ADMINISTRATOR'S REPORT

Board of Directors' Meeting
November 3, 2018
Data Through September 30, 2018

REPORTE DEL ADMINISTRATOR

Junta de la Mesa Directiva
3 de Noviembre, 2018
Datos Hasta 30 de Septiembre, 2018

ADMINISTRATOR'S REPORT
Board of Directors' Meeting, November 3, 2018

Federal, State and DDS

1. Federal, State and DDS Budgets, FY 2018-19 – No news to report at this time.

Redwood Coast Regional Center

1. Fiscal Year 2018-19 Spending Authority – RCRC has received its "E-1" spending authority, or allocation, for FY 2018-19. The "E" refers to the 5th year of a 5 year contract and the "1" refers to the first amendment for this contract. For Purchase of Service (POS) this is $115.9 million, which is $11.6 million or 10% more than we ended the 2017-18 FY. Our Operations (OPS) allocation is $10.7 million, which after adjustments, is $160,000 or 1.6% more than we ended the 2017-18 FY. **Page 9** notes a reduction of $205,000 or 1.9% for OPS. This is before adjustment for the earmarked two-year diversity outreach grant received last year. About $140,000 of the increase over last year is for one FTE, which (at least on paper) is to be split 45% clinical team intake staff and 55% clerical supports. Another $13,600 is to help fund the mandated minimum wage increase to $12.00/hour, which is effective 1/1/19. There is a small increase ($34,000) for operating expenses and a small decrease in rent (-$32,000), which we may be able to have reinstated if we open an 6th office in Clearlake. There is also a reduction of about $20,000 for unallocated reductions. We expect to receive additional POS funding throughout the year, but we do not expect to receive any additional OPS funds. While this appears to be another very tight year, I am cautiously optimistic that we will again end the year with a very small surplus in our OPS budget. At this time we are looking at how best to afford a COLA for staff, as the last such increase was effective 7/1/16. This is complicated by the anticipation of a 10% increase in our health insurance premiums (about $165,000/year).

2. Fiscal Year 2017-18 Spending Authority (the fiscal year ended 6/30/18) – Since the last Board meeting RCRC has not received any additional funds. Our current POS spending authority appears to be slightly underfunded through year-end and our OPS spending authority has a small surplus at year end.

3. Cash Flow – As of the writing of this report we have 51 days cash on hand, which is about 22% more than our typical amount. With the new FY, DDS has returned to reimbursing our claims at 100%. We are in the process of renewing our line of credit for the 2018-19 FY.

4. Financial Operations – Our financial reporting figures are based on expenses through the end of September, which is 25% of the way through the 2018-19 fiscal year.

In looking at the **handouts**, our client count can be seen on **pages 7 & 14. Page 7** notes an all-time low of 3 RCRC clients in the Developmental Center (DC), all of which are forensic placements ordered by a court of law. The one client that moved back into the community since our last Board meeting has requested that we inactivate his case, noting that he no longer requires Regional Center services. Of the remaining three RCRC clients in the DC, one has regained competence and as such court proceeding have been resumed. One is currently waiting to find a suitable group home to move to. The last is not competent and may be in the DC for a while longer.

Also for the first time, the client count show a slight *decrease* . This decrease is seen across Lake, Mendocino and Humboldt Counties in the initial assessment and Early Start areas.

On **page 8** our "*Average*" Monthly year-to-date (YTD) POS Expenditures in the aggregate and on a per-person basis show a decrease from last fiscal year's *Average* figures. The "*Total*" Monthly POS Expenditures (**page 15**) and *Total* Monthly POS Expenditures Per Client, (**page 16**) show a decrease over last fiscal year, which is based on the late billings across all service provider categories for the month of September.

"*Average*" Monthly Operations Expenditures YTD (**page 9**), both in the aggregate and on a *Per Client basis* show a slight increase this fiscal year, which is based on (1) the mandated wage rate increases for Regional Centers' staff that was effective 1/1/18, (2) a decreasing staff vacancy rate, and (3) the decrease in the client count.

Page 10 is a summary of the detail found on **page 11** (POS expenses) and **page 12** (OPS expenses). Mid-page there are no figures for the DDS' POS Expenditure Projection (PEP, formerly known as the SOAR), as the first PEP for the year will be done in December.

Page 11 lists our monthly and YTD POS expenditures. For the most part, numbers are within an anticipated range for this point in the fiscal year.

- Self Determination costs are traditionally high early in the year as this is when the majority of self determination budgets are funded.

OPS expenditures, both for the month and YTD can be seen on **page 12**. Please note:

- Equipment Maintenance and Equipment Purchased are both relatively high compared to budget. These numbers are small and so a small increase can result in a large % change.
- Insurance expense is relatively high compared to budget as the majority are based on a premium structure that pays more per month at the beginning of the year than at the end of the year.
- Board Expenses are high compared to budget as we have pre-paid many of the expenses associated with the November Board meeting.
- ARCA dues are also high compared to budget as we pay these annual fees in July.

Graphs of expenses for the POS general ledger categories for the current and last four fiscal years are included as **pages 14 through 32**. In addition to the pages and expense categories already referenced above, please see the category-specific notes on each of the graphs. Also, please note that almost all POS categories show a decrease for the month of September. This is due to late billings.

Miscellaneous Topics

Client Benefit Fund - The summary log of the Client Benefit Fund balance through September 30, 2018, and our most recent monthly statement, are included as **pages 33 & 34**.

Audit Update – We have yet to receive our FY 2015-16 and FY 2016-17 final DDS audit report.

Staffing – As of October 9, we had a staff vacancy factor of 6.5%, which is up from 4.1% last January.

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