ADMINISTRATOR'S REPORT
Board of Directors' Meeting, March 14th, 2020

State and Federal

1. Governor's Budget – Governor Newsome released his proposed budget for FY 2020-21 for the State of California in January. Summary and detailed information can be found at http://www.ebudget.ca.gov/budget/2020-21/#/Home and http://www.ebudget.ca.gov/2020-21/pdf/BudgetSummary/FullBudgetSummary.pdf.

   The proposal notes California is one of the strongest economys in the nation and is rainked fifth largest in the world economy. For several years the economy has grown of an average of 3.8% annually. It should be noted they state is projecting a slowing of this growth over the next four years.

2. DDS Budget Summary – Some highlights from the Governor's FY 20-21 Budget proposal regarding the Department of Developmental Services Budget summary indicate the following:
   - The Department of Finance has issued a Budget Change Proposal (BCP) on behalf of DDS for \$1.4 million in FY 20-21 and \$1.6 million in FY 21-22 to begin the process of replacing the Uniform Fiscal System (UFS) as a state project.
   - Proposal to increase capacity at the Porterville Developmental Centers Secure Treatment Area (\$8.9 million General Fund) while five additional Enhanced Behavioral Supports Homes with Delayed Egress with Secured Perimeters are developed (\$7.5 million General Fund).
   - Decrease in caseload ratios for children three and four to 1:45 (\$16.5 million)
   - Expansion of the Supplemental provider rates approved in the FY2018-19 budget to include Early Start Specialized Therapeutic Services, Independent Living program, and Infant Development programs (\$18 million) and expands the suspension of these rate increased to July 1, 2023, rather than sun setting on January 2021.
   - Update rate models from the rate study.
   - Development of a Performance Incentive Program which will require regional centers to meet an advanced tier of performance measures and outcomes to receive incentive payments (\$78 million)

Redwood Coast Regional Center

1. Fiscal Year 2019-20 Spending Authority – RCRC has received its "A-4" spending authority, or allocation, for FY 2019-20. The "a" refers to the 1st year of a 5 year contract and the "4" refers to the forth amendment for this contract. For Purchase of Service (POS) we have received \$132.6 million, which is \$15 million more than we ended the 2018-19 FY. Our Operations (OPS) allocation is \$11.8 million, which is \$900 thousand more than we ended the 2018-19 FY. The increase in the OPS funding was provided for additional positions supporting additional policy requirements. While this appears to be another tight year, I am optimistic we will end the year with a small surplus in our OPS budget.

1. Cash Flow – As of the writing of this report we have 46 days cash on hand. We are in the process of renewing our line of credit for the 2019-20 FY and should have that secured in the next month.

2. Financial Operations – Our financial reporting figures are based on expenses through the end of January, which is 58% of the way through the 2019-20 fiscal year.

In looking at the **handouts**, our client count can be seen on **pages 9 & 16**. **Page 9** notes 3 RCRC clients in the Developmental Center (DC), all of which are forensic placements ordered by a court of law. Both pages show that while the client count continues to increase, it is not increasing as quickly as in the recent past.

On **page 10** our "*Average*" Monthly year-to-date (YTD) POS Expenditures in the aggregate and on a per-person basis show an increase from last fiscal year's *Average* figures. The "*Total*" Monthly POS Expenditures (**page 17**) and *Total* Monthly POS Expenditures Per Client, (**page 18**) show a increase over last fiscal year, which is based on Provider rate increases effective January 1, 2020 per legislation.

"*Average*" Monthly Operations Expenditures YTD (**page 11**), both in the aggregate and on a *Per Client basis* show an increase this fiscal year, which is based on a change in our billing for CPP funding and increase in staff wages.

Page 12 is a summary of the detail found on **page 13** (POS expenses) and **page 14** (OPS expenses). Mid-page is a summary of DDS' POS Expenditure Projection (PEP, formerly known as the SOAR), which estimates that RCRC fully funded for its POS expenditures for FY 2019-20. Service providers have until around March 2022 to submit their claims for the 2019-20 FY.

Page 13 lists our monthly and YTD POS expenditures. Most expense categories are within an acceptable and anticipated range. There are increases in two categories (1) Individual/Family training and (2) Medical Service Professional. The increase in the first category is the addition of a new service with a provider to assist with small population of clients who had disabilities severe in nature. The second category shows a slight increase from the developing of an identified need for clinical support services with parent support groups.

OPS expenditures, both for the month and YTD can be seen on **page 14**. Please note:

- Insurance expense is relatively high YTD compared to budget as the majority of our premiums are paid earlier in the year.
- Data Processing is relatively high YTD compared to budget as the majority of our annual renewals are paid earlier in the year.
- Equipment Maintenance and Equipment Purchased are both relatively high YTD compared to budget. These numbers are small and so a small increase can result in a large % change. Additionally we are purchasing extra equipment to assist all offices in accessing our network during PGE's PSPS events.
- Travel expenses are relatively high YTD compared to budget based on increased travel to cover vacant southern office positions.
- Advertising expenses are high YTD compared to budget based on help wanted ads.

Graphs of POS Expenses for the general ledger categories for the current and last four fiscal years are included as **pages 16 through 34**. 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 many POS categories show a decrease over the last several months. This is due to both late billings and our moving up the time frame for when we run reports each month.

Miscellaneous Topics

Client Benefit Fund - The summary log of the Client Benefit Fund balance through January 31st, 2020, and our most recent monthly statement, are included as **pages 35, 36, & 37**.

Audit Update –

1. We have yet to receive our FY 2017-18 and FY 2018-19 *final* DDS audit report.
2. Results of our independent audit are to be presented at this meeting.

Staffing – As of February 20th, 2020, we had a staff vacancy factor of 3.2% as compared to 0.8% a year ago. There are currently 4 staff vacancies which we are pursuing the backfilling of.

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