by the Grants Management Department are expected to expire on December 31, 2011. However the Black Infant Health contracts are expected to expire on June 30, 2014. On September 18, 2011, the First 5 LA Board of Commissioners approved a motion to further review many of these existing contracts to identify if any contracts should be further extended given the expected extended timeline for the implementation of direct services in the Best Start Communities.

According to First 5 LA management, it is unclear what the Program Officers in the Grants Management Department will do as the contracts under the prior strategic plan initiatives terminate. For example, these Program Officers could conduct monitoring and compliance for

grants in the Program Development and Best Start Communities Department. First 5 LA management should develop a clear plan for the workload of the Program Officers in the Grants Management Department to ensure efficient use of resources.

Public Affairs (13 authorized positions, August 2011)

Within the Public Affairs Department, four of the 13 staff persons are dedicated to the Best Start Communities—a Place-Based Marketing Manager and three Best Start Communications Coordinators. Each staff person is assigned three to four Best Start Communities and facilitates production of print documents and translations for communications, as well as attends all community meetings and events in the assigned communities. Additionally, the Public Affairs staff manages the *beststartla.org* portal website for each community.

The Public Affairs staff attends the community events in addition to the Best Start Communities Department staff assigned to the communities. Further clarification is needed regarding the role of the Public Affairs staff at the community events as First 5 LA management has reported that Best Start Communities Program Officers distribute the communications designed by the Public Affairs Department. First 5 LA management should evaluate a more efficient use of staff (and contractors) at the Best Start Community events. If the functions performed by Public Affairs staff at the community events could be performed by Best Start Communities Department staff and consultants, then the facilitation of print, translations, and website management for the Best Start Communities could possibly be consolidated and assigned to fewer Public Affairs staff persons.

Research and Evaluation (15 authorized positions, August 2011)

First 5 LA is implementing a strategy within the FY 2009-2015 Strategic Plan called Data Systems Integration to improve the quality and usefulness of data collected about children and families in the County and the programs, projects and services that support them. Included in the Data Systems Integration strategy is the launch of a community data system to provide a data “home” for all community partners to upload, share and analyze the information they collect about their community and clients. Such a central database system could make several processes and procedures more efficient, including performance monitoring of grantees conducted by Program Officers across all departments, Research and Evaluation Department’s compiling of data and completion of the Annual Evaluation Report submitted to the State, as well as data collection for the comprehensive evaluation projects assigned to consultants. Given the potential efficiencies that could result from a Data Systems Integration strategy, First 5 LA management should evaluate the appropriate allocation of staff for Research and Evaluation.

Based on a review of existing and future workload for various departments, it appears that First 5 LA management could identify more efficient use of staff resources and potentially reduce the allocation of staff in the Best Start Communities, Community Investments, Grants Management, Public Affairs, and Research and Evaluation Departments.

Conclusions

Although the Program Development Department is responsible for the highest amount of Board of Commissioners funding allocations, the Department has fewer staff members than other departments responsible for a lower amount of allocated funding and/or fewer contracts or grants. Nine staff members in the Program Development Department are responsible for \$227 million worth of new Countywide Augmentation programs and administering \$286 million of other programs. In contrast, the Best Start Communities Department is responsible for launching \$221 million and has 29 staff members. The Program Development Department did not meet any of its expected timelines for moving Countywide Augmentation programs into the program management phase by July, 2011. Additionally, the Department is expected to disburse a limited portion of its allocated funding for recently approved Countywide Augmentation programs in FY 2011-12, or \$15 million, representing 6.6 percent of the total allocated funding for these programs.

First 5 LA's total staff and allocation of staff to the Public Affairs and Research and Evaluation Departments are disproportionately higher than those allocated among the top five largest First 5 Commissions, even after accounting for total revenues received by each County. There are potential redundancies between the work of First 5 LA staff and contractors that can be eliminated and efficiencies in processes and procedures that can be identified so that staff could be allocated across departments in a more efficient manner.

Recommendations

The First 5 LA Board of Commissioners should:

- 2.1 Direct management to prepare a current analysis of the basis of staff allocations associated with each department to the Board of Commissioners and obtain approval for continuing the current structure or making changes in the allocation or total number of positions. The same information should be submitted to the Board of Commissioners annually as part of staff's proposed budget.
- 2.2 Direct management to conduct an assessment and present it to the Board of Commissioners covering staff allocations and identifying: (a) functions assigned to existing staff that are redundant or duplicated through existing professional services contracts; and, (b) efficiencies in processes and procedures so that less staff would be required to perform the same functions within a department.
- 2.3 Direct management to develop a clear staffing plan for the Best Start Communities and Grants Management Departments given the anticipated changes in workload for the staff in each department. The staffing plan should then be presented to the Board of Commissioners for approval.

- 2.4 Direct management to, based on the results of an assessment of staffing allocation, reduce staffing in departments accordingly by (a) reassigning staff to other departments that may be in need of additional staff to complete its current workload in a timely manner, such as the Program Development Department, and (b) eliminating unnecessary positions through attrition.

Costs and Benefits

Implementation of all recommendations should be accomplished using existing resources. By eliminating staff redundancies with professional services contracts and identifying efficiencies in processes and procedures, First 5 LA could reduce unnecessary staffing in particular departments and reassign staffing to departments that need additional staff to meet existing workload demands. With an efficient allocation of staff resources, First 5 LA could (a) reduce overall administrative costs; (b) have more funds available to allocate through the programmatic budget; (c) implement programs in a more timely manner, thereby (i) increasing expenditures for direct services and (ii) reaching First 5 LA's target communities; and (d) reduce the growth of fund reserve balances.

3. Governance Structure and Information Flow

- **Staff information provided to and communications with the First 5 LA Board of Commissioners (Board) varies in terms of accuracy, clarity and level of detail, creating obstacles to the staff and Board’s ability to make informed and clearly understood fiscal and programmatic decisions. Transmittals do not include key data needed to enable effective oversight of key agency functions. Board decision are not always clearly communicated and/or documented by staff.**
- **Information on revisions to existing initiatives and allocations or proposed new initiatives and allocations is inconsistently presented to the Board. Most grant and contract awards, representing hundreds of millions of dollars of annual agency expenditures, are not submitted for Board approval or review. Until the current fiscal year, detailed annual programmatic budgets were not submitted for approval. The Board of Commissioners has little systematic input into plans for evaluating initiatives, allocations, grants and contracts, and program evaluation results are not consistently reported to the Board.**
- **In comparison with First 5 organizations in other counties, First 5 LA could engage in additional collaboration with other agencies in Los Angeles County to leverage funds and services for children aged five and under and their families.**
- **Improved governance policies should include additional rationale and requirements for the composition of the full Board to include additional County agency representation, as well as a reconsideration of the structure, role and membership of committees used to support the Board. The Board should also develop policies related to committee attendance, agenda setting, and record-keeping, particularly pertaining to Board decisions.**

First 5 Los Angeles’ Current Governance Structure

The First 5 LA Board of Commissioners (Board) is comprised of nine voting and three non-voting members, for a total of twelve members appointed by each member of the Los Angeles County Board of Supervisors, the LA County Departments of Public Health and Mental Health, the LA County Office of Education, as well as representatives from other children and families organizations. In order to understand the governance structure at First 5 LA we conducted interviews with First 5 LA staff, Board members who wished to be interviewed¹, and Executive Directors and Department Heads at other County First 5 agencies. We conducted a review of bylaws, strategic plans, County ordinances, and other relevant policy and evaluation documents

¹ All members of the Board of Commissioners were invited to be interviewed, and a majority chose to be interviewed.

associated with First 5 LA and other county First 5 agencies. The purpose of the comparative review was to obtain insight into governance functions at the other 10 largest county First 5 agencies, as compared to First 5 LA.

Information to Enable Effective Board Oversight

Information provided to the Board of Commissioners is not consistent or complete in key areas of oversight including (1) program development, (2) allocations, grants and contracts, and (3) research and evaluation.

Program Development Information Provided to Board of Commissioners

During the development of the Fiscal Year (FY) 2009-2015 Strategic Plan and Implementation Plan, multiple stakeholders interacted through numerous planning and committee meetings, consultations, and focus groups to assess current programs, identify community need, and develop appropriate evidence-based programs prior to the approval by the full Board of Commissioners. Stakeholders involved in the process include First 5 LA staff, executive leadership, Commissioners, expert consultants, grantees, strategic partners, and contractors.

In contrast, no similar or consistent process appeared to be in place during the approval of all of the Countywide Augmentation programs. For example, Commissioners presented motions to approve allocations that included little to no detail for staff to begin developing a program once it was approved by the Board. As discussed in Section 6, existing practices include inconsistent, and sometimes unrealistic program timelines, and the lack of program details provided to Board members prior to Board approval have resulted in delays in implementation of the programs. Further, no formal policies exist that provide guidelines and timelines for when new programs can be presented to the Board for consideration, what information should be included, as well as what research or stakeholder feedback should be obtained prior to approval.

First 5 Santa Clara County has a system in place that ensures Board and staff involvement in all phases of program development. When a First 5 Board member, County Supervisor, or staff member in Santa Clara County identifies an issue impacting young children that might receive First 5 support, the First 5 Issues Review and Development Committee gathers evidence of the issue, and researches existing efforts to address the issue. If they find the issue worth pursuing, the Issues Review and Development Committee members develop a plan for possible implementation. The Program and Evaluation Committee then works with community members in developing a Request for Proposals. The Budget and Finance Committee then approves the RFP prior to sending the solicitation materials to the full Board of Commissioners for approval. All of these steps must be completed before the agency announces the public issuance of a RFP. Santa Clara County First 5 management advised that its successful Diabetes Prevention Initiative originated from a Supervisor's request that First 5 consider the issue of early childhood obesity. The Committees and full Board took approximately one month to complete the above-described steps before issuing an RFP for diabetes prevention services.

While we are not recommending that all elements of the Santa Clara County First 5 approach necessarily be replicated at First 5 LA, establishing standardized program development protocols

at the agency would be useful to eliminate the lack of consistent information presented when the First 5 LA Board of Commissioners is considering new initiatives and allocations.

Fiscal Oversight: Allocation, Grant and Contract, and Budget Approval

First 5 LA policies and procedures do not require sufficient information be provided to the Board of Commissioners in the review and approval of new or revised initiatives, allocations, grants and contracts and annual operating and programmatic budgets.

Allocations/ Initiatives

No formal or written policies are in place that detail what information is presented to the Board in advance of Board meetings when initiatives and allocations are approved or revised, resulting in discrepancies in the amount and type of information available to Board members making approval decisions. As discussed in Phase One of this Procedures Engagement², a review of Board of Commissioner meeting packets prepared by First 5 LA staff and provided to the Board in advance of full Board of Commissioner and Operations Committee meetings showed that information provided regarding establishment of and changes to allocations is inconsistent and may range from a few paragraphs to several pages that include budget details and specific initiative output and outcome goals.

For example, budget details and a comprehensive description of programmatic goals was included in the October 14, 2010 Commission packet associated with the proposed allocation for the East Los Angeles College Care Providers allocation. In contrast, the description of the proposed LA Tot Parks and Trails allocation, also included in the October 14, 2010 packet, was limited to a brief one half-page overview of potential grants associated with the proposed allocation. Complete and consistent information should be provided to Board members for all new allocations, or proposed changes to allocations, so that members can make informed approval decisions, as well as to increase transparency regarding the use of First 5 LA funds.

In addition, many Board actions related to allocations, such as directives related to spending allocation funds, are not clearly communicated by the Board and/or documented by agency staff in meeting minutes. As a result, First 5 LA staff is sometimes left in the role of interpreting or deciding allocation changes and possibly making expenditure decisions inconsistent with Board direction.

No formal or written policies are in place detailing the program or initiative allocation approval process. While new allocations are approved by the Board of Commissioners, changes to existing allocations are not consistently approved. To cite an example from the Procedures Engagement Phase One report, the Board approved a change in the Best Start Los Angeles allocation via a formal motion to transfer \$70 million of funds from the program to the agency General Fund. In comparison, changes to the Early Childcare Development, Family Literacy Expansion Grants, Partnership for Families and Los Angeles Best Babies Network (Healthy Births) allocations were all approved by the Board as part of a Transition Plan but without

² See "Procedures Engagement Phase One Report, First 5 LA" by Harvey M. Rose Associates, LLC. July 12, 2011

identification of the specific changes to these programs and initiatives in Board minutes. In other cases, such as a reduction in the allocation for La Petite Academy, no Board action was apparent from a review of the pertinent minutes.

As described in detail in the Procedures Engagement Phase One report, a review of minutes from Board meetings between July 1, 2010 through February 28, 2011 revealed that the Board clearly approved \$127.5 million in new FY 2010-11 allocations but documentation of approval of \$67.6 million in reductions to existing allocations was inconsistently recorded, ranging from the approval of a formal motion for a change to one allocation to no record at all of Board action for another allocation. Staff does produce monthly financial reports for the Board that incorporate the results of these changes but explanations of the changes are not presented with these reports.

Also, the Board does not approve any type of multi-year allocation spending plan, which should identify the amount that will be spent year-by-year on an annual basis for the duration of each allocation. Such a spending plan should be reviewed and approved prior to the start of each allocation and summarized in the Strategic Plan. For example, as part of the Sustainability Plan section of its Strategic Plan, First 5 Santa Clara County adopts a 5-Year Community Investment Plan that lists dollar amounts to be spent on each program over the upcoming five years.

Grants and Contracts

Board approval of grants and contracts is inconsistent, and only a small number of contracts and grants were approved by the Board. Board of Commissioners meeting minutes show that only \$66.1 million of the \$237 million, or approximately 28 percent, in approved contracts and agreements for FY 2010-11 were approved by the Board of Commissioners. The majority of grants and contracts are multi-year and their renewal occurs administratively at the discretion of First 5 LA staff, without direct input from the Board of Commissioners. As a result, funding levels for grants and contracts can change, scope can be altered or funding can be continued for an underperforming grantee or contractor without Board of Commissioner knowledge and approval. Section 4 of this report provides further details regarding the Board's involvement in the contract and grant approval process.

Programmatic and Administrative Budgets

First 5 LA's Programmatic Budgets were not provided to the Board of Commissioners for approval until FY 2010-11. However, the \$167 million FY 2010-11 Programmatic Budget was only a single-page document that contained little expenditure detail such as amount to be spent on each grant or contract. The FY 2011-12 Programmatic Budget document contained much more detail. Many grants and contracts are multi-year, and although new grant agreements and contracts are typically executed on an annual basis for single and multi-year agreements, no consistent re-approval process exists in the form of issuing new solicitations or obtaining specific approval from the Board. Thus, staff determines annual grant and contract amounts with the Board-approved multi-year allocation serving as the only control on the grant and contract expenditures that constitute the Program Budget.

In contrast, the Board was provided with a detailed document for the FY 2010-11 \$12 million Operating Budget. Although the Board has approved annual Operating Budgets, a review of

Commission minutes suggests that little analytical information, such as past year compared to proposed expenditures, is presented by First 5 LA staff to the Board in advance of the budget approval. Further, Board members do not receive information in a consistent, comprehensive format explaining changes to either budget that occur throughout the year. For example in FY 2010-11, the Operating Budget increased by approximately \$5 million between July 1, 2010 through February 28, 2011 without clear documentation of the reasons for the increase or explicit Board of Commissioner approval of each increase.

Research and Evaluation

Plans for evaluating initiatives, allocations, grants and contracts are not consistently developed with high level input from the Board, nor are there clear policies for whether and how they should be approved by the Board prior to commencement. Additionally, First 5 staff and consultants do not consistently report evaluation results to the Board. Insufficient Board involvement in Research and Evaluation processes results in a lack of information available to the Board when making programmatic decisions. For example, an estimate that only two percent of the population were served by five initiatives expected to sunset under the previous strategic plan was presented verbally to a few Commissioners at a Planning Committee meeting. This estimate did not include the target population served by countywide programs such as LAUP and Healthy Kids. While it is unclear what role the estimate played in the final approval of the current strategic plan, all data used to influence programmatic decisions should be provided to all members of the Board through written documentation

Clarity and Quality of Communications between First 5 LA Staff and Board

As discussed in the paragraphs above, formal communication between First 5 LA and the Board of Commissioners varies in terms of accuracy, clarity and level of detail. Inconsistencies in communications create obstacles to the Board's ability to obtain an efficient understanding of the information they need to make decisions. As part of developing systems that ensure consistent Board oversight of First 5 programmatic and fiscal operations, policies and procedures should address methods of communication, specifically in advance of and after Commission and Committee meetings. Documents included in Commission packets inform key Board decisions and should contain consistent and comprehensive details. For example, and as discussed in the Procedures Engagement Phase One report, information about new allocations in the informational packets is inconsistent in terms of the level of detail about the programmatic budget and goals. Also Commission packets are not posted online and available for review. Commission minutes do not consistently reflect the meeting discussion, which leads to confusion among the staff and Board when attempting to carry out Board directives.

Board committees, which are discussed below, could serve as an important resource in connecting staff and Board members and add a deeper level of understanding to the full Commission decision-making process. However, agendas and minutes from the current standing Policy and Program Committee meetings are not consistently provided to Board members and a formal structure for the Committee to report to the full Board is not in place. Further, audio recordings of Committee meetings reviewed as part of this procedures engagement were incomplete or difficult to understand.

Need for Increased Oversight Functions

The inconsistent information flow described above suggests that the need for improved oversight information and processes. Per California Health and Safety Code Section 130140, each County may establish a county commission that is either a legal public entity separate from the county or an agency of the county with independent authority over the strategic plan.

At its inception, First 5 LA chose to establish itself as an independent commission considered a legal public entity separate from the County. As an independent commission, First 5 LA is responsible for the following powers and duties described in California Health and Safety Code:

- The power to employ personnel and contract for personal services required to meet its obligations.
- The power to enter into any contracts necessary or appropriate to carry out the provisions of the division.
- The power to acquire, possess, and dispose of real or personal property, as necessary or appropriate to carry out provisions and purposes of the division.
- The power to sue or be sued.

In comparison, county commissions are considered public agencies that are units of local government for purposes of all grant programs and other funding and loan guarantee programs, and county commission members and employees are protected by the immunities applicable to public entities and public employees.

Twenty-six of the 58 County First 5 Commissions have an independent status. Exhibit 3.1 below, which contains information collected by the California First 5 Association, lists which county commissions are structured as county agencies and which are independent entities, along with information on their composition. All Commissions include a member of the Board of Supervisors. Commissions vary in the number of county department representatives. Appendix B contains additional details related to the composition of each of the 58 Commissions.

Exhibit 3.1: Summary of 58 County First 5 Board of Commissions

County	Independent	County agency
Alameda	✓	
Alpine	✓	
Amador	✓	
Butte		✓
Calaveras		✓
Colusa		✓
Contra Costa	✓	
Del Norte	✓	

County	Independent	County agency
El Dorado		✓
Fresno	✓	
Glenn		✓
Humboldt	✓	
Imperial		✓
Inyo		✓
Kern	✓	
Kings		✓
Lake		✓
Lassen	✓	
Los Angeles	✓	
Madera		✓
Marin	✓	
Mariposa		✓
Mendocino	✓	
Merced		✓
Modoc		✓
Mono		✓
Monterey	✓	
Napa	✓	
Nevada	✓	
Orange	✓	
Placer		✓
Plumas	✓	
Riverside		✓
Sacramento		✓
San Benito		✓
San Bernardino		✓
San Diego		✓
San Francisco		✓
San Joaquin		✓
San Luis Obispo	✓	
San Mateo		✓
Santa Barbara		✓
Santa Clara	✓	
Santa Cruz	✓	
Shasta	✓	

County	Independent	County agency
Sierra	✓	
Siskiyou		✓
Solano		✓
Sonoma		✓
Stanislaus		✓
Sutter	✓	
Tehama	✓	
Trinity		✓
Tulare	✓	
Tuolumne		✓
Ventura	✓	
Yolo		✓
Yuba		✓
TOTAL	26	32

Source: First 5 Association

In order to understand the benefits and drawbacks of independent versus county status, interviews were conducted with First 5 LA staff and Board members; representatives from First 5 San Diego and San Francisco, both of which have a county status; and representatives from First 5 Orange and Santa Clara, both of which have an independent status. We selected the specific agencies based on a review of county strategic plans, annual reports, and policy documents. These four First 5 agencies all demonstrated impressive documentation of fiscal management and program evaluation.

Based on the interviews, advantages of county status included the fiscal transparency associated with county processes and the ability to leverage county funds by combining resources with other county agencies. Decision making flexibility was identified as an advantage of independent status. .

Commissions with county status appreciated the transparency that accompanies county status, given that all major financial decisions are subject to scrutiny by both the First 5 Board of Commissioners and the county Board of Supervisors. Commissions with a county status must adhere to the same processes as all county departments in order to obtain approval of and funding for programs, grants and contracts. Application of these formal procedures at First 5 LA would reduce the existing uncertainty associated with fiscal and programmatic decision-making.

According to management at First 5 San Francisco, one noteworthy benefit of county status is the ability to leverage funds with other county agencies. San Francisco First 5 participates in the Childcare Planning and Advisory Council, a Citywide council whose membership includes representatives from the Department of Children Youth and their Families and the Human Services Agency. One of the Council’s key missions is to leverage resources and funding opportunities.

First 5 San Diego also benefits from the close collaboration with other County agencies. The Executive Director of First 5 San Diego is a member of the San Diego Health and Human Services Executive Team, which includes the Directors of Public Health and Mental Health. The Team makes decisions related to countywide human services initiatives, and First 5 represents early childcare interests.

In contrast, Santa Clara County First 5 cited the advantage of being an independent county agency to respond to community needs by working closely with community based organizations and the school district when making programmatic decisions.

Some commissions with an independent status, including Orange County, describe their structure as a hybrid model, as opposed to operating in isolation from the County. The hybrid model involves leveraging County resources through contracts with the County Human Resources, Technology, and Controller's departments, which are often less expensive service providers than private firms. A hybrid model may offer the possibility of funding and case management partnerships with other county agencies in order to leverage resources. At the same time, independent status allows the flexibility to select which services should be contracted. For example, obtaining legal services through the county may require paying the county counsel a set fee every year that exceeds the actual amount of legal services requested and provided.

Along with higher costs associated with using only county services, a disadvantage with county status may be delays associated with county processes, in particular delays associated with participating in the county procurement process in order to obtain approval of and funding for grants and programs, as well as hiring staff via the county human resources function.

The decision of whether a First 5 agency is better suited for county versus independent status depends on the strengths of a Board's ability to implement and follow a strong business model that includes a comprehensive set of policies and procedures to ensure fiscal transparency, strong programmatic oversight, and efficient use of funds and services that incorporates resources from other county agencies. First 5 agencies unable or unwilling to establish and follow policies and procedures might be better suited for the county status that comes equipped with the policies and procedures that apply to all county agencies. In addition, support services such as human resources and information technology provided by county agencies may be more cost-effective than obtaining in-house services for a single agency due to economies of scale.

Need for Improved Collaboration with Other County Agencies

According to community representatives and county officials, as compared to other counties First 5 LA could increase levels of collaboration with County entities to leverage Countywide resources. During our interviews with representatives from the Orange, San Diego, San Francisco, and Santa Clara County First 5 agencies, we found that all of these agencies worked to develop and maintain relationships with other county organizations, both public and private, to leverage funds and ensure efficiency among early childcare services.

Agency status (i.e., county vs. independent) was less important than Board and staff effort when establishing cross-organization relationships. For example, Orange County, which has an independent status, works with other County agencies in three major ways: (1) participation in

the countywide planning and needs assessment that includes a review of early childcare resources, (2) development of funding collaboratives with other County agencies, and (3) requiring program managers meet with representatives from other agencies and school district as part of their job duties.

First 5 LA management have identified numerous County organizations with whom the agency collaborates. The Board of Commissioners should evaluate the extent and effectiveness of these efforts to ensure that collaboration taking place is consistent with Board goals.

Commission Composition

The California Health and Safety Code³ details First 5 County Board of Commission membership specification:

- Two members shall be from among the county health officer and persons responsible for management of the following county functions: children's services, public health services, behavioral health services, social services, and tobacco and other substance abuse prevention and treatment services;
- One member shall be a member of the Board of Supervisors;
- The remaining members shall be... from the following categories: recipients of project services included in the county strategic plan; educators specializing in early childhood development; representatives of a local child care resource or referral agency, or a local child care coordinating group; representatives of a local organization for prevention or early intervention for families at risk; representatives of community-based organizations that have the goal of promoting nurturing and early childhood development; representatives of local school districts; and representatives of local medical, pediatric, or obstetric associations or societies.

The Los Angeles County Code Section 3.72.040 lists more specific Board of Commission membership requirements. The Commission shall consist of nine members appointed by the board of supervisors and shall be composed as follows:

- The chair of the board of supervisors or a member of the board of supervisors as designated by the chair;
- The director of the Los Angeles County department of public health and the director of the Los Angeles County department of mental health, each of whom may also designate an alternate to serve in his absence;
- An expert on early childhood education who is nominated by the Los Angeles County superintendent of schools;
- Five members, one nominated by each member of the board of supervisors, from the following categories: recipients of project services included in the county strategic plan; representatives of local child care resource or referral agencies, or

³ California Health and Safety Code 130140(a)(1)(A)(i-iii)

local child care coordinating groups; representatives of local organizations for prevention or early intervention for families at risk; representatives of community-based organizations that have the goal of promoting nurturing and early childhood development; representatives of local school districts; and representatives of local medical, pediatric, or obstetric associations or societies.

Exhibit 3.2 below shows affiliation of First 5 Board of Commission members for First 5 LA and a sample of other First 5 agencies. As shown in bold in Exhibit 3.2, and in contrast to First 5 LA, First 5 Commissions in other jurisdictions frequently include the Directors of Children and Families Services, Human Services and Social Services Agencies from their counties. Appendix C provides additional details related to the organizational affiliation and position of First 5 Board of Commission members.

Exhibit 3.2: Summary of Sample First 5 Board of Commission Membership
(Positions not represented on First 5 LA’s Board Shown in Bold)

County	Legal Status	# of Commissioners	Commissioners Affiliation with County Agencies
Alameda ⁴	Independent	9	<ul style="list-style-type: none"> Deputy Director, Health Care Services Agency
Fresno	Independent	9	<ul style="list-style-type: none"> Deputy Director, Department of Children and Families Services Director, Department of Children and Family Services Director and Health Officer, Department of Community Health
Kern	Independent	9	<ul style="list-style-type: none"> Director, Department of Human Services Health Officer, Department of Public Health Director, Department of Mental Health
Orange	Independent	9	<ul style="list-style-type: none"> Chief Deputy Director, Social Services Agency Director, County Health Care Agency
Riverside	County agency	9	<ul style="list-style-type: none"> Director, Public Social Services Children Services Unit Director, County Office of Education Director, Community Health Agency
Sacramento	County agency	7	<ul style="list-style-type: none"> County Health Officer Director, Countywide Services Agency
San Bernardino	County agency	7	<ul style="list-style-type: none"> Assistant County Administrator, Human Services System Licensed Clinical Social Worker, Dept. of Corrections and Rehabilitation Public Health Officer, San Bernardino County
San Diego	County agency	5	<ul style="list-style-type: none"> Director, Health and Human Services Agency Deputy Health Officer, Health and Human Services Agency

⁴ Three of the nine Alameda County First 5 Commission seats were vacant.

County	Legal Status	# of Commissioners	Commissioners Affiliation with County Agencies
San Francisco	County agency	9	<ul style="list-style-type: none"> • Program Manager, Child Care Policy and Planning Department of Human Services • Director, Department of Children, Youth and Their Families • Director, Maternal, Child, and Adolescent Health, Department of Public Health
Santa Clara	Independent	9	<ul style="list-style-type: none"> • Director, Public Health Director • Acting Director, Social Services Agency
Los Angeles	Independent	9	<ul style="list-style-type: none"> • Director, Department of Public Health • Director, Department of Mental Health • Representative, County Office of Education

Sources: First 5 Association of California, First 5 County agency websites and staff.

Requirements for First 5 LA Board of Commission membership is based on State law, and the County Code and is less structured than in other counties, suggesting the need for more defined Commission membership roles. Only three of the Board members represent County agencies in Los Angeles County. Given the need for more formalized coordination and collaborations with County Departments reported by County representatives, especially as compared to other counties, the Board of Commissioners could add membership requirements in addition to those included in State Law through changes to the agency bylaws and County Ordinance.

The Board could, for example, require the representation among its voting or non-voting members of additional County departments including the Department of Public Social Services and the Department of Children Youth and Families, both of which are major providers of children’s services. School District representation, which is common in other counties, is also absent from the First 5 LA Board, though one member represents the Los Angeles County Office of Education. While every county, including Los Angeles, has many school districts, there may be some advantages to at least having one district represented on the board. In addition, current Board members have expressed an interest in increased financial expertise on the Board. The Board of Commissioners should consider adopting more detailed Board membership requirements that ensures membership adequately addresses agency interests.

Use of Standing and Ad Hoc Committees

Governing boards of public and private organizations frequently include sub-committees as an efficiency measure to enable a smaller number of board members to conduct more focused review of certain matters before they are transmitted to the full board for review and/or a vote. The purpose and goals of standing and ad hoc committees associated with the First 5 LA Board of Commissioners are not well-defined, and committees are not used to their full potential as planning and policy advisory bodies.

The current 2009-15 Strategic Plan discusses the First 5 LA Governance Structure in the context of a Section entitled “What Do We Need to Be Successful.” The Plan states,

“The Commission will consider its governance in order to assess the significance of the Board of Commissioners’ current committee structure as the best model for its advisory and policy setting roles. In particular, it will address whether the initiative liaison structure is the most effective means for incorporating Commissioners’ input into programs and policies... Given the organization’s current stage of development, better defined roles between staff and commissioners allows for more effective and efficient product development as the Commission continues to make large multi-year funding and policy decisions.”

After approximately two years of deliberation over committee structure, in March 2011 the Board voted to revise its bylaws by eliminating the initiative liaison model which involved partnerships between First 5 LA staff and Board members to work on areas such as Public Affairs in favor of the creation of a standing Planning and Program Committee and an ad hoc Executive Committee.

While the revisions represent a step toward the improved use of committees as a resource in informing Board decisions, agency management reports that due to scheduling issues, the committees do not meet on a regular basis. The Planning and Program Committee has not been meeting on a monthly basis, as specified in the Bylaws, thus the intention of the Committee is not being met. Further, no committee agendas or minutes are posted on the First 5 LA website, making it difficult for all First 5 staff and the public to easily understand committee business.

Standing committees should make minutes publicly available. In fact, when asked to describe the various committees, First 5 management was not aware of current committee information. Staff confused ad hoc and standing committee status, and advised that upcoming committee meetings were listed on the First 5 calendar posted on the agency website. A review of the calendar in late September 2011 showed no indication that Planning and Program Committee meetings were scheduled between October and December 2011.

In addition to ensuring that existing committees meet and serve the purposes outlined in the Bylaws and as discussed in Section 1 of this report, First 5 LA should consider establishing a finance committee that would offer the opportunity to conduct a more informed review of fiscal issues facing the agency. Several other county Commissions have fiscal committees that serve as a valuable resource in working with the staff to understand and communicate fiscal and budgetary issues to the full Board and, in turn, facilitate informed fiscal decision-making.

Based on a review of committee structures in other counties, Ventura County has a well-defined committee structure that appears equipped to support the full Board decision making-process. Ventura County’s First 5 Commission has three standing committees organized around: (1) the impact/outcome areas of its strategic plan; (2) administration and finance issues; and (3) community outreach and education. Each committee is convened on an annual basis. The Administration/Finance Committee meets on a monthly basis, the committee organized around impact/outcome areas of new strategic plan meets on a quarterly basis, and the Community Outreach and Education Committee meets on a biannual basis. Reassignment of existing committee members is based on interest and areas of expertise such as program development and review, or community outreach and education. Members of the community wishing to participate

in one of the committees first meet with Commission staff to gain an understanding of the different Commission committees and open positions.

First 5 Ventura reports that the purposes of the three committees are as follows:

- Develop recommendations for Commission on program design and program funding;
- Assure adherence to Commission's Principles on Equity at all levels of planning, program development and service delivery and develop recommendations on how to expand and further strengthen the Principles;
- Develop and monitor implementation of community outreach and education strategies for specific impact area;
- Contract monitoring and oversight of funded programs based on program, financial and evaluation data;
- Facilitate the integration of funded programs;
- Develop strategies for program sustainability and replication;
- Analyze gaps and identify trends for future;
- Monitor overall results for outcome area and make recommendations for revisions to the strategic plan.

The First 5 LA Board Commissioners should reconsider the structure and role of committees used to support the Board and develop detailed policies related to attendance, responsibilities, and record-keeping. Because committee meetings do not take place as scheduled on a regular basis and because no processes exist to convey discussions held in committee meetings to the Board, committees are not use to their full potential. Because First 5 LA staff and members of the public including grantees and contractors do not have access to committee agendas and minutes, First 5 LA is missing important opportunities to engage staff and community input. Improvements to the committee structure would leverage staff and Board expertise, and enhance lines of communication between the Board, staff, and community members, such that the Board would be better positioned to make informed decisions.

Conclusions

A review of governance systems in place at First 5 LA, which included a comparative analysis of governance systems among the largest county First 5 agencies, suggested that information flow and communications between the First 5 LA staff and Board of Commissioners could use improvement. Current policies and procedures do not ensure staff and Board ability to clearly understand fiscal and programmatic issues, resulting in obstacles to informed decision-making and Board oversight of agency operations. Specifically, information necessary to support Board decisions related to initiatives and allocations, programmatic budgets, grants and contracts, and evaluation plans is inconsistently presented to the Board. Further, key fiscal and programmatic Board decisions often are not clearly communicated or documented by staff.

In comparison with First 5 organizations in other counties, First 5 LA's governance systems do not adequately establish oversight responsibilities or ensure open lines of communication. Committees associated with other First 5 Commissions, for example, play a significant advisory role whereas First 5 LA Board of Commissioner committees meet infrequently and do not regularly report activities to the full Board. Also in comparison with other First 5 organizations, First 5 LA could engage in additional collaboration with other agencies in Los Angeles County to leverage funds and services for children aged five and under and their families.

In order to improve governance systems, First 5 LA policies should develop policies and reporting templates for information transmitted to the Board of Commissioners in the areas of program development, new and amended initiative and program allocation approvals, and research and evaluation processes. Revised policies should also include additional rationale and requirements for the composition of full Board to include additional County agency representation, as well as detailed policies related to committee attendance, agenda setting, and record-keeping.

Recommendations

The First 5 LA Board of Commissioners should:

- 3.1 Direct management to develop detailed policies and reporting templates for information transmitted to the Board of Commissioners in the areas of program development, new and amended initiative and program allocation approvals, budget approval and research and evaluation processes.
- 3.2 Direct management to assess the costs and benefits of using County support services in lieu of strictly in-house services so Board of Commissioners can assess the advantages and disadvantages of remaining an independent agency.
- 3.3 Direct management to initiate trainings that ensure staff is familiar with all recommended governance policies.
- 3.4 Direct management to initiate methods of increased collaboration, such as participation in childcare advisory groups, with other County entities that provide early childhood services and resources, and to regularly report results of collaboration efforts to the Board of Commissioners.
- 3.5 Consider developing additional or alternative requirements for the composition of Board of Commission members such as including representatives of the Department of Children and Family Services and the Department of Public Social Services on the First 5 LA Board of Commissioners.
- 3.6 Consider strengthening the structure and role of committees used to support the Board, and develop detailed policies related to committee attendance, agenda setting, and record-keeping.

Costs and Benefits

Implementation of all recommendations should be accomplished using existing resources. By establishing policies and procedures that enhance Board involvement in program development, allocation and initiative approval, and research evaluation processes, the First 5 Board of Commissioners will help ensure improved transparency and more efficient use of agency funds.

4. Contract and Grant Agreements

- **Review of contracting policies and procedures shows that First 5 LA does not adequately ensure bids for grantee and contractor services are obtained using a consistent set of procedures and cannot document that fair competitive bidding processes are taking place for all contractor and grantee agreements. Outreach and bid documentation from other bidders was not on file for six of the ten sample contract files reviewed. Timeline records were not on file that would allow a complete evaluation of time required for the bidding process.**
- **Although First 5 LA policy calls for competitive bidding of its contracts and grants, agency records show that at least 58 contracts and agreements in effect in Fiscal Year (FY) 2010-11, with a value of approximately \$79 million, were awarded without competitive bidding. Information on file detailing the justification for exemption from competitive bidding requirements is not sufficient.**
- **Furthermore, while First 5 LA policy requires that the Board of Commissioners approves all new contracts over \$25,000, the contracting process is not governed by formal Board approval, and many new contracts and grant agreements are approved only by staff. Many grants and contracts are multi-year. Although new grant agreements and contracts are typically executed on an annual basis for single and multi-year agreements, no consistent re-approval process exists in the form of issuing new solicitations or obtaining specific approval from the Board of Commissioners.**
- **First 5 LA does not have sufficient guidelines in place for contract and grant solicitation and approval processes, reporting and record-keeping. While most required contract and grantee documents are on file, others such as insurance and tax forms are not consistently maintained in the agency's database system.**
- **Monitoring of grantee and contractor compliance does not adequately ensure First 5 LA or its contractors are in compliance with internal policies and procedures. Fiscal and performance evaluation documentation, including annual budgets, invoices, Mid- and Year-End performance reports, is not submitted in a complete and consistent manner. Further, staff are not adequately familiar with the existing policies and do not ensure that the contractor and grantee monitoring documentation on file is current and meets existing requirements.**

Methodology

In order to review First 5 LA's procedures and controls surrounding contract and grant agreement approval and monitoring, a review was conducted of First 5 LA's contracting system, and a sample of 10 contracts and grant agreements with start dates that fell between 2004 and 2010 were reviewed. Documents reviewed associated with the solicitation process included Request for Proposals (RFPs), and Request for Qualifications (RFQs), proposals, review panel lists, ranking and score sheets, and outreach materials. Using the 10 contracts, a review was also conducted of contract monitoring. The purpose of the review was to ascertain how the Commission evaluates and monitors administrative, fiscal and performance compliance, and then to identify any shortcomings in the monitoring system and process.

For this review, eight contracts and grant agreements were initially selected using a judgmental sample in order to ensure that a range of different initiatives, programs, contract and grant agreement types were included in the review. Because proposal information for non-funded contracts is kept on file for a limited period of time, two additional contracts and grants that began in 2010 were added into the sample to allow for a comprehensive review of solicitation processes and supporting documentation.

Grantee and Contractor Summary

A summary of all First 5 LA contracts and grant agreements is provided in Exhibit 4.1 and a summary of the sample of contracts and grant agreements reviewed is shown in Exhibit 4.2. Appendix D includes offers the full list of 303 active contracts and grant agreements.

As shown in Exhibit 4.1, 245 of the 303 agreements and contracts in place in FY 2010-11, representing approximately \$158.5 million in contracted funds, or 67 percent of the total contracted amount, were reported to be awarded through a competitive RFP, RFQ or Request for Vendor process. The remaining 58 agreements and contracts in place in FY 2010-11 representing the remaining 33 percent of total contracted funds, or \$78.8 million, were awarded without competitive bidding.

Exhibit 4.1: Summary of First 5 LA Contracts and Grant Agreements

Solicitation Type	Number of Contracts/Agreements	FY 2010-11 Contracted Amount	Percent of Total	Average Contract/Grant Amount
<i>Competitively bid:</i>				
Request for Proposal (RFP)	182	\$147,285,126	62.1%	\$809,259
Request for Qualifications (RFQ)	52	\$10,725,350	4.5%	\$202,365
Request for Vendors (RFV)	11	\$465,000	0.2%	\$38,750
<i>Subtotal: competitively bid</i>	245	\$158,475,476	66.8%	\$641,601
<i>Exempt from competitive bidding:</i>				
Pre-AB109 ^[1]	3	\$68,625,930	28.9%	\$22,875,310
Strategic Partnership	19	\$6,339,186	2.7%	\$333,641
AB 109 Exception	20	\$2,012,865	0.8%	\$95,851
Board of Supervisors Approved	4	\$1,301,248	0.5%	\$260,250
Research/Data Partnership	1	\$431,850	0.2%	\$431,850
Executive Director Approved	1	\$25,000	0.0%	\$25,000
No Approval Required: Less than \$5,000/ year	10	\$33,133	0.0%	\$3,012
<i>Subtotal: exempt</i>	58	\$78,769,212	33.2%	\$1,291,299
TOTAL	303	\$237,244,688		\$770,275

Source: First 5 LA

As shown in Exhibit 4.2 below, the 10 sample agreements and contracts reviewed represented five types of grant agreements and contracts and solicitation processes: (1) grant agreements entered into through a formal competitive bid solicitation process, (2) contracts entered into through a formal competitive bid solicitation process, (3) Strategic Partnerships, which require Executive Director approval without a formal bid solicitation process, (4) AB 109 Exceptions, which signify that First 5 entered into contracts or agreements without undergoing a formal solicitation process, and (5) agreements entered into by the direction of the County Board of Supervisors, without a formal bid solicitation process.

Exhibit 4.2: Profile of Sample Contracts and Grant Agreements

Contractor/ Grantee	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Competitive bid: Grantees						
Bienvenidos Children's Center	School Readiness	2/1/2004	6/30/2011	\$490,203	\$492,265	(\$2,062)
California Healthy Marriages Coalition	Community Opportunities Fund (COF)	9/1/2010	6/30/2013	\$89,015	\$17,716	\$71,299
Little Tokyo Service Center Community Development	Family Literacy	7/1/2005	12/31/2011	\$90,000	\$93,587	(\$3,587)
Los Angeles Unified School District	School Readiness Initiative	12/1/2003	6/30/2011	\$872,968	\$376,778	\$496,190
Competitive bid: Contractors						
Automation Printing Company	Public Affairs	1/7/2008	6/30/2011	\$86,000	\$20,588	*
Hershey Associates	Public Affairs	8/13/2007	8/12/2011	\$277,792	\$277,792	
Sole Source: Strategic Partners						
TCC Group Inc.	Community Opportunities Fund (COF)	8/13/2008	6/30/2011	\$28,400	\$7,250	\$21,150
The Dental Health Foundation	Oral Health & Nutrition	1/1/2010	12/31/2011	\$507,134	\$443,035	\$64,099
Sole Source: AB 109 Exception						
Cause Communications	Resource Mobilization	1/18/2011	12/31/2011	\$25,000	\$12,500	\$12,500
Sole Source: Board of Supervisors Directed						
Los Angeles Department of Public Health	Black Infant Health	10/1/2009	6/30/2014	\$816,058	\$795,352	\$20,706
			TOTAL	\$3,196,570	\$2,536,864	\$659,706
*\$86,000 is the not-to-exceed amount for printing services. There is no requirement to spend the full not-to-exceed amount, so the difference between the not-to-exceed amount and the expenditures is not included as a contracted balance.						

Sources: First 5 LA transaction records, grantee and contractor agreements

Contractor and Grantee Solicitation Process

The sample review showed that First 5 LA contracting policies and procedures do not adequately ensure bids for grantee and contractor services are obtained using a consistent set of procedures or that complete documentation of solicitation materials, proposals, agreements and contracts is consistently kept on file in the agency's electronic contract database.

Commission approval

Many grants and contracts are multi-year. Although new grant agreements and contracts are typically executed on an annual basis for single and multi-year agreements, no consistent re-approval process exists in the form of issuing new solicitations or obtaining specific approval from the Board of Commissioners. While language in the First 5 LA policy manual *All Departments Policy and Guidelines for Hiring Contractors* requires that the Board approves all new contracts over \$25,000, First 5 LA staff advised that the contracting process is not governed by a formal Board of Commissioners approval process and that many new contracts and grant agreements are approved by staff and do not undergo Board approval other than approval of the multi-year allocation total amount for the program or initiative. Board of Commissioners meeting minutes show that only \$66,095,832 of the \$237 million in approved contracts and agreements for FY 2010-11 were approved by the Board of Commissioners. These approved contracts were as follows:

- LAUP Performance-Based Contract for FY 2010-11, \$62,455,045, approved on June 10, 2010;
- 23 Recommended Applicants in the Community Opportunities Fund Cycle 4 to perform organizational capacity building, not-to-exceed amount of \$3,324,263, approved on June 10, 2010;
- Contract Amendment and Supplemental Funding Request for the City of Torrance Municipal Water, resulting in the new total of \$175,125, approved on February 28, 2011;
- Contract with Vavrinek Trine, Day & Company, LLP (VTD) for Auditing Services in an Amount Not to Exceed \$66,399, approved on March 10, 2011;
- Contract for Richards, Watson & Gershon to Continue Providing Legal Services in an Amount Not to Exceed \$75,000, approved on March 10, 2011.

Requirements listed in the First 5 LA policy entitled *Selecting Grantees* are not consistently met. As with new contracts, Board approval of grants is listed as one of the required steps in *Selecting Grantees*, but based on a review of Board of Commission minutes between March 2010 and June 2011, the Board rarely formally approves new grantees during Board of Commission meetings. The Board approval process is addressed in detail in Section 3 of this report pertaining to Governance Structure and Information Flow.

Furthermore, and as addressed below, 58 grants and agreements worth approximately \$79 million for FY 2010-11 did not undergo the agency's required competitive solicitation process, and information kept on file detailing the criteria for exemption from competitive requirements is not on file.

While \$147.3 million in FY 2010-11 grant agreements were entered into through the required Request for Proposals (RFP) competitive bid process, documentation of bidding process outreach, other bidders' proposal and bid amounts is not retained by the agency to enable verification that competitive bidding took place, that more than one bidder submitted a proposal, that the outreach process was adequate and that the contract was awarded to the lowest priced,

responsive bidder. Additionally, the original proposal, proposal rankings, and proposal review panel information was not kept on file for one of the four grantees reviewed.

Competitive Bidding Exemptions

Though First 5 LA policy calls for competitive bidding for its contracts and grants, agency records show that 58 contracts and agreements in effect in FY 2010-11 were awarded without competitive bidding, as shown in Exhibit 4.1. While there are legitimate reasons to contract on a sole source basis in certain situations, First 5 LA's criteria for allowing this is not clearly defined and documentation justifying such contracts was not found in our sample review. These contracts and grantees are classified by First 5 LA as: AB 109 Exceptions; Pre-AB 109; Strategic Partnerships; Board of Supervisors approved; Executive Director approved; and No Approval Required (*less than \$5,000*).

First 5 LA characterizes 20 of its current grant agreements and contracts as AB 109 Exceptions¹, which signifies that First 5 LA has entered into contracts and grant agreements without undergoing a formal competitive solicitation process because a contractor or grantee was already providing the same or similar service to the service needed by First 5 LA. The total contracted value of these grant agreements and contracts characterized as AB 109 Exceptions was \$2,012,865 in FY 2010-2011. According to staff, currently grants and contracts characterized as AB 109 exceptions meet the requirements set forth in First 5 LA's *Procurement Policy*, which offers a set of exemptions that allow prospective grantees and contractors to forgo the formal, competitive solicitation process.

“The competitive bid requirement of this policy shall not apply under the following circumstances: (a) The supplies, equipment or services to be procured are unique because of their experience, capacity, knowledge or professional expertise, quality, durability, availability or fitness for a particular use; (b) Such supplies, equipment or services are available from only one source; (c) The Executive Director has determined in writing that exigent or emergency circumstances require the immediate purchase of specific supplies, services or equipment; (d) Personal services contracts of less than \$25,000 annually in the aggregate to any one service provide; (e) Personal services contracts of \$25,000 or more annually in the aggregate if the Executive Director issues a written finding prior to the award of contract that the proposed contractor is so uniquely qualified for the particular project that competitive bidding would not be in the best interests of the Commission.”

Despite staff use of the *Procurement Policy* as justification for the lack of a formal competitive procurement process, the *Procurement Policy* does not specifically mention AB 109 Exceptions. Because no First 5 LA policies specifically address solicitation and contracting policies related to AB 109, confusion may exist among staff as to whether a contractor or grantee that did not

¹ Passed in 2005 and reflected in California Health and Safety Code Section 130151, Assembly Bill 109 (AB 109) required that State audits be conducted annually of County First 5 agencies' procurement and conflict of interest required policies and procedures and that county commissions adopt administrative spending limits based on guidelines issued by First 5 California.

undergo a competitive bid process is considered an AB 109 exception, Strategic Partner, or has the status of a contractor or grantee exempt from solicitation procedures because of a Board of Supervisors directive.

Further, documentation used to justify AB 109 Exceptions offers limited detail into the reason for the exception, making it relatively easy for First 5 LA to justify foregoing the competitive bid process. The AB 109 exception included in the sample is a contract with Cause Communications in the amount of \$25,000 in FY 2010-2011. The AB 109 Exception Request signed by the Executive Director provides the following limited detail in its justification for an exception from the competitive bid process,

“Due to the specialized skill set required to convene the LA Place-Based Learning Group and the existing relationships that both Cause Communications and the Center for Place-Based Initiatives possess, this request qualifies as an AB 109 Exception under the First 5 LA Procurement Policy Section 5.5 section (a)². The proposed contractor is so uniquely qualified for the particular project that competitive bidding would not be in the best interests of the Commission.”

First 5 LA would benefit from implementing policies and procedures related to contracts and grants characterized as AB 109 Exceptions. Such policies should include new requirements for (1) the content included in the AB 109 Exception Request, and (2) the review process associated with the AB 109 Exception Request approval. Such policies would support staff familiarity with AB 109 Exceptions and help ensure competitive bid requirements are followed.

Strategic Partners

Strategic Partners at First 5 LA are also exempt from the competitive bid process. Nineteen grants and contracts, with a total value of \$6,339,186 were designated as Strategic Partners in FY 2010-11. The internal First 5 LA policy document *Selecting Strategic Partners* describes a Strategic Partner as,

“Existing governmental, not-for-profit or for-profit entity which has specific resources needed by the Commission and which has the demonstrated ability or level of expertise to implement specific activities in cooperation with the Commission that are consistent with the Commission's Strategic Plan in a manner that is more cost effective and expeditious. A Strategic Partner is selected based on an assessment of whether other possible service providers have the same specific resources needed by the Commission rather than by going out to bid to solicit the specific expertise required.”

Based on interviews with management from other First 5 agencies, First 5 LA is unique in permitting this number and dollar amount of grants and contracts that are exempt from the

² Section 5.5 (a) states that an exception is appropriate when the Chief Executive Officer finds that "the supplies, equipment or services to be procured are unique because of their quality, durability, availability or fitness for a particular use."

competitive bidding process. Further, First 5 LA is unique among county Commissions in permitting sole source contracts be approved without Board approval.

The review and approval process associated with Strategic Partners is insufficient. According to *Selecting Strategic Partners*, three documents should be completed as part of the approval process: (1) an assessment of the potential Strategic Partner, (2) a memorandum from First 5 LA staff making the formal recommendation for the Strategic Partner to the Executive Director, and (3) a recommendation to the Board of Commissioners to enter into an agreement with the identified Strategic Partner.

The assessment report is supposed to document that the Strategic Partner has the specific resources needed by the Commission, why the Strategic Partner was selected instead of other possible service providers, and why the Strategic Partner could implement specific activities in a more cost effective and expeditious manner than obtaining a contractor through a competitive solicitation process. Documentation of assessment reports were not available in the database for the three Strategic Partners in the sample.

Assessments by First 5 LA staff making the formal recommendation for the Strategic Partners to the Executive Director were found for only one of the two Strategic Partners in the sample. The memo for one of the Strategic Partner, the TCC Group, was a four-page document detailing the related initiative, the organization and its prospective role in the initiative, and how the “uniqueness” of the TCC Group qualified the organization to be a Strategic Partnership. In comparison, the Memo for the LA Oral Health and Nutrition Expansion and Enhancement Program (OHN Project) was only two pages in length, described a re-allocation of funding to the OHN Project and did not specifically mention the issue of Strategic Partnerships.

Despite that *Selecting Strategic Partners*, First 5 LA’s policy document, requires that “Commission staff prepares a recommendation to the Board to enter into an agreement with the identified Strategic Partner along with a report describing the result of the assessment and reasons why the specific partner was selected”. Recommendations to the Board to enter into an agreement with the two Strategic Partners were not located in the sample. Further, documentation in the database did not indicate that agreements with the Strategic Partners were approved by the Board of Commissioners.

First 5 LA staff needs to be made aware of the policies and processes surrounding Strategic Partnerships, possibly through trainings that ensure staff who monitor contracts and grant agreements are aware of all relevant compliance requirements and understand the necessity of updating the database with current information. Management needs to ensure compliance with existing policies and disclosure to and request for approvals to the Board of Commissioners for Strategic Partner agreements.

Grantees and Contractors

Most of First 5 LA’s contracts and agreements are with agencies and companies reportedly selected through competitive bidding. Our sample review consisted of two contractors and four grantees.

Contractors

The total value of the 63 contracts entered into through Request for Qualifications (RFQ) and Request for Vendor (RFV) competitive bid processes was \$11,190,350 in FY 2010-11.³

Although we located RFQ and proposal documentation for the two contracts included in the sample, we did not locate required supporting fiscal documentation. Prospective contractors are required to submit detailed cost proposals per the agency's internal guidelines entitled *All Departments Policy and Guidelines for Hiring Contractors*. Detailed cost proposals were not found in the files reviewed for the two sample contractors. The First 5 LA policy does not describe what content should be included in the Cost Proposal, so it is not clear what the relationship is, if any, between the Cost Proposal and the proposed budget for the contract. However, a detailed Cost Proposal is supposed to be submitted as a part of all proposals and approved by the Executive Director, Director of Finance, and the applicable Department Director.

First 5 LA should clarify the Cost Proposal requirement in its policies and ensure that staff are aware of the relevant policy and collect and upload Cost Proposals for both funded and non-funded organizations.

Grantees

The total value of the 182 grant agreements entered into through the Request for Proposals (RFF) competitive bid process was \$147,285,126 in FY 2010-11.

Requirements listed in the First 5 LA policy, entitled *Selecting Grantees*, are not consistently met. As with new contracts, Board approval of grants is listed as one of the required steps in *Selecting Grantees*, but based on a review of Board minutes between March 2010 and June 2011, the Board rarely formally approves new grantees during Board meetings. The Board approval process is addressed in detail in Section 3 of this report.

Additionally, the original proposal, proposal rankings, and proposal review panel information was not kept on file for one of the four grantees reviewed.

Contract and Grant Solicitation Documentation Retention

The internal policy entitled *Records Retention Policy/Procedures* specifies the length of time that solicitation materials must be kept on file. According to the policy, "Documents pertaining to records for non-funded grant and contract applicants shall be maintained for a minimum of 2 years past the date of denial." All "other documents", which presumably refers to those materials associated with funded organizations, must be kept on file for a minimum of three years past the date of the contract or grant completion.

³ Request for Qualifications (RFQ) and Request for Vendor (RFV) competitive bid processes represent two methods of entering into contracts for professional and consulting services.

Despite this policy, documentation in the contract monitoring database was inconsistent and incomplete, making it difficult to discern whether First 5 LA staff, prospective and current contractors and grantees are in compliance with contracting policies.

Further, because the *Records Retention Policy/Procedures* does not identify specific documents, it is not clear whether outreach materials such as solicitation postings on the First 5 LA and other websites, and evaluation materials such as evaluator rankings of all bidders and site visit results should be retained on file, given that these materials relate to both funded and non-funded organizations. However, without keeping these materials, First 5 LA management is not able to verify, while agreements are in place, that the grantee or contractor was selected through a fair, competitive process.

Upon our initial review of the contract database we located very few proposals or request for solicitation materials. Despite that two of the six competitively-bid contracts and grant agreements in the sample began in 2010, outreach and other bidding process documentation or the proposals for any of the bidders who were not selected for the grant or contract was not on file except documentation associated with the agreements executed in 2010. First 5 LA staff subsequently provided some, but not all, bidder solicitation documentation for the sample agreements.

In general, First 5 LA appears to maintain copies of RFPs and RFQs, winning proposals, and contracts for the required time period. However, despite that the *Records Retention Policy/Procedures* clearly states that solicitation materials from bidders not awarded the grant or contract be maintained on file for two years, staff repeatedly told us that materials associated with other bidders were only maintained for one year.

Because staff only keep these materials on file for one year, it was not possible to verify that sufficient outreach had occurred to maximize the number of qualified bidders and that more than one proposal was received for the contracts and grants reviewed. Nor was it possible to examine the length of time that passed between the issuance of the solicitation and the contract award date, a lack of information that prevented an analysis of timelines associated with contracting and grant-making processes. With the staff's informal one year retention policy for such documents, it is impossible to conduct a comprehensive review of the contracting process because most grant agreements and contracts are multi-year and have been in place for well over a single year, and therefore have no documentation on file pertaining to outreach and other bidders' proposals.

According to staff, prior to the inception of the electronic database system, copies of grant agreements and contracts and any respective amendments were kept onsite for one year and then moved to an offsite storage unit for another four years, at which point the files were destroyed. Given that many of the active contracts and grant agreements are current year versions of a multi-year agreement, original contracts and grant agreements were not available for view in the database and hard copy proposals submitted by non-awarded organizations were not furnished by agency staff either. Scanning and maintaining the original contracts and agreements in the database would be a valuable resource that would allow staff and evaluators to compare contract terms across multiple years.

Contractor and Grantee Compliance Monitoring

Based on a review of monitoring and compliance documentation for contractors and grantees, most documentation requirements are being met. However, First 5 LA staff's monitoring of contract and grant compliance is inconsistent. The First 5 LA policy entitled *Compliance Guidelines for Contractors* is the primary document used to guide staff in the contract and grant monitoring process. However, this document does not contain detailed directions for staff, particularly for grantee or contractor performance monitoring, nor does the policy describe the consequences to staff that may result from inadequate monitoring. The lack of strong policies and management oversight in this area leads to inadequate compliance in the three contract requirement areas: administrative, fiscal, and performance.

Exhibit 4.3: Profile of Sample Grantee and Contractor Compliance and Monitoring

Contractor/ Grantee	Compliant: Insurance Req'ts	Compliant: Tax Req'ts	Budget Form B on file	Current Invoices on file	Scope of Work on file	FY 2009-10 Mid-Year Report on file ¹	FY 2009-10 Year-End Report on file ¹
AB 109 Exception							
Cause Communications	✓		✓	✓	✓	**	**
Board of Supervisors Directed							
LA Dept of Public Health			✓		✓		✓
Grantees							
Bienvenidos Children's Center			✓		✓	✓	✓
California Healthy Marriages Coalition	✓		✓		✓	**	**
Little Tokyo Service Center Community Development	✓		✓		✓		
LA Unified School District			✓		✓	✓	✓
Contractors							
Automation Printing			✓		✓	**	**
Hershey Associates	✓		✓	✓	✓	**	**
Strategic Partners							
TCC Group Inc.				✓	✓		
Dental Health Foundation	✓		✓		✓	✓	✓
**Not applicable because contractors Cause Communications, Automation Printing and Hershey and Associates do not need to complete Mid and Year End reports, and CA Healthy Marriages Coalition began in 2010.							

Source: First 5 LA transaction records, grantee and contractor agreements

¹ First 5 LA staff require Mid-Year and Year-End Reports submitted by grantees and contractors to monitor compliance with performance metrics

Administrative Requirements

In terms of administrative requirements, based on a review of 10 existing grant agreement and contract files, required current insurance documentation, tax forms, annual audits, and Memorandum of Understanding forms (MOUs) were not consistently kept on file. As shown in Exhibit 4.3 above, none of the contractors or grantees in the sample had current versions of all required tax forms and only half had current copies of all required insurance forms on file.⁴

Current versions of the above-listed documents are all required to be kept on file, and staff should scan and upload copies of these documents into the contracting database to ensure that First 5 LA, as well as grantees and contractors receiving funds from First 5 LA are in compliance with State and Federal regulations that require these documents be maintained on file. A tickler system should be established to ensure that requests are made of grantees and contractors to provide updated documents such as insurance renewals.

Fiscal Requirements

In terms of fiscal compliance, although a full year of invoices for most grantees and contractors was on file for FY 2009-10, invoices for FY 2010-11 were not on file through June 2011, making it impossible to ascertain year-to-date spending. Most grantees submit invoices on a monthly basis. For the sample reviewed, the most recent invoice on file covered the month of April 2011 despite that the file review was conducted in August 2011 and that grantees and contractors are required to submit invoices within 20 days of the last date of service.

Also, some grantees submitted invoices that did not include itemized expenditure detail, despite that their agreements required a line-item budget against which charges are to be made. Other grantees listed itemized detail that differed from the categories in their Exhibit B budget. Additionally, some contractors did not specify what services or supplies they had provided on their invoices.

As shown in Exhibit 4.2 among only those 10 grants and contracts in the sample, there was a balance of contracted funds in the amount of \$659,706, or 21 percent of the total contracted amount for FY 2010-11. In fact, four of the 10 grantees and contractors in the sample had not spent at least 50 percent of their annual contracted amounts. Better fiscal record keeping, specifically making invoices available for review within one month of submission, should help First 5 LA staff identify trends in under-spending and would help staff identify contractors and grantees who require capacity building or other technical assistance.

⁴ Per *Compliance Guidelines for Contractors*, required tax documentation includes IRS Account Determination Letter or State/Federal Identification Number, Form RF-1, and Form 990; required insurance forms include Proof of Current Insurance, General Liability listing Commission as Additional Insured, Business Auto Liability listing Commission as Loss Payee, Worker's Compensation insurance, Crime Coverage, Professional Liability listing Commission as Additional Insured, and Property Insurance listing the Commission as Loss Payee.

Performance Requirements

In order to meet performance requirements, all grantees must submit a Scope of Work document to First 5 LA as part of their grant agreement renewal at the start of each year. The Scope of Work details performance metrics including organizational and programmatic objectives, activities and tasks, proposed staffing, timelines and deliverables. Although the Scope of Work content is not directly addressed in First 5 LA policy, Year-End Reports used to monitor grantee compliance with performance metrics should reflect progress toward meeting goals identified in the Scope of Work. However, details reported in the Year-End Reports reviewed were inconsistent with the Scope of Work, making it difficult to discern if grantees are meeting target service levels.

Year-End Reports are due in July of each year, but as of August 2011 many were not yet on file for FY 2010-11. Grantees also submit Mid-Year Reports, one component of meeting the requirement in *Compliance Guidelines for Contractors* that contractors and grantees submit progress reports on a “monthly, quarterly, or semi-annual basis”. Mid-Year Reports were submitted in FY 2009-10 but not FY 2010-11 because, according to staff, FY 2010-11 was a transitional year. The lack of firm policies and procedures creates a cumbersome and confusing reporting landscape for contractors and grantees, as well as a lack of consistent documentation for monitoring.

Outside of budget requirements, documentation of contractor compliance is difficult to ascertain. If a contractor has been cited for lack of administrative or fiscal compliance, the staff should officially record poor compliance. Documentation of performance evaluation found in the database for FY 2010-11 was limited to a letter issued at the end of the year, rather than the monthly or quarterly evaluation forms. More frequent evaluations would allow for a more comprehensive understanding of contractor and grantee performance. Further, data collected in the evaluation forms is not consistently used to support research and evaluation efforts. The Research and Evaluation Section 6 of this report offers recommendations for improvements to grantee and contractor data collection systems as well as using grantee and contractor performance data in research and evaluations.

Conclusions

The review of contracting policies and procedures showed that First 5 LA does not adequately ensure bids for grantee and contractor services are obtained using a consistent set of procedures or that full documentation of solicitation materials, proposals, agreements and contracts is kept on file for the required amount of time. In addition, monitoring of grantee and contractor compliance does not adequately ensure First 5 LA or its contractors and grantees are adhering to internal policies and procedures.

Existing policies and procedures do not contain sufficient guidelines for contract and grant solicitation and approval processes, reporting and record-keeping requirements. Though most required administrative documentation was found on file, some required documents such as current insurance and tax forms are not consistently maintained in the database system. Fiscal and performance evaluation documentation, including annual budgets, invoices, Mid- and Year-

End performance reports, is not submitted in a complete and consistent manner. Further, staff are not adequately familiar with the existing policies and do not ensure contractor and grantee monitoring documentation on file is current and meets existing requirements.

Recommendations

The First 5 LA Board of Commissioners should:

- 4.1 Direct management to prepare policies and procedures for Board approval outlining the Board approval process for new grant agreements and contracts with clearly designated annual dollar thresholds, even for multi-year agreements, and other characteristics triggering required Board approval.
- 4.2 Direct management to include a consent item for approval on the monthly Board of Commissioners agenda listing all grantee and contractor agreements and amounts to be approved, whether Board of Commissioner approval is required or not, so that information about all agreements is disclosed and any agreement can be further scrutinized at Board meetings if so requested by any member of the Board of Commissioners. Bidding process dates and other milestones should also be reported.
- 4.3 Direct management to prepare a protocol addressing the preparation and maintenance of documentation related to all sole source contracts and grants, regardless of their characterization as AB 109 Exceptions, Strategic Partners, or others, and ensure staff familiarity with and adherence to these policies.
- 4.4 Revise current policy so that all solicitation materials, outreach effort documentation, proposals from all bidders, agreements and contracts, and agreement monitoring documentation is kept on file until two years after the termination date of the agreement. This documentation can serve as a valuable management tool for assessing the efficiency of the contracting process and compliance with competitive bidding requirements.
- 4.5 Direct Contract Compliance staff to develop staff trainings that ensure the First 5 LA staff monitoring contracts and grant agreements are aware of all compliance requirements and understand the necessity of updating the database with current contractor and grantee information.
- 4.6 Direct staff of the Finance and Grants Management departments to develop requirements that ensure contractors submit and adhere to an itemized budget and consistent performance metrics.

Costs and Benefits

Implementation of all recommendations should be accomplished using existing resources. By monitoring grantee and contractor compliance with reporting requirements, the First 5 LA Board of Commissioners and staff will benefit from improved transparency and a better understanding of how First 5 LA funds are spent.

5. Human Resource Management

- Like any organization, the effectiveness and success of First 5 LA is dependent on attracting and retaining talented and motivated employees. However, little information about the organization's effectiveness in this regard is formally prepared for review by management or the Board of Commissioners. Key human resource management indicators such as turnover, compensation, staff morale, and performance evaluation results, are not regularly collected and reported to the Board of Commissioners.
- Staff turnover has ranged from 8 to 19 percent per year over the last four fiscal years. These rates are generally higher than rates reported by other surveyed First 5 agencies and than national benchmark rates for public agencies. Turnover rates should be regularly reported and analyzed by management to determine if there are human resource issues such as compensation, work environment or lack of advancement opportunities that need to be addressed to attract and retain high caliber employees.
- First 5 LA management does not track and report the next place of employment of separating employees. Staff morale surveys conducted in 2008 for the agency identified work environment issues needing improvement, but those surveys have not been distributed to the Board of Commissioners or used as the basis for improvements.
- It is unclear when the last compensation schedule setting salary ranges for employee classifications was revised based on a salary survey approved by the Board of Commissioners. Documentation was provided showing the Board of Commissioners approved a compensation study in 2001. A compensation schedule that was revised in 2006 was provided, but without documentation of Board of Commissioners approval. Further, a compensation study was conducted in 2007, but First 5 LA management reports that it was not approved by the Board of Commissioners.
- Based on best practices, a compensation schedule that has not been revised in five years or more puts the organization at risk of compensating employees at levels that are not comparable and/or competitive with the market. The current compensation schedule groups disparate staff classifications together and provides broad pay ranges of up to 75.4 percent. This gives management needed flexibility in establishing and adjusting salaries but makes it difficult from a governance perspective to determine if salaries are internally equitable and reasonable compared to market rate salaries. Some employees are currently being paid below or above established pay ranges.

Interviews with First 5 LA management and a review of human resource documents such as staff turnover data, compensation schedules, the First 5 LA Employee Handbook, and performance evaluation templates, were conducted to evaluate the human resource functions of First 5 LA. A human resource department that collects and utilizes sufficient management information such as employees' next place of employment, a survey of staff satisfaction and morale, timely compensation surveys, actual frequency and timing of performance evaluations, and participation in professional development that is relevant to specific job duties and functions should be equipped to address issues that may impact the efficient use of First 5 LA resources. For example, high staff turnover rates could lead to significant resources spent on recruiting, hiring, and training new employees, as well as impact the performance of departments that do not effectively manage the transition of workloads.

Staff Turnover Rates

The staff turnover rate is the ratio of the number of workers that separated from the organization in a given period to the average number of actual workers in that same period. Based on reports provided by the Human Resources Department on voluntary separations, involuntary separations, and total authorized positions for FY 2007-08 through FY 2010-11, First 5 LA's staff turnover rate was calculated for comparison with national benchmark rates and those of other First 5 agencies.

At the writing of this report, the Human Resources Department had not provided sufficient data on the length of time newly created positions remained vacant each year. Therefore, First 5 LA's staff turnover rate was calculated as the ratio of separations (voluntary, involuntary, and total)¹ to total authorized positions in a given year as opposed to the average number of actually filled positions in that same period. However, this method could result in a less accurate, or artificially deflated, staff turnover rate for FY 2010-11. Specifically, First 5 LA's staff increased by 23 positions, or approximately 23 percent, from 99 total authorized positions to 122 in FY 2010-11 as part of the implementation of the FY 2009-2015 Strategic Plan. When newly created positions remain vacant for varying lengths of time, whether due to the availability of qualified candidates for the vacant position or other delays in the hiring process, the *average* number of workers throughout the year could be less than the *total* authorized positions for that year. In such a case, the staff turnover rate would be higher if it was calculated using the average number of workers, or actually filled positions for the year.

As shown in Exhibit 5.1, the total staff turnover rate at First 5 LA, which includes voluntary and involuntary separations, has ranged from 8 to 19 percent from FY 2007-08 through FY 2010-11. The staff voluntary turnover rate of 17 percent for FY 2007-08 and 14 percent for FY 2008-09 were significantly higher than the 6 and 7 percent voluntary rates for FY 2009-10 and 2010-11, respectively. However, for the reasons stated above, the staff turnover rates in FY 2010-11 could be artificially deflated due to the creation of 23 new positions that year.

¹ Involuntary separations include employees that were terminated at will and layoffs due to the elimination of positions. The remaining types of separations, including retirement are considered voluntary.

**Exhibit 5.1: First 5 LA Staff Turnover rates for
FY 2007-08 through FY 2010-11**

Fiscal Year	Voluntary Rate	Involuntary Rate	Total Rate	Total Authorized Positions
2007-2008	17%	2%	19%	88
2008-2009	14%	3%	17%	99
2009-2010	6%	2%	8%	99
2010-2011	7%	4%	11%	122

Source: First 5 LA Human Resources Department

In contrast, the U.S. Bureau of Labor Statistics' estimated national turnover rates for the state and local government sector, the most comparable sector to First 5 LA, ranged from 13 to 15 percent in calendar years 2007 through 2010. However, the U.S. Bureau of Labor Statistics rates are based on separations relative to actual positions filled, as opposed to authorized positions, which is the basis for the First 5 LA rates presented. If the First 5 LA turnover rates were also based on the number of separations relative to the number of actual positions filled for each year, they would be higher than the rates presented in Exhibit 5.1, and higher than the U.S. Bureau of Labor Statistics benchmark rates. Even with the different methodologies used, the First 5 LA voluntary turnover rates of 17 percent for FY 2007-08 and 14 percent for FY 2008-09 were approximately twice the average of the national staff voluntary turnover rates for calendar years 2007 and 2008, which was 8.45 percent. It appears that there were some staffing problems at First 5 LA at least during those two years. In Fiscal Years 2009-10 and 2010-11, turnover based on all authorized positions at First 5 LA has dropped to rates more comparable, or slightly above, the national rates, possibly reflecting the economic downturn in those years. Again, though, the First 5 LA rates are calculated based on authorized positions, rather than actually filled positions, which produces lower rates than if they were calculated based on actually filled positions.

The staff turnover rates for First 5 LA were also compared to the First 5 agencies of four counties— Orange, Santa Clara, San Diego, and San Francisco. These counties were selected as case study counties for best practices. As further discussed in Section 3, the First 5 agencies of Orange and Santa Clara Counties are considered independent agencies, whereas First 5 San Diego and San Francisco are considered County entities.

A review of the staff turnover rates of other agencies revealed that First 5 LA's staff turnover rates are higher than other surveyed First 5 agencies, with the exception of the staff turnover rates for FY 2010-11. The median staff turnover rate for the past four fiscal years ranged from zero to 15 percent for First 5 San Diego, San Francisco and Santa Clara. However, it is important to note that staff turnover rates at the other First 5 agencies are based on smaller numbers of staff positions so their rates can reach higher levels with a small number of separations. In any case, staff turnover rates should be reported and analyzed by First 5 LA management to determine if there are human resource issues that need to be addressed by the agency to reduce turnover such as compensation adjustments, changes in working environment or lack of opportunities for advancement. An annual turnover report should be provided to the Board of Commissioners.

Further Analysis of Staff Turnover

Limited data is available to help understand why First 5 LA's staff voluntary turnover rates have been and are higher than the national staff voluntary turnover rates, particularly for FYs 2007-08 and 2008-09. For example, within the past three years, agency salaries have not been analyzed or compared to other organizations through surveys to determine if they are competitive to ensure that the agency can attract and retain the best staff. The Human Resources Department does not track the separating employees' next place of employment, but provided limited information on the separation of some employees. Reasons for separations at First 5 LA from FY 2007-08 through FY 2010-11 include retirement, moving out of the country or out of state, being accepted into medical school, death, or the position was eliminated.

Two morale surveys conducted for First 5 LA in 2008 by external entities, one by the Sandoval Group and the other by the TCC Group, identified work environment issues needing improvement. However, the reports from the morale surveys were not made public or distributed to the Board of Commissioners. Such surveys should be regularly conducted and provided to the Board of Commissioners as key human resource management oversight information.

The Human Resources Department provided some information regarding the filing and investigations of employee grievances for the past three fiscal years. There were more investigations of employee grievances during years when there were more employee separations, most of which were made by subordinate staff against their manager, or regarding a management issue. Only one complaint in the last three fiscal years was filed by two co-workers against another colleague. Details regarding the specific issues and results of the grievances were not collected to determine the direct relationship between the grievances and turnover rates during the respective years.

In FY 2008-09, three internal investigations were conducted. One of the investigations regarding a subordinate and their manager was subsequently assigned to an external investigator. In contrast, there were no internal or external investigations conducted in FY 2009-10. In FY 2010-11, a total of six grievances were filed by employees regarding management issues. Five of the grievances were filed and investigated internally. Two of these internal investigations were subsequently assigned to an external agency. One complaint in FY 2010-11 was filed directly with an external agency and was not investigated internally. Again, the results of these investigations were not reviewed as part of the procedures engagement.

Due to the lack of agency information such as recent compensation survey results, information on the next employment for those who have separated, a recent employee staff satisfaction or morale survey, and the results of investigations of employee grievances, the factors contributing to First 5 LA's comparably higher staff turnover rates in recent years cannot be determined. Further analysis is needed to understand and address the issues contributing to the staff turnover rates. A high staff turnover rate impacts the efficiency of the organization as several resources are spent in replacing and training new employees. Further, progress on project development may be impacted if the transition of workloads is not managed effectively.

Compensation Schedules

A compensation schedule showing the salary ranges for each employee classification at First 5 LA was reviewed for appropriateness. As stated in the 2008 First 5 LA Employee Handbook, the organization “periodically reviews” its salary administration program and “restructures it as necessary.” However, according to the Human Resources Department, such a compensation schedule has not been revised since 2006. Though existing policy states that the Executive Director of First 5 LA is delegated the authority to determine salary ranges and range movements based on the most current compensation study approved by the Board of Commissioners, documentation of the approval of a compensation study was only provided for 2001, not 2006. It is unclear if the current compensation schedule, dated 2006, was based on a Board of Commissioners’ approved compensation study. Further, a compensation study was conducted in 2007, but First 5 LA management reports that it was not approved by the Board of Commissioners.

A review of all existing salaries, by classification, revealed that the compensation schedule should be revised to reflect the current structure of the organization and compensation of employees in several classifications. First, the 2006 compensation schedule does not include the classification of Chief, which was created when the Board of Commissioners approved the existing organizational structure as part of the FY 2009-2015 Strategic Plan Implementation Plan. Additionally, employees across several classifications are receiving compensation that is above or below the salary ranges stated in the 2006 compensation schedule. For example, three of the eight Directors have salaries above the existing salary range; seven employees in the classification of III have salaries above the salary range; three employees in the classification of II have salaries above the salary range while six of the employees in the same classification have salaries below the 2006 salary range; and two employees in the Administrative Assistant classification are above the salary range while one Administrative Assistant is below.

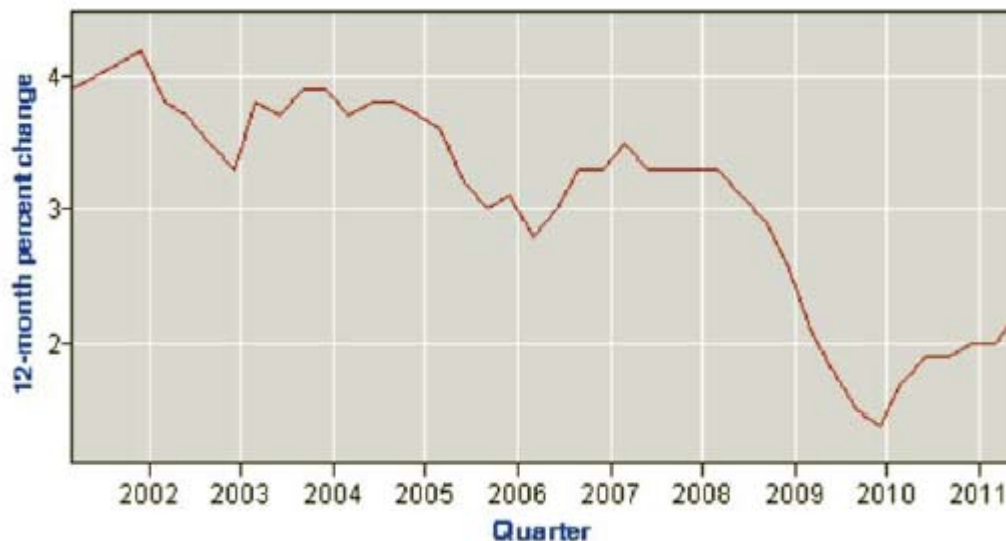
In addition to having existing salaries that are inconsistent with the last revised compensation schedule, First 5 LA has a broad range for salaries within specific classifications that include a broad range of skills. For example, the difference between the lowest and highest salary in Classification II is \$37,711, or a 75.4 percent range, while the maximum difference in salaries in Classification III is \$37,944, or a 54.2 percent salary range. Further, these classifications include Program Officers, Research Analysts, Staff Accountants and Public Affairs Officers, which require very different skills and may have differences in compensation according to the market.

According to the HR Council for the Nonprofit Sector,² organizations should conduct periodic reviews of their salary ranges to ensure that they are in line with the current employment market and their targeted position in the market. Additionally, Salary.com, a management portal, conducted a poll and found that 80 percent of business managers and Human Resource professionals said that their companies either participate in or purchase at least one salary survey each year.

² The HR Council for the Nonprofit Sector is a Canadian organization that tries to take action on nonprofit labor force issues through various strategies, including strengthening human resource management practices.

Analysis conducted by the U.S. Bureau of Labor Statistics shows that the national average for compensation³ has changed significantly over the past five years. As shown in Exhibit 5.2, the 12-month percent change dropped from 2.8 percentage points in the first quarter of 2006 to two percentage points in the first quarter of 2011.

Exhibit 5.2: 12-Month Percent Change in Total Compensation for all U.S. Civilian Workers from 2001 through 2011



Source: U.S. Bureau of Labor Statistics

While the Board of Commissioners approved to delegate authority to the Executive Director to determine salary ranges and range movements based on the most current compensation study approved by the Board of Commissioners, First 5 LA lacks policies that dictate how often the compensation studies should be conducted, how First 5 LA employees should be paid relative to the market, and if a broad classification covering positions that could have differences in pay according to their skills and market is acceptable.

Based on best practices and national trends in compensation, a compensation schedule that has not been revised in five years or more, is inconsistent with actual salaries paid and includes broad skill sets under a single classification, puts the organization at risk of compensating employees at levels that are not comparable and/or competitive with the market nor internally equitable. In turn, outdated or incomparable compensation schedules could contribute to high staff turnover if First 5 LA's compensation is below the market level, or unnecessary payroll expenses if it is above the market level. At a minimum, First 5 LA should conduct a compensation study covering salaries and benefits, which is authorized by the Board of Commissioners, every five years.

³ The U.S. Bureau of Labor Statistics includes wages, salaries, and employer costs for employee benefits in its analysis of compensation.

Oversight of Staff Performance

Various documents were requested to evaluate the Human Resources Department's tracking and monitoring of staff performance and skill development through performance reviews and training, including personnel manuals, performance evaluation templates, as well as management reports on the timing of employee performance evaluations and training hours. A review of documents and interviews with First 5 LA management revealed that First 5 LA lacks sufficient central oversight and management of staff performance.

Performance Evaluations

Section 2.09 of the First 5 LA Employee Handbook states that formal written performance evaluations are conducted at the end of each introductory period in any new position. The introductory period is defined in the handbook as the first 180 calendar days after the date of hire for those hired after April 1, 2008.⁴ If an employee was promoted or transferred within First 5 LA, then the employee is asked to complete a secondary introductory period of 90 calendar days from when the employee assumes the new position. Subsequent performance evaluations are then scheduled "approximately" every 12 months, coinciding "generally" with the anniversary of the employee's original hire date or with the employee's anniversary date following a promotion. First 5 LA management reports that this language was recommended by legal counsel.

Though First 5 LA's policies and procedures clearly state when employees should have performance evaluations, First 5 LA has insufficient management tools to ensure that employee performance evaluations are conducted regularly and in a timely manner. Analysis of a management report showing the start and end date of First 5 LA employees' review period, as well as the manager completion date for performance evaluations, showed that the variance between the completion of evaluations from the expected deadlines (end dates of review periods) ranged from approximately one month to as many as seven months, as of September 30, 2011. Thirteen employees, or approximately 10.7 percent of 122 total employees, had reviews at least four months past their review period. Three of the 13 employees with delayed performance reviews were senior management. Two of the 13 were from Program Development, while one was from Policy. The remaining seven employees with delayed performance evaluations were from Best Start Communities with a variance of five to six months from the end of the employees' review period. This is potentially due to the fact that the Director of Best Start Communities was hired several months after the employees were hired or transferred into the Department.

A review of the performance evaluation templates for line staff, managers, directors, and chiefs revealed that all staff is required to exhibit core competencies, and the competencies increased or became more complicated in accordance with the level of the position. For example, all staff are evaluated on "Self Management," particularly the ability to "remain focused and energized under stress" and whether the employee, "accepts criticism and recovers quickly from set backs." However, under "Self Management," directors are additionally evaluated on their ability to

⁴ Prior to April 1, 2008, new hires' introductory period was the first 90 calendar days after the date of hire.

regulate the impact of their “own emotions upon others.” Further, chiefs are evaluated on their ability to “project realistic self-confidence in abilities,” and their ability to exhibit “tact, diplomacy and political consideration when involved in sensitive issues” under the section for “Self Management.”

Training

According to First 5 LA management, there is no centralized tracking of all employees’ training. For example, the Human Resources Department reported that First 5 LA does not track hours of employee training, with the exception of the mandatory two hours training on Sexual Harassment Prevention for California Supervisors required for any employees in classification III or above. Further, the Human Resources Department only tracks whether employees have completed the following required courses:

All Employees

- AB 109 / SB 35
- Ethics – Code of Conduct
- Diversity Benefits
- Unlawful Harassment Prevention

Employees with Classification III or Above

- Lawful Hiring
- Equal Employment Opportunity Discrimination & Discrimination Prevention
- Family and Medical Leave Act
- Sexual Harassment Prevention for California Supervisors

With the exception of the AB 109/SB 35 course, which covers information regarding procurement and contracting policies, the courses tracked by the Human Resources Department primarily involve human resource policies and topics. The Department does not track the attendance of training and courses that relate to topics and skills directly related to employees’ assigned job functions.

Additionally, employee professional development through the attendance of conferences and seminars are tracked by directors for the staff in their respective departments. Examples of conferences and opportunities for professional development that have been attended in the past year include: Grantmakers for Children, Youth and Families 2010 Annual Conference; First 5 Association of California’s Staff Development Summit; Claremont Graduate University Professional Development Workshop Series on Evaluation and Applied Research Methods; and the Council of Foundations 2011 Annual Conference. The Chief Program Officer may ask for these reports to obtain a high level understanding of professional development under the Programs Divisions, but has only done this once within the past year.

Though employees are allowed to attend conferences and seminars for professional development, First 5 LA lacks a training curriculum that details what skills and knowledge employees should

possess to complete their job tasks and assignments effectively. According to First 5 LA management, the Board of Commissioners approved a line item for professional development in the FY 2011-12 Operating Budget. First 5 LA management intends to develop a training curriculum program for management skills across all program departments. First 5 LA should develop a training curriculum that is agency-wide and addresses both technical skills required to complete responsibilities assigned to each classification, as well as management skills expected for the higher levels of employee classifications.

Conclusions

A review of staff turnover reports shows that the total staff turnover rate at First 5 LA, which includes voluntary and involuntary separations, has ranged from 8 to 19 percent from FY 2007-08 through FY 2010-11. In contrast, the U.S. Bureau of Labor Statistics' estimated national turnover rates for the state and local government sector, the most comparable sector to First 5 LA, ranged from 13 to 15 percent for calendar years 2007 through 2010, though these national rates are calculated using a different methodology than used by First 5 LA and would be lower if calculated the same way First 5 LA calculations were prepared. The staff voluntary turnover rate for First 5 LA in FY 2008-09 was also disproportionately higher than First 5 LA's staff voluntary turnover rates for other years, as well as the average national staff voluntary turnover rates for comparable years.

There is limited data available to determine why First 5 LA's staff voluntary turnover rates are higher than the national staff voluntary turnover rates. For instance, First 5 LA does not track the next place of employment of employees and the Human Resources Department has not conducted a survey of staff morale and satisfaction within the past five years, though such surveys have been conducted for First 5 LA by external entities. A review of some data on the filing and investigation of employee grievances revealed that years with a higher number of total separations also had a higher number of grievances filed in that same year. Most of these grievances were made by subordinate staff against their manager, or regarding a management issue. However, data on the specific issues, results, and the employees involved was not reviewed so a definite relationship between the grievances and turnover rates during those respective years cannot be determined.

According to the Human Resources Department, a compensation schedule showing the salary ranges for each employee classification at First 5 LA has not been revised since 2006. First 5 LA management reports that a compensation study was conducted in 2007, though it was not approved by the Board of Commissioners. Best practices and national trends in compensation, suggest that a compensation survey should be conducted regularly and the compensation schedule should be adjusted accordingly to ensure that the organization is compensating employees at levels that are comparable and/or competitive with the market. The current salary schedule provides broad ranges of salaries for disparate groups of classifications. This provides flexibility to management but does not enable the Board of Commissioners to assess compliance with adopted compensation policies.

Finally, a review of documents and interviews with First 5 LA management revealed that First 5 LA lacks sufficient central oversight and management of staff performance, such as enforcing frequent and timely performance evaluations as well as participation in job relevant trainings.

Recommendations

The First 5 LA Board of Commissioners should:

- 5.1 Direct management to annually report human resource management performance indicators to the Board of Commissioners including: (a) turnover based on the number of separations relative to actually filled positions; (b) a summary of reasons for turnover; (c) grievance data; (d) a summary of performance evaluation frequency and timeliness; and, less frequently such as every two years, (e) results of independently conducted staff morale and satisfaction surveys. Plans of action should be prepared in instances where high rates of turnover are occurring or staff concerns and issues are identified that could be contributing to staff turnover and/or frequent investigations of grievances.
- 5.2 Update its compensation policy and direct management to: (a) conduct a compensation survey at least every five years covering salaries and benefits; (b) revise the existing compensation schedule to include more distinctions of different classifications, and (c) update the compensation ranges for review and approval by the Board of Commissioners.
- 5.3 Direct management to develop an agency-wide training curriculum that addresses both technical skills required to complete responsibilities assigned to each classification, as well as management skills expected for the higher levels of employee classifications. Participation in courses, conferences, or seminars that meet the training curriculum requirements should be centrally tracked for the entire agency.

Costs and Benefits

Implementation of all recommendations should be accomplished using existing resources. The sufficient collection and utilization of management information related to human resource functions should equip First 5 LA to address issues that may impact the efficient use of staff and financial resources. For example, addressing factors that contribute to high staff turnover rates, and thereby reducing turnover, could lead to a reduction of resources spent on recruiting, hiring, and training new employees. Additionally, addressing such staff turnover issues could avoid the problem of reduced program output and performance in departments that are unable to manage the transition of workloads from staff person to staff person effectively.

6. Research and Evaluation

- The three main types of research and evaluation conducted by or for First 5 LA are: (1) semi-annual or annual program evaluation reports submitted by grantees and contractors to Program Officers for compliance and process improvement; (2) an annual evaluation report submitted by First 5 LA to the State detailing target populations served; and (3) comprehensive evaluations conducted by First 5 LA staff and/or contractors to measure the impact of various initiatives.
- Staff reports that all programs and initiatives are subject to a comprehensive evaluation during their program term. However, some evaluation results for small investments are not reported to the Board of Commissioners and some evaluations for larger investments are not conducted or reported to the full Board of Commissioners until the end of the program, or on an impromptu basis at hearings. As a result of this approach, the Board of Commissioners may not receive an assessment on the impact of a program for several years. The only assessment of agency-wide results the Board of Commissioners receives is the annual report submitted to the State, but this only covers a limited number of performance results.
- First 5 LA staff developed a framework as well as a list of specific research projects and activities for place-based programs. With input from some Commissioners, staff defined the purpose, expected learning outcomes and timelines for each research project prior to approval by the full Board of Commissioners. However, First 5 LA has not developed a similar framework for the more recently approved Countywide Augmentation programs.
- First 5 LA is starting to implement evaluation “dashboards,” or “snapshot” reports with key metrics and performance indicators for each Best Start Community to: (a) monitor First 5 LA’s progress in reaching intermediate and long-term outcomes outlined in the Strategic Plan; and, (b) measure the agency’s effectiveness in a transparent manner that is easily accessible by stakeholders. However, comparable dashboards have not been implemented for countywide strategies and programs.
- Some First 5 agencies in other counties surveyed have implemented electronic data systems for their grantees to input required performance and outcome data. First 5 LA has implemented such a system but it can only be used by the grantees of five initiatives. However, First 5 LA reports that it is currently developing a technology plan and seeking a new data system. This system should be utilized by all grantees and contractors for the efficient use of data for multiple evaluations and to facilitate knowledge sharing among stakeholders.

Historically, research and evaluation of programs—both their output, or ability to serve target communities, and outcomes, or impact on communities served—have been conducted by First 5 LA staff from various agency departments or by researchers or consultants under contract. Grantees or contractors submit quantitative and qualitative data to the Program Officers of the appropriate department (e.g. Program Development, Grants Management, Policy, Community Investments, or Best Start Communities) in the form of a *semi-annual or annual Program Evaluation Report*. This data is then used to evaluate the grantees' compliance with the scope of work in their agreements as well as to identify areas of improvement. This information is also collected from all of the departments by the Research and Evaluation Department for input into the State-mandated *Annual Evaluation Report to First 5 California*, or the State Commission. Finally, *comprehensive evaluations of initiatives* such as School Readiness, Healthy Kids, and Family Literacy are conducted by Research and Evaluation staff in conjunction with contractors.

Approval of Research and Evaluation Projects

A review of the Research and Evaluation Department's existing plans for future evaluations and research projects and requests made by Commissioners at Board of Commissioner meetings revealed that development and approval of research and evaluation projects has been inconsistent. First 5 LA lacks formal written procedures and policies that outline how evaluations, research projects and longitudinal studies are approved. Though the process for approving a framework for evaluation and specific activities related to the evaluation of initiatives from the old strategic plan and place-based strategies seems clearly structured with feedback from Commissioners, along with the development of the purpose, goals, and timelines for each research activity, the lack of formal procedures and policies for the development of research and evaluation has resulted in an unclear structure for the development of research and evaluation associated with recently approved allocations under the Countywide Augmentation.

New Strategic Plan

The Board of Commissioners (Board) approved a Learning and Accountability Framework (Framework) on June 10, 2010 as part of the approval of the FY 2009-2015 Strategic Plan Implementation Plan. The Framework lists various types of research activities that the Department will engage in, including: a longitudinal study; place-based and strategic evaluations; and research projects. The longitudinal study will evaluate the collective impact of First 5 LA's investments by studying changes experienced by young children and families within First 5 LA's target communities over time. The place-based and strategic evaluations will focus on evaluating the implementation of strategies to identify barriers and opportunities to change approaches as needed. Finally, research projects will be designed to respond to policy or program issues that surface during the evaluation of programs. For example, the Preschool Quality and Child Outcomes Study is a research project that will help First 5 LA determine the relative impact of different levels of preschool quality on child outcomes.

In addition to approving the Framework, the Board approved a list of specific projects, which included the following: (a) each project's purpose; (b) what is expected to be learned from each project; (c) activities associated with each project; and (d) an anticipated timeline for each phase or activity of the project. Continued evaluation of a majority of the initiatives, or strategies, from

the previous strategic plan; an evaluation of the implementation of the place-based strategy; and an evaluation of the policy agenda were included in this more detailed list of projects and activities. However, this list did not include evaluations of Countywide Augmentation programs, which were approved for allocation by the Board after the approval of the FY 2009-2015 Strategic Plan Implementation Plan.

According to the Research and Evaluation Department, the Learning and Accountability Framework and list of specific research projects and activities were developed with the feedback of the Commissioners, mostly through several Planning Committee meetings, as well as engagement with certain Commissioners. Therefore, when the Framework and list of specific activities were approved at the June 10, 2010 Commission meeting, it had already gone through several iterations between staff and Commissioners.

Countywide Augmentation Programs

In contrast to the development and approval of the evaluation of place-based and countywide strategies in the new strategic plan, which included several iterations with Commissioners, but one motion for approval, development and approval of evaluations for Countywide Augmentation programs will be conducted on a case-by-case basis. The Department reports that the implementation of specific evaluation activities will commence when the project achieves “the appropriate point in its lifecycle maturity.” Specifically, First 5 management reports that development of research and evaluation for a program will not begin until First 5 LA has a clear understanding of the (a) program design; (b) target population to be served, providers, and stakeholders; (c) types of services to be provided; and (d) the time period for participation in the program (e.g. the initiative is for three years, etc.).

Because a majority of the Countywide Augmentation programs did not have all of the key information for program design available when the Board approved their allocations, these programs have not yet had a research and evaluation project approved. The Department reports that the planning phase for research and evaluation now coincides with the planning and program development of each Countywide Augmentation program, whereas for all previously approved initiatives and strategies, research and evaluation planning commenced after the initiative had completed the entire process for program development.

In addition to the inconsistent availability of information regarding program design upon approval of the allocation for Countywide Augmentation programs, requests for research and evaluation, its frequency, and timelines for each program have been inconsistently discussed at Commission meetings. Some programs had timelines for research and evaluation discussed prior to approval, whereas a majority did not. For example, at the November, 18, 2010 Commission meeting, during the discussion of the Substance Abuse Services program, a Commissioner “suggested that annual evaluations be incorporated into the timeline of the program with defined outcomes at each evaluation stage.” In the same meeting, the Healthy Food Access Initiative was approved with the following amendment:

“An evaluation is to take place at the end of the first year to assess community interest, future growth and sustainability of the community gardens. The voucher program component of the proposal would not be implemented until staff evaluates the food demand of the general community seeking assistance from local food banks to determine if the proposed amount of the \$500,000 per year is sufficient.”

Finally, while discussing the approval of the Parent-Child Interactive Program at the February 10, 2011 Commission meeting, a Commissioner stated that “it would be helpful to have data to see how children will be impacted and for others to benefit from the experience,” and that records of impact should be maintained for future assessment. Unlike the previous examples, this request for research and evaluation did not include any specific timelines or stages of evaluation. Further, the discussions at the time of approval for a majority of the Countywide Augmentation programs did not include research and evaluation.

First 5 LA management should develop policies and procedures for the development and approval of research and evaluation for all new programs, whether they are approved through a new strategic plan or at individual Commission meetings. This process should include the vehicle(s) by which Commissioners may provide feedback in the development of research and evaluation projects prior to formal approval by the entire Board, whether through Commission Committee meetings, individual briefings with Commissioners, or at Commission meetings. Finally, such policies and procedures should require that each proposed research and evaluation project include the purpose, expected learning outcomes, list of specific activities, and timelines for each activity or phase of the project, prior to approval. While this approach was taken for the place-based strategies when the FY 2009-2015 Strategic Plan Implementation Plan was approved, it should be replicated for all programs approved after June, 2010 and going forward.

Reporting of Research and Evaluation Results

Currently, Commissioners are provided information regarding evaluation in three ways: (1) during the approval of the Annual Evaluation Report to First 5 California, which is typically in October; (2) during presentations of the final reports for contracted comprehensive evaluations and/or research projects; and (3) on an ad-hoc basis at Commission meetings, Committee meetings, or individual Commissioner briefings. Despite these reporting mechanisms, First 5 LA lacks policies and procedures for consistently disseminating the results of research and evaluation projects to Commissioners and other stakeholders in a format that allows the information to be adequately used for making policy decisions and process improvement.

Ad-Hoc Presentations

Evaluation data is also presented on an ad-hoc basis at Board of Commissioner and Committee meetings. For example, during a Board of Commissioner Planning Committee meeting when the FY 2009-2015 Strategic Plan was being formulated, according to the Research and Evaluation Department, the Planning Committee was concerned that initiatives from the previous strategic plan would sunset prior to the commencement of the new strategic plan. Therefore, the Department developed the estimate of the number of children being served by assembling data from the Annual Evaluation Report to First 5 California and presented it at the Planning Committee.

The Research and Evaluation Department reported that two percent of the target population was being served through the Healthy Births, School Readiness Initiative, Family Literacy, Family Friends and Neighbors, and Partnerships for Families initiatives. However, this estimate did not include the target population served by First 5 LA’s Countywide initiatives such as the Los Angeles Universal Preschool (LAUP) program, Healthy Kids and 211. As discussed in Section 1,

First 5 LA served approximately 17 percent of children ages 0 to 5, according to its FY 2009-10 Annual Evaluation Report submitted to First 5 California.

The Department reports that the estimate was not provided in a written format, but rather, was verbally presented to the limited number of Commissioners at the Planning Committee meeting. To ensure that information of this sort is correctly understood by all decision-makers, a written explanation of such estimates, in context with the population served through all of First 5 LA's programs and estimated population to be served through the new place-based strategy, should be provided to all Commissioners if such information is going to be used as the basis for Board of Commissioner decisions.

Frequency and Scope of Evaluation Reporting

Unlike the FY 2009-2015 Strategic Plan for First 5 LA, the Strategic Plan for First 5 Santa Clara County states that evaluation reports that describe the Commission's progress towards achievement of its overall goals will be reviewed by the Commission at its *annual* evaluation workshop and will influence the Commission in deciding how to refine First 5 Santa Clara County's Strategic Plan. These reports are based on annual information provided by all grantees regarding operations and effects of their programs on children and data collected by an evaluation contractor to provide a comprehensive evaluation of all programs. This contrasts with First 5 LA's lack of comprehensive, agency-wide annual reports that evaluates both the population served and overall impact of the programs on children. Similarly, First 5 San Diego reported that a dashboard of their agency's performance is presented to their Board of Commissioners on a quarterly basis. The dashboard includes that agency's strategic goal areas, strategic plan objectives, annual targets and a performance indicator showing the agency's progress as a percentage of meeting the annual targets.¹

First 5 LA management should develop policies and procedures that indicate the frequency of reporting data and evaluations to the Board of Commissioners, in addition to the required approval of the Annual Evaluation Report to the State and the infrequent final reports for comprehensive evaluations. The scope of the annual reports should include all agency activities and goals.

Availability of Data to Grantees

Interviews with non-First 5 LA staff suggest that the data and evaluations provided to Program Officers could be utilized more effectively. According to some grantees, the data provided to First 5 LA are used more as a tool for ensuring compliance with the scope of work and deliverables in agreements, as opposed to sharing best practices among grantees for continued improvement of services.

¹ First 5 San Diego's dashboard includes four color-coded indicators for performance as a percent of the annual targets achieved: red is less than 75 percent of the target, yellow is 75 to 89 percent of the target, and green is 90 percent or above target. In addition, there is an orange box signifying a start-up period to recognize that programs in the early stages of implementation may not meet its expected targets.

The Data Systems Integration strategy in the FY 2009-2015 Strategic Plan of First 5 LA includes the launching of a community data system to provide a data “home” for all grantees, contractors, and community partners to upload, share and analyze the information they collect about their community and clients. The system should also allow for the collection of qualitative data and narratives describing approaches. This data should be accessible by all grantees, contractors, and community partners to help facilitate sharing of best practices and recommendations for process improvement.

Dashboards

As part of the FY 2009-2015 Strategic Plan, the Research and Evaluation Department is implementing the use of dashboards, or easy to read “snapshot” reports with key metrics and performance indicators for selected programs. The purpose of the dashboards is to: (a) monitor First 5 LA’s progress in reaching intermediate and long-term outcomes outlined in the Strategic Plan; and, (b) measure First 5 LA’s effectiveness in a manner that is transparent, flexible, and easily communicated to stakeholders. The dashboards are also intended to integrate data from various sources, including the key findings from a broad set of evaluation and research activities, organizational and grantee performance measures, and learning from the broader early childhood landscape.

Dashboards for each of the Best Start Communities are available on each of the Communities’ web portals. The dashboards include the four goals in First 5 LA’s FY 2009-2015 Strategic Plan which are: (1) babies are born at a healthy weight; (2) babies and children maintain a healthy weight; (3) babies and children are free from abuse and neglect; and, (4) babies and children are ready for kindergarten. Each strategic goal then has various measures, with a chart showing how the respective community compares to the rest of Los Angeles County. Having dashboards available online and easily accessible by multiple stakeholders is a stark contrast to the ad-hoc reporting of data and evaluations during the previous strategic plan.

However, there are currently no dashboards for the Countywide Augmentation programs or Countywide Investments, such as Resource Mobilization and Policy. Dashboards should be created for, or at least include, all First 5 LA programs; presented to the Board on a regular basis; and easily accessible on First 5 LA’s website.

The fact that the Countywide Investments include multiple communities may present a challenge for comparing the target population served to the rest of the County and/or population not served. First 5 LA should then consider developing an alternative dashboard, similar to those presented by First 5 San Diego. As previously mentioned, First 5 San Diego’s dashboards include the strategic goals, strategic plan objectives and annual targets. The annual targets for First 5 LA should include the collective target for all grantees within each initiative, based on the targets specified in each grantee or contractors scope of work in their agreements. A separate report should also be included highlighting grantees or contractors that have been underperforming. Such organizations should be available for questions and discussion at Commission meetings, as is the case with First 5 San Diego.

Collection of Data

Data used for First 5 LA research and evaluation may be provided to the agency by individual grantees, collected by independent professional services contractors, or obtained through other County databases, such as specific health outcomes for children and their families. However, the method for collecting data from individual grantees is inconsistent across initiatives.

First 5 LA has an electronic data system called the Data Collection Analysis and Reporting (DCAR) system for grantees to input data, which is then used to complete the Annual Evaluation Report to First 5 California. In addition, this data is used to complement the data on outcomes collected by independent professional services contractors as part of comprehensive evaluations. However, use of DCAR is not available for all of the First 5 LA grantees, but only for those in the School Readiness Initiative, Family Literacy, Partnerships for Families, and Healthy Births initiatives. The Best Start LA pilot community also has limited access to DCAR.

For all other grantees, the Research and Evaluation Department must rely on the semi-annual or annual performance evaluation reports provided by grantees to their Program Officers to manually input the number of people served into the State's web tool for completing the Annual Evaluation Report to First 5 California. The two-method process for collecting data from grantees differs from the processes of other First 5 Commissions. For example, San Diego and San Francisco Counties require *all* grantees and contractors to input data in their respective electronic database systems.

According to the Research and Evaluation Department, DCAR has technical limitations and cannot be used to the full capacity that the agency would like for understanding the impact of First 5 LA's programs. In particular, the system cannot be used to collect and report on desired data for the new Countywide Augmentation programs and place-based strategies. For example, an evaluation of the Best Start LA Pilot Community, conducted by the Urban Institute and the University of California, Los Angeles, found that DCAR does not produce useful program management information, does not support scheduling, and cannot provide the addresses of clients. Additionally, DCAR cannot provide links with birth records for the Universal Assessment program so that First 5 LA can identify risk status at birth.

The Department is currently conducting an Information Assessment and developing an agency-wide Technology Plan through a competitively selected contractor. These activities are part of First 5 LA's Data System Integration strategy. First 5 LA management should ensure that the Technology Plan includes the purchase and development of an electronic system that allows *all* grantees to input both output and outcome data online so that data from grantees could be collected consistently and efficiently and used in a more efficient way to (a) assemble the Annual Evaluation Reports to First 5 California and (b) complement the data used for more comprehensive evaluations.

Conclusions

First 5 LA has not developed a clear structure for the development of research and evaluation for the recently approved Countywide Augmentation programs. This contrasts with the approval of a framework for evaluation and specific activities related to the evaluation of initiatives from the old strategic plan and place-based strategies, which included feedback from Commissioners, and the development of the purpose, goals, and timelines for each research project or activity. Further, evaluation information is not compiled or reported on a comprehensive agency-wide basis to enable the Board of Commissioners to assess overall agency progress in accomplishing its goals each year.

Despite various reporting mechanisms, First 5 LA lacks a process for consistently disseminating the results of research and evaluation projects to the Board of Commissioners and other stakeholders in a format that allows the information to be adequately used for making policy decisions and process improvement. For example, grantees are not able to use data they submit through performance evaluations for obtaining best practices and process improvement, and First 5 LA has not implemented dashboards for all of its programs and initiatives.

Unlike First 5 agencies in other counties, input of data through an electronic system for use in performance evaluations, the Annual Evaluation report to First 5 California, and comprehensive evaluations is not available to all grantees. However, other First 5 Commissions, such as San Diego and San Francisco, require all grantees to submit data electronically. Further, First 5 LA's electronic system is limited in its ability to report on data and outcomes that are part of First 5 LA's long-term data needs.

Recommendations

The First 5 LA Board of Commissioners should:

- 6.1 Direct management to develop policies and procedures for a standardized approach to the development and approval of research and evaluation for all new programs that include: (a) the vehicle(s) by which Commissioners may provide feedback in the development of research and evaluation projects prior to formal approval by the entire Board of Commissioners; and, (b) a requirement that all research and evaluation project proposals include the purpose, expected learning outcomes, list of specific activities, and timelines for each activity or phase of the project, prior to approval.
- 6.2 Direct management to implement the use of annual dashboard reports that incorporate regularly reported output and outcome data from all grantees, contractors, and community partners. Implementation should include written policies and procedures that: (a) require that a compilation of the dashboard data be presented to the Board of Commissioners to provide an annual assessment of agency-wide performance; (b) require the dashboards to be displayed online and easily accessible by various stakeholders; (c) include an additional report on grantees or contractors that have been underperforming; and, (d) require such grantees and contractors to be available

for questions and discussion during the presentation of the dashboards at Commission meetings.

- 6.3 Direct management to implement the Data Systems Integration strategy and ensure that it includes the purchase and development of an electronic system that allows *all* grantees to input both output and outcome data online so that data from grantees could be collected consistently and efficiently and used in a more efficient way to: (a) assemble the Annual Evaluation Reports to First 5 California; and, (b) complement the data used for more comprehensive evaluations. Further, this data should be accessible to key stakeholders, including grantees to facilitate sharing of best practices and process improvement.

Costs and Benefits

Implementation of the recommendations would increase the availability and transparent use of research and evaluation for making critical policy decisions related to First 5 LA's Strategic Plan as well as facilitating program and process improvement. While the development of written policies and procedures will require staff time initially, workload efficiencies will be realized once approving research and evaluations, collecting data and reporting processes become more formalized and systematic. It is uncertain if completion of the Data Systems Integration strategy will require more than the \$1,090,000 in funds approved by the Board of Commissioners for FY 2011-12.

First 5 County Financials

Appendix A

	Alameda*	Fresno	Kern	Los Angeles	Orange	Riverside	San Bernardino	Sacramento	San Diego	San Francisco	Santa Clara
FY 2007-08											
Revenues	\$24,885,440	\$17,913,455	\$12,728,530	\$178,891,645	\$50,318,853	\$31,356,068	\$34,086,796	\$22,922,102	\$52,281,222	\$20,315,881	\$31,519,436
Expenditures	\$24,792,220	\$21,283,013	\$13,873,758	\$139,586,539	\$59,600,292	\$25,360,695	\$28,495,362	\$18,293,515	\$44,256,770	\$18,221,341	\$34,092,666
Assets	\$55,513,945	\$55,979,850	\$25,078,740	\$919,828,891	\$156,342,066	\$65,285,878	\$107,631,202	\$109,191,851	\$207,506,105	\$38,347,076	\$94,416,585
Liabilities	\$1,635,595	\$15,450,336	\$2,896,132	\$37,795,370	\$14,149,487	\$3,835,266	\$8,374,824	\$5,025,409	\$10,846,873	\$4,732,669	\$7,500,707
Reserved	\$18,498,773	\$33,252,955	\$17,217,919	\$609,336,839	\$83,940,449	\$12,854,638	\$38,621,848	\$25,352,670	\$105,519,111	\$3,085,708	\$1,630,502
Unreserved	\$35,379,617	\$7,276,559	\$4,964,689	\$272,696,682	\$58,252,130	\$48,595,974	\$60,634,530	\$78,929,719	\$91,140,176	\$30,528,699	\$85,285,376
Undesignated	\$6,601,440		-\$35,311			\$5,832,046	\$30,348,026	\$16,267,322		\$16,701,496	\$35,076,882
Fund Balance total	\$53,878,350	\$40,529,514	\$22,182,608	\$882,033,521	\$142,192,579	\$61,450,612	\$99,256,378	\$104,282,389	\$196,659,287	\$33,614,407	\$86,915,878
Liabilities & FB total	\$55,513,945	\$55,979,850	\$25,078,740	\$919,828,891	\$156,342,066	\$65,285,878	\$107,631,202	\$109,185,493	\$207,506,160	\$38,347,076	\$94,416,585
Fund Balance July 1	\$53,785,130	\$43,899,072	\$21,963,303	\$846,499,424	\$151,474,018	\$55,985,328	\$93,664,944	\$99,547,863	\$187,746,785	\$31,519,867	\$89,489,108
Fund Balance June 30	\$53,878,350	\$40,529,514	\$22,182,608	\$882,033,521	\$142,192,579	\$61,450,612	\$99,256,378	\$104,166,442	\$196,659,287	\$33,614,407	\$86,915,878
Fund Balance % Expends	217.32%	190.43%	159.89%	631.89%	238.58%	242.31%	348.32%	570.05%	444.36%	184.48%	254.94%
Fund Balance % Revs	216.51%	226.25%	174.27%	493.05%	282.58%	195.98%	291.19%	454.94%	376.16%	165.46%	100.00%
Fund Balance % Assets	97.05%	72.40%	88.45%	95.89%	90.95%	94.13%	92.22%	95.50%	94.77%	87.66%	1193.08%
Reserved % Fund Balance	34.33%	82.05%	77.62%	69.08%	59.03%	20.92%	38.91%	24.31%	53.66%	9.18%	5330.62%
FY 2008-09											
Revenues		\$13,589,072	\$12,285,155	\$166,292,312	\$50,318,853	\$30,305,483	\$32,536,553	\$19,941,452	\$48,879,517	\$21,108,435	\$29,302,704
Expenditures		\$19,929,204	\$12,274,072	\$171,191,151	\$59,600,292	\$28,136,405	\$32,071,474	\$18,177,891	\$48,534,159	\$23,076,888	\$37,960,165
Assets		\$48,208,511	\$25,497,235	\$921,324,555	\$156,342,066	\$67,122,280	\$106,317,660	\$111,052,816	\$209,232,609	\$40,033,250	\$86,318,667
Liabilities		\$11,459,960	\$2,631,467	\$46,053,920	\$14,149,487	\$3,502,590	\$6,596,203	\$5,160,891	\$14,346,873	\$8,387,296	\$8,060,250
Reserved		\$30,450,166	\$17,792,980	\$417,075,190	\$83,940,449	\$14,875,228	\$31,882,024	\$32,689,448	\$95,125,517	\$3,826,031	\$1,217,151
Unreserved		\$6,298,385	\$5,093,202	\$458,195,445	\$58,252,130	\$49,744,462	\$67,839,433	\$73,337,463	\$99,760,212	\$27,819,923	\$77,041,266
Undesignated			\$93,202			\$22,453,409	\$36,491,519	\$44,791,517		\$15,545,423	\$37,188,195
Fund Balance total		\$36,748,551	\$22,886,182	\$875,270,635	\$142,192,579	\$63,619,690	\$99,721,457	\$106,026,911	\$194,885,729	\$31,645,954	\$78,258,417
Liabilities & FB total		\$48,208,511	\$25,449,425	\$921,324,555	\$156,342,066	\$67,122,280	\$106,317,660	\$111,034,496	\$209,232,609	\$40,033,250	\$86,318,667
Fund Balance July 1		\$40,529,514	\$22,182,608	\$882,033,521	\$151,474,018	\$61,450,612	\$99,256,378	\$104,166,442	\$196,659,287	\$33,614,407	\$86,915,878
Fund Balance June 30		\$36,748,551	\$22,886,182	\$875,270,635	\$142,192,579	\$63,619,690	\$99,721,457	\$105,891,925	\$194,885,729	\$31,645,954	\$78,258,417
Fund Balance % Expends		184.40%	186.46%	511.28%	238.58%	226.11%	310.94%	583.27%	401.54%	137.13%	206.16%
Fund Balance % Revs		270.43%	186.29%	526.34%	282.58%	209.93%	306.49%	531.69%	398.71%	149.92%	267.07%
Fund Balance % Assets		76.23%	89.76%	95.00%	90.95%	94.78%	93.80%	95.47%	93.14%	79.05%	90.66%
Reserved % Fund Balance		82.86%	77.75%	47.65%	59.03%	23.38%	31.97%	30.83%	48.81%	12.09%	1.56%

First 5 County Financials

Appendix A

	Alameda*	Fresno	Kern	Los Angeles	Orange	Riverside	San Bernardino	Sacramento	San Diego	San Francisco	Santa Clara
FY 2009-10											
Revenues	\$21,448,637	\$15,171,028	\$12,625,470	\$145,980,090	\$36,305,503	\$26,869,183	\$26,666,280	\$18,102,245	\$41,027,298	\$24,696,487	\$25,832,991
Expenditures	\$24,727,388	\$18,600,138	\$12,087,440	\$168,232,317	\$56,088,242	\$30,264,106	\$26,750,802	\$27,355,561	\$59,163,850	\$23,349,873	\$26,479,973
Assets (Balance Sheet)	\$50,127,718	\$40,196,096	\$25,916,654	\$894,705,849	\$125,082,618	\$64,135,220	\$105,340,828	\$104,615,432	\$194,155,361	\$47,022,204	\$84,393,694
Liabilities (Balance Sheet)	\$2,968,961	\$6,876,655	\$2,512,856	\$22,064,904	\$22,343,741	\$3,953,783	\$5,703,893	\$7,976,823	\$17,406,184	\$14,029,636	\$6,782,259
Reserved	\$16,219,925	\$28,455,879	\$17,074,125	\$337,799,564	\$70,236,832	\$26,796,805	\$34,114,057	\$46,344,124	\$156,499,713	\$974,708	\$62,865,627
Unreserved	\$30,938,832	\$4,862,562	\$6,344,188	\$510,977,846	\$32,502,045	\$33,384,632	\$65,522,878	\$50,552,466	\$20,249,464	\$32,017,860	\$14,745,808
Undesignated	\$3,203,593		\$1,344,188		\$0	\$112,118	\$33,826,149	\$10,520,122	\$0	\$17,952,017	\$0
Fund Balance total	\$47,158,757	\$33,319,441	\$23,418,313	\$848,777,410	\$102,738,877	\$60,181,437	\$99,636,935	\$96,896,590	\$176,749,177	\$32,992,568	\$77,611,435
Liabilities & FB total	\$50,127,718	\$40,196,096	\$25,860,941	\$894,705,849	\$125,082,618	\$64,135,220	\$105,340,828	\$104,601,609	\$194,155,361	\$47,022,204	\$84,393,694
Fund Balance July 1	\$50,437,508	\$36,748,551	\$22,886,182	\$894,893,172	\$122,521,616	\$63,576,360	\$99,721,457	\$105,891,925	\$194,885,729	\$31,645,954	\$78,258,417
Fund Balance June 30	\$47,158,757	\$33,319,441	\$23,418,313	\$872,640,945	\$102,738,877	\$60,181,437	\$99,636,935	\$96,638,609	\$176,749,177	\$32,922,568	\$77,611,435
% Change Fund Balance	6.95%	10.29%	-2.27%	2.55%	19.26%	5.64%	0.08%	9.58%	10.26%	-3.88%	0.83%
Fund Balance % Expend	190.7%	179.1%	193.7%	504.5%	183.2%	198.9%	372.5%	354.2%	298.7%	141.3%	293.1%
Fund Balance % Revs	219.9%	219.6%	185.5%	581.4%	283.0%	224.0%	373.6%	535.3%	430.8%	133.6%	300.4%
Fund Balance % Assets	94.1%	82.9%	90.4%	94.9%	82.1%	93.8%	94.6%	92.6%	91.0%	70.2%	92.0%
Reserved % Fund Balance	34.4%	85.4%	72.9%	39.8%	68.4%	44.5%	34.2%	47.8%	88.5%	3.0%	81.0%

*FY 2008-09 fiscal data was not provided by Alameda County

Sources: CAFRs, each First 5 Commission. Balance Sheets and Statements of Revs, Exps and Changes in Fund Balance

First 5 County Commission Structures

The table below contains the latest information available to the First 5 Association regarding which County Commissions are structured as county agencies and which are independent public entities, along with information on their composition. (Please note that some Independent Commissions have adopted a hybrid model by contracting with their county to receive various services.) All Commissions include a member of the Board of Supervisors. Commissions vary in the number of county department representatives. *Rev. 1/3/10*

County	Legal Status	# of Commissioners	# of Alternates	# of County Dept. Reps	Current Chair is from Board of Sups. (1= Yes)	Supervisor must be Chair (1= Yes)
Alameda	Independent	9	0	3	0	0
Alpine	Independent	9	0	3	0	0
Amador	Independent	7	0	2	0	0
Butte	County agency	9	0	5	0	0
Calaveras	County agency	7	1	2	0	0
Colusa	County agency	5	0	3	1	0
Contra Costa	Independent	9	9	4	0	0
Del Norte	Independent	5	0	3	0	0
El Dorado	County agency	7	0	2	0	0
Fresno	Independent	9	0	6	1	0
Glenn	County agency	7	0	4	0	0
Humboldt	Independent	9	0	3	0	0
Imperial	County Agency	9	0	2	0	0
Inyo	County agency	7	0	2	0	0
Kern	Independent	9	0	3	0	0
Kings	County agency	9	0	4	0	0
Lake	County agency	9	1	2	0	0
Lassen	Independent	9	0	1		
Los Angeles	Independent	9	4	3		
Madera	County Agency	5	0	2	1	1
Marin	Independent	9	0	2	0	0
Mariposa	County agency	7	0			
Mendocino	Independent	9	0	3	0	0
Merced	County agency	7	0	4		
Modoc	County agency	9	0	3	0	0
Mono	County agency	5	0	3	0	0
Monterey	Independent	7	0	2	0	0
Napa	Independent	9	0	3	0	0

County	Legal Status	# of Commissioners	# of Alternates	# of County Dept. Reps	Current Chair is from Board of Sups. (1= Yes)	Supervisor must be Chair (1= Yes)
Nevada	Independent	5	5	3	0	0
Orange	Independent	9	0			
Placer	County agency	7	0	3		
Plumas	Independent	9	0	2	0	0
Riverside	County agency	9	1	4	0	0
Sacramento	County agency	7	7	3	1	1
San Benito	County agency	9	0	3	0	0
San Bernardino	County agency	7	0	3	1	0
San Diego	County agency	5	0	2	1	1
San Francisco	County agency	9	0	3	0	0
San Joaquin	County agency	9	0	3	0	0
San Luis Obispo	Independent	9	0	3	1	0
San Mateo	County agency	9	0	4	0	0
Santa Barbara	County agency	9	4	5	0	0
Santa Clara	Independent	9	0	2	0	0
Santa Cruz	Independent	7	0	2	0	0
Shasta	Independent	7	0	4	0	0
Sierra	Independent	6	0	2	0	0
Siskiyou	County agency	7	0			
Solano	County agency	9	0	5	0	0
Sonoma	County agency	7	0	2	0	0
Stanislaus	County agency	9	0	4	0	0
Sutter	Independent	9	0	5	1	1
Tehama	Independent	9	0	3	0	0
Trinity	County agency	9	0	4	0	0
Tulare	Independent	7	0	3	0	0
Tuolumne	County agency	7	0	3	0	0

County	Legal Status	# of Commissioners	# of Alternates	# of County Dept. Reps	Current Chair is from Board of Sups. (1= Yes)	Supervisor must be Chair (1= Yes)
Ventura	Independent	9	0	2	0	
Yolo	County agency	9	1	4	1	1
Yuba	County agency	5	0			
Total					9	5

Source: First 5 Association

First 5 Board of Commissioner Details

County	Legal Status	# of Voting Commissioners	Commissioner Organization Affiliation
Alameda	Independent	9	<ul style="list-style-type: none"> • Associate Director of Medical Education , Oakland Children's Hospital & Research Center • President, All Pro Promotions Company • Deputy Director, Alameda Health Care Services Agency • Expert, child and family policy and programs • Internal medicine physician, Palo Alto Medical Clinic, Fremont Center • Supervisor, District 5, Alameda Board of Supervisors
Fresno	Independent	9	<ul style="list-style-type: none"> • Deputy Director Fresno County Children and Families Services • Director, Department of Children and Family Services • Director of Development, Fresno Philharmonic Association • Medical Social Worker, Fresno Community Regional Medical Center • Executive Director, Radio Bilingüe • Assistant Clinical Professor, UCSF-Fresno Family Practice program • Chief Business Officer, Fresno Unified School District • Director and Health Officer, Fresno County Department of Community Health • Supervisor, District 2, Fresno Board of Supervisors
Kern	Independent	9	<ul style="list-style-type: none"> • Director of Special Events, San Joaquin Community Hospital • Superintendent, Cuyama Joint Unified School District • Community advocate • Director, Department of Human Services • Health Officer, Department of Public Health • Coordinator, Kern River Valley Family Resource Center • Retired School District Superintendent • Director, Department of Mental Health • Supervisor, 5th District, Kern Board of Supervisors
Los Angeles	Independent	9	<ul style="list-style-type: none"> • Director, Department of Public Health • Advocate, Asian and Pacific Islander community • President, World of Communications, Inc. • Co-Director, UCLA Center for Healthier Children, Families and Communities • Principal, ADM Consulting • Director, Department of Mental Health • Representative, LA County Office of Education • Co-Director, UCLA Kaiser Permanente Center for Health Equity • Supervisor, 5th District, Los Angeles Board of Supervisors

First 5 Board of Commissioner Details

County	Legal Status	# of Voting Commissioners	Commissioner Organization Affiliation
Orange	Independent	9	<ul style="list-style-type: none"> • Retired Superintendent, Anaheim City School District • Supervisor, District 3, Orange County Board of Supervisors • President and CEO, Children's Hospital of Orange County • Chief Deputy Director, Social Services Agency • Partner, Hewitt Wolenski, LLP • Children's Advocate • Vice President of Medical Affairs, Children's Hospital of Orange County • Director, County Health Care Agency • Health Services Consultant, Irvine Unified School District • Supervisor, District 3, Orange County Board of Supervisors
Riverside	County agency	9	<ul style="list-style-type: none"> • Director, Public Social Services • Interim SELPA Director, Moreno Valley Unified School District • Early Childhood Education Associate Dean, Riverside Community College • Children Services Unit Director, Riverside County Office of Education • Indio City Council Member • CEO, Regional Access Project Foundation • School District Representative, Nuview Union School District • Director, Community Health Agency • Supervisor, District 1, Riverside County Board of Supervisors
Sacramento	County agency	7	<ul style="list-style-type: none"> • Sacramento County Health Officer • Director, Sacramento County Countywide Services Agency • Member, Community Medical Organization • Member, Community Based Organization • Member, Education Field • Member of the Sacramento Community • Supervisor, District 1, Sacramento County Board of Supervisors

First 5 Board of Commissioner Details

County	Legal Status	# of Voting Commissioners	Commissioner Organization Affiliation
San Bernardino	County agency	7	<ul style="list-style-type: none"> • Assistant County Administrator, Human Services System • Chairman of the Dept. for Women’s Health, Arrowhead Regional Medical Center • Director of Quality Assurance, Lanterman Developmental Center • Licensed Clinical Social Worker, Dept. of Corrections and Rehabilitation • Public Health Officer, San Bernardino County • Retired Teacher • Supervisor, District 5, San Bernardino County Board of Supervisors
San Diego	County agency	5	<ul style="list-style-type: none"> • Executive Director, Light for Life Foundation of Southern California • CEO, Children's Initiative • Director, Health and Human Services Agency • Deputy Health Officer, Health and Human Services Agency • Supervisor, District 3, San Diego County Board of Supervisors
San Francisco	County agency	9	<ul style="list-style-type: none"> • Psychologist Clinical Director, California Pacific Medical Center • Program Manager, Child Care Policy and Planning Department of Human Services • Pediatrician, Medical Educator, UCSF Department of Pediatrics • Director, Department of Children, Youth and their Families • Director, Maternal, Child, and Adolescent Health, Department of Public Health • Psychiatric Social Worker, Program Director, San Francisco Chinatown Child Development Center • Supervisor, District 1, San Francisco Board of Supervisors

First 5 Board of Commissioner Details

County	Legal Status	# of Voting Commissioners	Commissioner Organization Affiliation
Santa Clara	Independent	9	<ul style="list-style-type: none">• Executive Director, Children’s Pre-School Center in Palo Alto• Director of Public Relations and Fund Development, Rebekah Children’s Services• Third grade teacher and member of the Milpitas Unified School Board of Education• Community activist and registered nurse• Bay Area Executive Director, EMQ FamiliesFirst• Director, Public Health Director• Acting Director, Social Services Agency• CEO, FIRST 5 Santa Clara County• Supervisor, District 4, Santa Clara Board of Supervisors

Source: First 5 Association of California, First 5 County agency websites and staff.

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
AB109 Exception						
Altmayer Consulting Inc.	LAUP	7/1/10	12/31/10	\$24,890	\$33,810	-\$8,920
Chapin Hall Center for Children	IPA	3/1/10	2/29/12	52,830	80,345	(27,515)
Julie Tugend	Facilitator	10/12/10		8,000	7,950	50
Walden Philanthropy Advisor, Inc.	IPA	8/16/09	3/31/11	39,300	39,025	275
Altmayer Consulting Incorporated	Commissioners' Proposals for Countywide Investments	10/25/10	9/30/11	11,200	12,585	(1,385)
Altmayer Consulting Incorporated	211 - Performance Based Contract	7/1/10	6/30/11	50,160	37,420	12,740
Cause Communications	Resource Mobilization - Information Sharing/Relationship Building	1/18/11	12/31/11	25,000	12,500	12,500
Diana Marie Lee	Commissioners' Proposals for Countywide Investments	10/25/10	1/31/11	4,975	4,350	625
Diana Marie Lee	PBI-CcapBuild - CCB	2/1/10	6/30/11	269,325	150,227	119,098
Focali Consulting LLC	Commissioners' Proposals for Countywide Investments	10/28/10	1/31/11	16,500	15,016	1,484
Hershey Associates	Public Affairs - Commissioners' Proposals for Countywide Investments	10/27/10	1/31/11	12,000	11,138	862
Macias Gini & O'Connell LLP	School Readiness Initiative	7/9/10	6/30/11	15,000	10,675	4,325
Public News Service	Public Affairs - News Service for Non-Profits	3/1/10	2/29/12	5,250	5,250	0
SPSS Inc. Headquarters	SPSS Regression: 1 license software	3/29/09	3/22/15			0
University of Southern California	PFF	7/1/10	9/30/11	931,208	96,681	834,527
WestEd (CSEFEL Contractor)	School Readiness Initiative	1/18/10	6/30/11	334,249	180,338	153,911
Altmayer Consulting, Inc.	Development of Workforce Performance Based Contracts	5/12/2011	5/11/2012	24,790	7,355	17,435
Los Angeles Universal Preschool	CARES Plus	5/31/2011	6/30/2011	155,548	2,000	153,548

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Media Planet Publishing, Inc.	Advertisement - Special Report entitled Vaccines and Immunizations.	10/12/2010	11/11/2010	12,640	12,640	0
The Center for the Study of Social Policy	LA Neighborhoods Revitalization Workgroup	2/1/2011	5/31/2011	20,000	19,459	541
20			Sub Total	2,012,865	738,764	1,274,101
Board of Supervisors Approved						
County of Los Angeles Public Library	Family Place Library	4/1/09	3/31/14	139,262	114,502	24,760
City of Long Beach (DHHS)	Black Infant Health	10/1/09	6/30/14	172,964	222,024	(49,060)
City of Pasadena Public Health Department	Black Infant Health	10/1/09	6/30/14	172,964	182,474	(9,510)
County of Los Angeles-Department of Public Health	Black Infant Health	10/1/09	6/30/14	816,058	795,352	20,706
4			Sub Total	1,301,248	1,314,352	(13,104)
Executive Director Approved						
First 5 Association of California (SCALAR Project)	SCALAR- Research Partnership with First 5 Southern California Regions	6/18/10	6/30/15	25,000	25,000	25,000
1			Sub Total	25,000	25,000	25,000
No Approval Required: Less than \$5,000 per year						
Allan Video Productions (Cleon Allan)	School Readiness Evaluation	10/4/10	6/30/11	4,975	1,642	3,333
Applied Survey Research	UPCOS Phase III (Proxy Measures Study)	7/15/10	6/30/11	1,500	1,500	0
Burrellesluce	Public Affairs - Media coverage tracking service (\$110 monthly fee + \$1.20 per clip fee)	10/31/08	10/30/11	1,320	0	1,320
eNR Services, Inc. (Engage 121)	Public Affairs -Media Contact and News Release Distribution Service	1/28/10	1/27/12	1,595	1,595	0
Imagistic	Public Affairs - Maint & tech services for the First5LA.org web	10/11/10	9/30/14	4,900	2,669	2,231
RM Acquisition, LLC dba Rand McNally	Mapping software	9/1/10	5/24/15	3,293	3,293	0
State Net	Public Affairs - Legislative Bill Monitoring Online	4/24/07	1/31/12	1,650	1,650	0
Letra Nova Communications	Freelance Writing for Public Affairs	12/1/2009	5/1/2010	4,950	4,425	525

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Nancy Wride	Freelance Writing for Public Affairs	1/5/2010	6/12/2010	4,000	2,000	2,000
Vicki Cho Estrada	Freelance Writing for Public Affairs	12/1/2009	5/3/2010	4,950	2,500	2,450
10			Sub Total	33,133	21,274	11,859
Pre-AB109						
County of Los Angeles- Department of Public Health	Healthy Kids	7/1/2003*	6/30/15	3,972,049	3,811,350	160,699
L.A. Care Health Plan	Healthy Kids	7/1/2003*	6/30/15	12,960,000	2,200,926	10,759,074
Los Angeles Universal Preschool	LAUP	7/1/2004*	6/30/16	51,693,881		51,693,881
3			Sub Total	68,625,930	6,012,276	62,613,654
Research/Data Partnership						
The Advancement Project	Los Angeles County P-5 Asset Mapping	7/2/09	6/30/15	431,850	252,205	179,645
1			Sub Total	431,850	252,205	179,645
Request for Proposal (RFP)						
Information and Referral Federation of Los Angeles County, Inc.	211	7/1/06	6/30/12	1,746,183	1,447,995	298,188
Parent Anonymous Inc.	Best Start	11/15/09		74,877	94,979	(20,102)
The Urban Institute	Best Start	10/29/09		1,065,672	432,466	633,206
AHMC Monterey Park Hospital LP dba Monterey Park Hospital	Best Start- Baby Friendly Hospital	7/1/10	6/30/14	114,971	111,738	3,233
AHMC: San Gabriel Valley Medical Center, LP	Best Start- Baby Friendly Hospital	6/15/10	6/14/14	200,722	101,146	99,576
Alliance for a Better Community	COF - Cycle 3	3/1/10	6/30/15	260,861	164,569	96,292
Andrew J. Wong Inc.	First 5 LA DCAR sites	1/1/08	6/30/11	313,075	306,044	7,031
Antelope Valley Partners for Health	HB - Healthy Births	10/1/05	12/31/11	428,220	430,929	(2,709)
Asian and Pacific Islander Obesity Prevention Alliance (APIOPA)	COF - Cycle 3	3/1/10	6/30/15	133,333	24,177	109,156
Bellflower Unified School District	School Readiness Initiative	2/1/04	6/30/11	361,564	375,133	(13,569)
Bienvenidos Children's Center, Inc.	PFF -Partnership for Families	2/1/06	12/31/11	1,476,498	1,397,902	78,596
Bienvenidos Children's Center, Inc.	COF - Cycle 1	7/1/08	6/30/11	23,181	26,876	(3,695)
Bienvenidos Children's Center, Inc.	School Readiness Initiative	2/1/04	6/30/11	490,203	492,265	(2,062)
Boys & Girls Clubs of the South Bay	HSR	7/25/08	6/30/12	199,947	186,468	13,479

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Boys and Girls Club of Antelope Valley (fiscal agent = LACOE)	FL - Family Literacy	10/1/05	5/31/12	112,500	156,689	(44,189)
Breastfeeding Task Force of Greater LA	COF - Cycle 2	3/1/09	2/28/14	112,969	97,012	15,957
California Center for Public Health Advocacy	COF - Cycle 1	7/1/08	6/30/13	96,030	116,874	(20,844)
California Healthcare West	COF - Cycle 1	7/1/08	6/30/13	104,148	101,133	3,015
California Healthy Marriages Coalition	COF - Cycle 4	9/1/10	6/30/13	89,015	17,716	71,299
California Hospital Medical Center	Best Start- Baby Friendly Hospital	7/1/09	6/30/14	121,463	120,049	1,414
California Hospital Medical Center Foundation	FL - Family Literacy	7/1/05	6/30/12	90,000	99,394	(9,394)
California Hospital Medical Center Foundation	School Readiness Initiative	12/1/02	6/30/11	1,051,991	1,007,824	44,167
California Hospital Medical Center Foundation (TA Provider)	HB - Healthy Births	7/1/08	12/31/11	749,999	875,150	(125,151)
Carollo Engineering	OHCD	9/1/08	8/31/13	268,993	30,644	238,349
Catholic Healthcare West (dba California Hospital Medical Center)	COF - Cycle 1	7/1/08	6/30/11	13,817	19,448	(5,631)
Catholic Healthcare West dba California Hospital Medical Center	Best Start LA Metro Welcome, Baby!	3/13/09	6/30/14	2,207,665	2,294,465	(86,800)
Center for Nonviolent Education and Parenting	COF - Cycle 2	3/1/09	2/29/12	51,743	56,367	(4,624)
Center for the Study of Social Policy, Inc. (TA Provider)	PFF -Partnership for Families	1/1/08	12/31/10	507,102	301,881	205,221
Child and Family Center	COF - Cycle 4	9/1/10	6/30/13	56,251	43,738	12,513
Child and Family Guidance Center	School Readiness Initiative	2/1/04	6/30/11	264,275	282,041	(17,766)
Child Care Information Service	COF - Cycle 2	3/1/09	6/30/11	35,085	35,085	0
Child Care Resource Center	COF - Cycle 4	9/1/10	6/30/13	66,295	52,114	14,181
Child Care Resource Center	School Readiness Initiative	2/1/04	6/30/11	1,200,764	1,385,252	(184,488)
Child Development Consortium of Los Angeles	COF - Cycle 4	9/1/10	6/30/13	46,844	37,243	9,601
Child Development Institute	COF - Cycle 4	9/1/10	6/30/13	150,000	80,701	69,299
Children's Bureau of Southern California	FFN- Family Friends and Neighbors	6/1/07	12/31/11	200,000	210,979	(10,979)

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Children's Bureau of Southern California	PFF -Partnership for Families	2/1/06	12/31/11	1,807,592	1,688,467	119,125
Children's Bureau of Southern California	School Readiness Initiative	3/1/2003*	6/30/11	962,451	855,022	107,429
Childrens Hospital Los Angeles	COF - Cycle 3	4/1/10	6/30/15	161,353	52,574	108,779
Children's Institute, Inc.	ARRA	3/1/10	9/30/11	136,840	61,074	75,766
Children's Institute, Inc.	School Readiness Initiative	2/1/04	6/30/11	456,008	431,927	24,081
Citrus Valley Health Partners	HB - Healthy Births	7/1/08	12/31/11	530,000	520,347	9,653
City of Long Beach	HB - Healthy Births	10/1/05	12/31/11	394,167	430,374	(36,207)
City of Santa Monica	OHCD	7/1/09	6/30/11	902,058	308,952	593,106
City of Torrance*	OHCD	3/1/09	6/30/12	124,120	0	124,120
Community Coalition for Substance Abuse Prevention & Treatment	COF - Cycle 2	3/1/09	2/28/14	106,387	109,171	(2,784)
Community Health Councils	COF - Cycle 4	9/1/10	6/30/13	75,000	44,430	30,570
Connections for Children	COF - Cycle 1	7/1/08	6/30/11	51,075	53,198	(2,123)
Counseling4Kids	COF - Cycle 2	3/1/09	8/31/11	41,245	30,090	11,155
Drew Child Development Corporation	School Readiness Initiative	2/1/04	6/30/11	1,179,331	1,170,352	8,979
East Los Angeles Doctors Hospital	Best Start- Baby Friendly Hospital	6/15/10	6/14/14	301,241	129,487	171,754
Eisner Pediatric & Family Medical Center	COF - Cycle 4	9/1/10	6/30/13	69,636	54,885	14,751
El Nido	ARRA	3/1/10	9/30/11	129,143	75,832	53,311
El Proyecto del Barrio	FFN- Family Friends and Neighbors	10/1/2005*	12/31/11	200,000	189,536	10,464
El Rancho Unified School District	School Readiness Initiative	2/1/04	6/30/11	711,508	608,603	102,905
Estrada Courts Resident Management Corporation	School Readiness Initiative	2/1/04	6/30/10	0	28,444	(28,444)
Exceptional Children's Foundation	COF - Cycle 4	9/1/10	6/30/13	69,059	37,479	31,580
Fairplex Child Development Center	FL - Family Literacy	10/1/05	12/31/11	90,000	72,374	17,626
FamiliesFirst, Inc. (d.b.a. Hollygrove)	COF - Cycle 4	9/1/10	6/30/13	42,180	20,847	21,333
Fenton Communications	Best Start LA Marketing and Communications Contractor -- Phase 1	1/19/10	6/30/12	1,037,740	983,246	54,494

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Fenton Communications	Best Start Marketing and Communications Contractor -- <i>Phase 2</i>	9/7/10	6/30/12	1,701,950	1,446,797	255,153
Foothill Family Service	COF - Cycle 1	7/1/08	6/30/11	23,329	23,477	(148)
Foothill Family Service	School Readiness Initiative	1/1/10	6/30/11	2,459,747	1,466,622	993,125
Franciscan Clinic, d.b.a. QueensCare Family Clinic	COF - Cycle 2	3/1/09	6/30/11	40,355	19,150	21,205
Free Arts for Abused Children	COF - Cycle 4	9/1/10	6/30/13	61,490	53,107	8,383
Friends of the Family	COF - Cycle 1	7/1/08	6/30/11	35,861	40,064	(4,203)
Great Beginnings for Black Babies, Inc.	COF - Cycle 3	3/1/10	6/30/15	176,498	12,189	164,309
Harbor Community Adult School	FL - Family Literacy	7/1/05	6/30/12	90,000	68,341	21,659
Harbor Community Adult School	FL - Family Literacy	7/1/05	12/31/11	90,000	72,044	17,956
Hathaway-Sycamores Child and Family Services	School Readiness Initiative	12/1/2003*	6/30/11	1,091,727	1,130,443	(38,716)
Hawthorne School District	FL - Family Literacy	7/1/05	12/31/11	90,000	94,692	(4,692)
Hillsides	COF - Cycle 4	9/1/10	6/30/13	53,409	35,262	18,147
Historic Filipinotown Health Network	COF - Cycle 3	3/1/10	6/30/15	123,521	91,546	31,975
Hollywood Presbyterian Medical Center	Best Start- Baby Friendly Hospital	7/1/10	6/30/14	194,482	22,700	171,782
Human Services Association	School Readiness Initiative	2/1/04	6/30/11	1,895,962	1,486,164	409,798
Huntington Park - Bell Community Adult School/Elizabeth Learning Center	FL - Family Literacy	7/1/05	6/30/12	90,000	87,524	2,476
INMED Partnerships for Children	COF - Cycle 1	7/1/08	6/30/11	14,657	28,773	(14,116)
Intercommunity Child Guidance Center	School Readiness Initiative	2/1/04	6/30/11	302,295	294,060	8,235
Intercommunity Child Guidance Center dba The Whole Child	COF - Cycle 4	9/1/10	6/30/13	56,163	42,757	13,406
International Institute of Los Angeles	School Readiness Initiative	2/1/04	6/30/11	294,496	306,187	(11,691)
Jumpstart for Young Children	COF - Cycle 4	9/1/10	6/30/13	50,000	42,221	7,779
Junior Blind of America	COF - Cycle 4	9/1/10	6/30/13	71,046	55,928	15,118
LACOE - Family Literacy Support Network (TA Provider)	FL - Family Literacy	7/1/06	6/30/12	800,000	781,067	18,933

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
LAUSD	ARRA	3/1/10	9/30/11	835,242	644,342	190,900
LAUSD - Garfield Community Adult School	FL - Family Literacy	10/1/05	6/30/12	90,000	72,453	17,547
Lawndale Elementary School District	School Readiness Initiative	12/1/02	6/30/11	1,062,908	1,242,093	(179,185)
Lennox Unified School District	School Readiness Initiative	12/1/02	6/30/11	1,961,596	1,303,684	657,912
Little Tokyo Service Center Community Development Corporation	FL - Family Literacy	7/1/05	12/31/11	90,000	93,587	(3,587)
Long Beach Day Nursery	COF - Cycle 1	7/1/08	6/30/11	50,000	46,327	3,673
Long Beach Early Childhood Education Committee	COF - Cycle 4	9/1/10	6/30/13	47,969	33,235	14,734
Long Beach Memorial Center: Miller Children's Hospital	COF - Cycle 2	3/1/09	2/29/12	71,273	60,215	11,058
Long Beach Unified School District	FL - Family Literacy	7/1/05	6/30/12	90,000	88,360	1,640
Long Beach Unified School District	FL - Family Literacy	10/1/05	6/30/12	90,000	103,055	(13,055)
Long Beach Unified School District	School Readiness Initiative	2/1/04	6/30/11	457,599	453,782	3,817
Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center	HB - Healthy Births	10/1/05	12/31/11	630,000	697,887	(67,887)
Los Angeles City College Foundation	HSR	7/25/08	6/30/12	199,002	212,703	(13,701)
Los Angeles Education Partnership	ARRA	3/1/10	9/30/11	358,390	188,190	170,200
Los Angeles Education Partnership	School Readiness Initiative	2/1/04	6/30/11	1,321,394	1,336,596	(15,202)
Los Angeles Gay and Lesbian Community Services Center	COF - Cycle 1	7/1/08	6/30/13	130,562	146,005	(15,443)
Los Angeles Unified School District	School Readiness Initiative		6/30/11	1,931,742	978,801	952,941
Los Angeles Unified School District	School Readiness Initiative	9/1/2003*	6/30/11	894,927	778,695	116,232
Los Angeles Unified School District	School Readiness Initiative	12/1/2003*	6/30/11	820,772	403,159	417,613
Los Angeles Unified School District	School Readiness Initiative	12/1/2003*	6/30/11	2,535,509	457,303	2,078,206
Los Angeles Unified School District	School Readiness Initiative	12/1/2003*	6/30/11	872,968	376,778	496,190
Los Angeles Unified School District	School Readiness Initiative	12/1/03	6/30/11	990,971	517,233	473,738
Los Angeles Unified School District	School Readiness Initiative	2/1/04	6/30/11	863,558	318,265	545,293

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Los Angeles Unified School District	School Readiness Initiative	2/1/04	6/30/11	1,123,856	584,694	539,162
Los Angeles Unified School District	School Readiness Initiative	3/22/06	6/30/11	960,044	413,425	546,619
Los Angeles Unified School District	Best Start Evaluation	12/15/10	6/30/11	62,326	0	62,326
Los Angeles Universal Preschool	LAUP		6/30/16	62,455,045	51,693,880	10,761,165
Los Angeles Valley College	HSR	7/25/08	6/30/12	209,821	212,558	(2,737)
Low Income Investment Fund	COF - Cycle 4	9/1/10	6/30/13	104,009	14,044	89,965
Maternal and Child Health Access	COF - Cycle 2	3/1/09	2/28/14	109,881	131,854	(21,973)
Mathematica Policy Research, Inc.	LAUP Eval Phase 4 of the Universal Preschool Child Outcomes Study	2/15/07	6/30/16	1,958,505	2,185,777	(227,272)
Mission City Community Network, Inc.	COF - Cycle 2	3/1/09	2/29/12	47,426	47,220	206
Mother's Club Community Center	FL - Family Literacy	7/1/05	12/31/11	90,000	101,975	(11,975)
Mother's Club Community Center, Inc.	COF - Cycle 1	7/1/08	6/30/11	50,000	45,143	4,857
Mountain View School District	School Readiness Initiative	2/1/04	6/30/11	858,848	600,417	258,431
North Valley Caring Services	FFN- Family Friends and Neighbors	6/1/07	12/31/11	200,000	231,969	(31,969)
North Valley Caring Services	FL - Family Literacy	10/1/05	6/30/12	90,000	121,887	(31,887)
Northeast Valley Health Corporation	HB - Healthy Births	7/1/08	12/31/11	530,000	529,049	951
Norwalk-La Mirada Unified School District	School Readiness Initiative	12/1/02	6/30/11	1,234,746	1,037,369	197,377
Para Los Ninos	PFF -Partnership for Families	2/1/06	12/31/11	1,488,731	1,851,124	(362,393)
Para Los Ninos	COF - Cycle 1	7/1/08	6/30/11	50,000	37,681	12,319
Para Los Ninos	School Readiness Initiative	2/1/04	6/30/11	303,989	284,324	19,665
Para Los Niños	Best Start LA Metro	3/16/09	6/30/15	2,129,792	785,487	1,344,305
Paramount Unified School District	School Readiness Initiative	2/1/04	6/30/11	539,902	537,931	1,971
Park Water	OHCD	1/1/09	12/31/11	250,700	3,136	247,564
Pathways LA	COF - Cycle 2	3/1/09	6/30/11	43,168	48,700	(5,532)
Pediatric Therapy Network	ARRA	3/1/10	9/30/11	34,756	155,898	(121,142)
People Coordinated Services of Southern California, Inc.	School Readiness Initiative	12/1/2003*	6/30/11	609,550	390,493	219,057

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Perinatal Advisory Council: Leadership, Advocacy & Consultation (PAC/LAC)	Best Start- Baby Friendly Hospital	3/23/09	9/30/14	270,415	125,893	144,522
Pomona Unified School District Child Development Program	School Readiness Initiative	2/1/04	6/30/11	915,079	466,915	448,164
Pomona Valley Hospital Medical Center	Best Start- Baby Friendly Hospital	7/1/10	6/30/14	193,174	188,995	4,179
Proyecto Pastoral at Dolores Mission	COF - Cycle 4	9/1/10	6/30/13	45,278	23,633	21,645
Reseda Community Adult School/Lemay Children's Center	FL - Family Literacy	7/1/05	12/31/11	90,000	73,852	16,148
Rio Hondo Community College District	HSR	7/25/08	6/30/12	195,660	181,148	14,512
Rowland Unified School District	FL - Family Literacy	7/1/05	12/31/11	90,000	7,794	82,206
Rowland Unified School District	FL - Family Literacy	10/1/05	12/31/11	90,000	33,195	56,805
Rowland Unified School District	School Readiness Initiative	12/1/03	6/30/11	915,816	717,067	198,749
SHIELDS for Families, Inc.	PFF -Partnership for Families	2/1/06	12/31/11	1,378,592	1,421,167	(42,575)
South Bay Center for Counseling	PFF -Partnership for Families	2/1/06	12/31/11	815,696	894,262	(78,566)
South Bay Center for Counseling	School Readiness Initiative	12/1/03	6/30/11	1,229,116	1,039,276	189,840
South Central LA Regional Center	COF - Cycle 2	3/1/09	2/29/12	48,338	51,757	(3,419)
South Central Los Angeles Ministry Project	COF - Cycle 4	9/1/10	6/30/13	87,672	26,164	61,509
South Central Los Angeles Ministry Project, Inc.	FL - Family Literacy	1/1/06	6/30/12	90,000	111,326	(21,326)
Southern California Indian Center Native American Collaborative	PFF -Partnership for Families	2/6/09	12/31/11	760,405	734,679	25,726
SPIRITT Family Services	PFF -Partnership for Families	2/1/06	12/31/11	1,250,270	1,255,091	(4,821)
St. Anne's	COF - Cycle 4	9/1/10	6/30/13	70,303	33,496	36,807
St. Anne's Maternity Home	FL - Family Literacy	10/1/05	12/31/11	90,000	112,404	(22,404)
St. John's Child and Family Development Center	PFF -Partnership for Families	2/1/06	12/31/11	566,336	593,141	(26,805)
St. John's Well Child and Family Center	HB - Healthy Births	10/1/05	12/31/11	630,000	624,692	5,308
St. John's Well Child and Family Center	HB - Healthy Births	7/1/08	12/31/11	530,000	480,084	49,916
St. John's Well Child and Family Center	School Readiness Initiative	2/1/04	6/30/11	933,094	917,727	15,367

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
St. John's Well Child and Family Center	School Readiness Initiative	5/1/06	6/30/11	770,994	727,867	43,127
St. John's Well Child and Family Center, Inc.	COF - Cycle 4	9/1/10	6/30/13	123,579	69,249	54,330
St. Mary Medical Center	Best Start- Baby Friendly Hospital	6/15/10	6/14/14	224,237	163,445	60,792
St. Mary's Medical Center Foundation	FFN- Family Friends and Neighbors	3/1/09	12/31/11	200,000	197,621	2,379
The Advancement Project	COF - Cycle 3	3/1/10	6/30/15	133,333	111,411	21,922
The Center for Non-Violent Education and Parenting	FFN- Family Friends and Neighbors	6/1/07	12/31/11	200,000	183,175	16,825
The Children's Center of the Antelope Valley	School Readiness Initiative	3/1/04	6/30/11	611,636	603,935	7,701
The Children's Collective, Inc.	FFN- Family Friends and Neighbors	6/1/07	12/31/11	200,000	204,979	(4,979)
The Children's Collective, Inc.	HSR	7/25/08	6/30/12	199,674	197,118	2,556
The Children's Law Center of Los Angeles	COF - Cycle 4	9/1/10	6/30/13	37,363	27,180	10,183
The Early Childhood Parenting Center	COF - Cycle 4	9/1/10	6/30/13	23,454	18,235	5,219
The Help Group Child and Family Center	PFF -Partnership for Families	2/1/06	12/31/11	1,109,384	1,077,011	32,373
The Institute of Cultural Affairs (TA Provider)	PFF -Partnership for Families	4/1/06	1/31/11	45,000	71,176	(26,176)
Vaughn Next Century Learning Center	School Readiness Initiative	12/1/02	6/30/11	436,601	438,367	(1,766)
Venice Family Clinic	ARRA	3/1/10	9/30/11	80,886	80,167	719
Vista del Mar Child & Family Services	ARRA	3/1/10	9/30/11	47,049	88,053	(41,004)
Vista del Mar Child & Family Services	School Readiness Initiative	2/1/04	6/30/11	436,189	380,701	55,488
Westside Children's Center	COF - Cycle 1	7/1/08	6/30/11	47,596	46,000	1,596
Westside Children's Center	School Readiness Initiative	2/1/04	6/30/11	447,314	493,227	(45,913)
Westside Children's Center, Inc. (WIN)	COF - Cycle 2	3/1/09	2/29/12	54,685	50,778	3,907
Westside Community Adult School/Shenandoah Elementary School	FL - Family Literacy	7/1/05	12/31/11	90,000	89,469	531
Worksite Wellness LA	COF - Cycle 4	9/1/10	6/30/13	75,000	66,226	8,774
Yolanda Duarte-White (TA Provider)	PFF -Partnership for Families	4/1/06	1/31/11	102,556	6,593	95,963
Golden State Water Company - Southwest Fluoridation	Southwest Fluoridation	4/15/2011	4/14/2013	1,705,875	0	1,705,875

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Golden State Water Company - Bell - Bell Gardens Fluoridation	Bell - Bell Gardens Fluoridation	4/15/2011	4/14/2013	1,000,000	0	1,000,000
Golden State Water Company - Florence-Graham Fluoridation	Florence - Graham Fluoridation	4/15/2011	4/14/2013	782,907	0	782,907
Golden State Water Company - Norwalk Fluoridation	Norwalk Fluoridation	4/15/2011	4/14/2013	809,778	0	809,778
Golden State Water Company - Willowbrook Fluoridation	Willowbrook Fluoridation	4/15/2011	4/14/2013	201,937	0	201,937
182			Sub Total	147,285,126	116,776,836	30,508,291
Request for Qualifications (RFQ)						
American Institutes for Research	School Readiness Initiative Evaluation	10/1/06	9/30/11	53,048	327,729	(274,681)
American Institutes for Research	FL Initiative Evaluation Year 8	10/1/06	10/31/11 (Ext in progress)	485,517	242,757	242,760
Automation Printing Company	Public Affairs Collateral Material Printer	1/7/08	6/30/11	0	20,588	(20,588)
BookPal, LLC	Public Affairs Vendor Pool	12/6/10	12/6/11	250,000	469	249,531
Casa Marengo Art & Design (Valerie Echavarria)	10-7006-518	12/3/09	11/30/11	24,999	1,011	23,988
Center for Non Profit Management - Cycles 1 and 2 TA Contractor	COF	8/13/08	9/30/11	65,000	84,890	(19,890)
Center for the Study of Social Policy, Inc.	Best Start Supervising Facilitator	9/20/10	6/30/12	225,000	108,931	116,069
Color Image	Public Affairs - Printer	6/21/10		37,500	37,430	70
East West Discovery Press	School Readiness Initiative	6/24/10	6/30/11	108,136	108,116	20
East West Discovery Press	Public Affairs Vendor Pool	12/6/10	12/6/12	250,000	1,200	248,800
Estella Dubose (Fund Development Contractor)	School Readiness Initiative	8/16/10	10/15/10 contract terminated	72,000	7,313	64,687
Families In Schools - TA Provider	School Readiness Initiative	9/1/08	6/30/11	510,332	624,067	(113,735)
First5 Book	School Readiness Initiative	8/30/10	10/30/10	10,152	10,152	0
Harder&Company	PBI-Transition	10/8/10		446,738	318,403	128,335
Hershey Associates	Public Affairs Education and Outreach	8/13/07	8/12/11	277,792	277,792	0
Ink & Color, Inc. DBA: Acuprint	Public Affairs Marketing Materials	6/21/10	6/30/11	0	4,763	(4,763)

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Institute of Cultural Affairs - Cycle 4 TA Contractor	COF	1/1/11	6/30/15	68,348	58,043	10,305
John M. Love Consulting		2/17/11	12/16/11	20,000	10,000	10,000
Kalindi Press	School Readiness Initiative	6/21/10	12/31/10	3,517	3,517	0
Leah Ersoylu - Policy TA Contractor	COF - Policy TA Contractor	8/16/10	6/30/15	48,750	40,200	8,550
Los Angeles County Office of Education (LACOE)	ECE Workforce Development Initiative (ECE Workforce Policy Project)	4/27/09	6/30/15	975,421	654,343	321,078
Match Creative Talent	Public Affairs - Marketing and Communications Talent Placement Agency	5/3/10	6/30/11	0	77,981	(77,981)
Muckenthaler and Associates (Fund Development Contractor)	School Readiness Initiative	8/10/10	6/30/11	184,200	158,175	26,025
NPO (Fund Development Contractor)	School Readiness Initiative	8/10/10	6/30/11	361,650	336,075	25,575
Scholastic Inc.	School Readiness Initiative	6/24/10	12/31/10	18,195	18,195	0
Special Service for Groups (SSG) - CBAR	Best Start LA - CBAR	7/1/09	6/30/16	122,387	100,898	21,489
VPE Public Relations	ECE Workforce Development Marketing	3/16/09	3/15/13	444,150	191,836	252,314
White Memorial Medical Center	Best Start\Best Start - Baby Friendly Hospital	7/1/10	6/30/11	313,429	145,400	168,029
ZERO TO THREE	Best Start\Best Start - Workforce Development	6/1/08	5/31/14	716,543	400,903	315,640
Confluence	Technology Plan Consultant	1/10/11	8/31/11	269,430	214,351	55,079
AGF Media Services	Best Start Vendor Pool	3/1/2011	12/31/2011	30,000	13,674	16,326
Altmayer Consulting, Inc.	Data Partnership County-wide Augmentation Project	5/1/2011	10/31/2011	29,680	0	29,680
Alyson Cook Gourmet Foods	Best Start Vendor Pool	3/1/2011	12/31/2011	25,000	1,098	23,903
Carey & Associates	Best Start Vendor Pool	3/1/2011	12/31/2011	50,000	0	50,000
Center for the Study of Social Policy, Inc.	Best Start Community Partnership Development Support	5/2/2011	12/31/2011	975,000	64,578	910,422
Child Care Providers of California Inc.	Best Start Vendor Pool	3/1/2011	12/31/2011	30,000	7,828	22,172
Chrissie M. Castro & Associates, Inc.	Best Start Community Facilitator	5/19/2011	12/31/2011	100,000	8,203	91,797

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Clarus Research	Black Infant Health Evaluation	3/16/2011	9/16/2011	115,885	3,481	112,404
Clarus Research	Healthy Births Evaluation	3/16/2011	9/16/2011	95,585	33,060	62,525
Community Arts Resources	Best Start Vendor Pool	3/1/2011	12/31/2011	50,000	31,905	18,095
Community Partners	Technical Assistance Institute, PFF & Healthy Births Sustainability for Collaboratives	2/22/2010	3/31/2011	125,000	85,760	39,240
Dulan's Catering Company	Best Start Vendor Pool	6/1/2011	12/30/2011	15,000	8,765	6,235
Evaluation and Training Institute	High School Recruitment Program Data Collection	6/2/2011	9/16/2011	52,650	14,775	37,875
Garden of Eating, LLC	Best Start Vendor Pool	3/1/2011	12/31/2011	25,000	971	24,029
Harder+Company Community Research	Family Survey Design	2/2/2011	10/31/2011	88,470	41,932	46,538
Harder+Company Community Research	Best Start Community Assessments	3/15/2011	1/31/2012	1,499,725	249,353	1,250,372
Hellenic Center		3/1/2011	12/31/2011	30,000	0	30,000
Miesha Watson	Best Start Community Facilitator	5/19/2011	12/31/2011	186,750	27,274	159,476
Miller Hawkins Productions, LLC	Best Start Vendor Pool	3/1/2011	12/31/2011	50,000	13,401	36,599
Special Service for Groups Inc.	Best Start Vendor Pool	3/1/2011	12/31/2011	50,000	0	50,000
Student Transportation of America	Best Start Vendor Pool	3/1/2011	12/31/2011	50,000	2,800	47,200
University of Southern California	Demographic Migration Study	4/29/2011	4/28/2012	689,371	18,404	670,967
52			Sub Total	10,725,350	5,212,791	5,512,559
Request for Vendors (RFV)						
American Language Services	Best Start Vendor Pool	12/13/10	12/31/11	50,000	0	50,000
Continental Interpreting Services, Inc.	Best Start Vendor Pool	12/14/10	12/31/11	50,000	22,808	27,192
Dimlight Events	Best Start Vendor Pool	12/13/10	12/31/11	50,000	24,327	25,673
El Sombrero (TMO, INC)	Best Start Vendor Pool	12/13/10	12/31/11	25,000	22,990	2,010
Guzman Translation and Interpreting	Best Start Vendor Pool	12/13/10	12/31/11	50,000	8,878	41,122
Los Angeles Education Partnership	Best Start Vendor Pool	12/1/10	12/31/11	30,000	6,810	23,190
New Horizons SFVAR	Best Start Vendor Pool	12/30/10	12/12/11	50,000	3,498	46,502
Paragon Language Services, Inc.	Best Start Vendor Pool	11/18/10	12/30/11	50,000	26,228	23,772
Penny & Peggy Nairn 24 Hour Child Care Inc	Best Start Vendor Pool	12/13/10	12/31/11	30,000	0	30,000

**First 5 Los Angeles Grant Agreements
and Contracts FY 2010-11**

Contractor/ Grantee*	Initiative	Start Date	End Date	FY 2010-11 Contracted Amount	FY 2010-11 Actual Expenditures	Contracted Balance as of June 30, 2011
Pure & Simple Daycare	Best Start Vendor Pool	11/15/10	12/22/11	30,000	21,375	8,625
Wynning Touch Event Design	Best Start Vendor Pool	12/13/10	12/31/11	50,000	18,170	31,830
11			Sub Total	465,000	155,084	309,916
Strategic Partnership						
Benevon	TA Institute	9/13/09	9/14/10	70,000	21,000	49,000
Community Partners	TA Institute	22/10 - 6/22/11	3/31/11	85,830	85,760	70
County of Los Angeles	Health Kids Survey	1/12/10		120,100	240,200	(120,100)
County of Los Angeles - Office of Child Care	STEP (Steps for Excellence Program)	8/1/08	8/31/11	(100,000)	297,364	(397,364)
County of Los Angeles- Department of Public Health- Maternal, Child and Adolescent Health Programs	Los Angeles Mommy and Baby (LAMB)	3/23/09	6/30/13	81,921	380,891	(298,970)
LAUP - Workforce	Workforce	8/1/10	6/30/11	2,999,974	2,120,918	879,056
Michael L. Lopez	LAUP Research and Evaluation Agenda Development/ Implementation	9/1/08	12/30/10	(55,286)	87,965	(143,251)
Nonprofit Finance Fund	TA Institute	9/15/09	9/14/10	100,000	7,500	92,500
PHFE Management Solutions WIC Program	WIC Data Mining Research Partnership	5/1/06	9/30/11	602,309	459,451	142,858
TapFound, Inc	TA Institute	9/15/09	9/14/10	80,000	6,000	74,000
Charitable Ventures of Orange County Inc.	Best Start - TA Inst.	9/18/09	12/19/11	77,700	73,627	4,073
Children's Dental Foundation	Oral Health & Nutrition	1/1/10	12/31/12	122,737	86,651	36,086
Los Angeles County Dept. of Health Services	Oral Health & Nutrition	2/1/10	7/31/12	300,000	0	300,000
TCC Group Inc. (CCAT)	COF	8/13/08	6/30/11	28,400	7,250	21,150
The Children's Council Foundation, Inc.	The Children's Council	10/1/07	12/31/11	880,000	627,197	252,803
The Children's Dental Center	Oral Health & Nutrition	7/1/09	6/30/12	161,041	149,596	11,445
The Dental Health Foundation	Oral Health & Nutrition	7/1/09	6/30/11	168,669	123,953	44,716
The Dental Health Foundation	Oral Health & Nutrition	1/1/10	12/31/11	507,134	443,035	64,099
South Bay Children's Health Center	SBCHC- Healthy Smiles for 0-5 Kids	6/1/2011	5/31/2012	108,657	6,008	102,649
19			Sub Total	6,339,186	5,224,366	1,114,820
303			Total	\$237,244,688	\$135,732,948	\$101,511,740