

**ADMINISTRATOR'S REPORT**  
**Board of Directors' Meeting, March 16, 2019**

**Federal, State and DDS**

1. Governor's Budget - In mid-January the California Legislative Analyst's Office presented an update of the Governor's Budget, noting that the state budget is in "*remarkably good shape*" and is better than previous estimates based on lower than anticipated expenditures. Related to Health & Human Services, there are no new changes regarding subordinate budgets or programs pertaining to the Department of Developmental Services.
2. Provider rates – On February 25, 2019 DDS hosted two briefing sessions on the upcoming release of the provider rate study done by the firm of Burns & Associates. Related to the rate study, Assembly Members Jim Frazier (RCEB, NBRC, Alta) and Chris Holden (LRC, SGPRC, ELARC, IRC) sent a Budget request letter to the chairs of both the full Budget Committees and the two subcommittees that control developmental disabilities services funds. The letter requests an 8% across-the-board increase in service provider reimbursement rates, as a down payment on implementation of the rate study. The letter estimates that \$290M from the (state) General Fund would be required for this provider rate increase, and would yield nearly \$200M in federal matching funds.
3. Self Determination Program Update – Information and resources regarding services, independent facilitators, budget development, financial management services and rates, provider background checks, and more can be found on the DDS website pertaining to the Self Determination Program, which is in the process of being rolled out statewide.

**Redwood Coast Regional Center**

1. Fiscal Year 2018-19 Spending Authority – RCRC recently received its "E-2" spending authority, or allocation, for FY 2018-19. The "E" refers to the 5<sup>th</sup> year of a 5 year contract and the "2" refers to the second amendment for this contract year. For Purchase of Service (POS) we have received \$116.6 million, which is \$11.1 million or 10.6% more than we ended the 2017-18 FY. Our Operations (OPS) allocation is \$10.9 million, which after adjustments, is \$160,000 or 1.6% more than we ended the 2017-18 FY. **Page 12** notes a reduction of \$67,000 or 0.6% for OPS. This is before adjustment for the earmarked two-year diversity outreach grant received last year. We implemented a 2.5% COLA for staff effective 1/1/19. While this appears to be another tight year, I am cautiously optimistic that we will again end the year with a small surplus in our OPS budget.
2. Cash Flow – As of the writing of this report we have 46 days cash on hand, which is slightly more than our typical cash on hand. We are in the process of renewing our line of credit for the 2018-19 FY and should have that secured in the next month.
3. Financial Operations – Our financial reporting figures are based on expenses through the end of January, which is 58% of the way through the 2018-19 fiscal year.

In looking at the **handouts**, our client count can be seen on **pages 9 & 16**. **Page 9** notes an all-time low of 2 RCRC clients in the Developmental Center (DC), both of which are forensic placements

ordered by a court of law. The charts also show a slowing of our trend of increasing client count over the last several years.

On **page 10** 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 17**) and *Total Monthly POS Expenditures Per Client*, (**page 18**) show a decrease over last fiscal year as well, however the precipitous drop seen on **pages 17 & 18** are due to late billings of several large service providers.

"Average" Monthly Operations Expenditures YTD (**page 11**), 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, and (2) a decreasing staff vacancy rate.

**Page 12** is a summary of the detail found on **page 13** (POS expenses) and **page 14** (OPS expenses). Mid-page are figures for the DDS' POS Expenditure Projection (PEP, formerly known as the SOAR), for March. The tool suggests we will be adequately funded in POS at year end.

**Page 13** lists our monthly and YTD POS expenditures. For the most part, numbers are within an anticipated range for this point in the fiscal year.

- Non-Medical Professional expenses, interpreter, diaper, professional medical services expenses and out-of-home respite expenses are all low YTD based on low utilization.
- Individual/Family Training is high relative to the YTD budget, but the numbers are small, so a slight variance can look like a large per cent.

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

- 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 per cent change.
- Insurance expense and ARCA dues are relatively high YTD compared to budget as the majority of these expenses are paid earlier in the year.
- Data Processing is relatively high YTD compared to budget based on consulting fees associated with our change from an in-house computer server based architecture to a cloud-based computer server architecture. Some of these expenses will be billed to DDS for reimbursement.
- Board Expenses are high YTD compared to budget based on retreat expenses.
- 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 December 31, 2018, is included as **page 35** and our most recent quarterly statement is included as **page 36**.

Audit Update –

1. We have yet to receive our FY 2015-16 and FY 2016-17 *final* DDS audit report. Once again, the draft report had no findings.
2. Results of our independent audit are to be presented at this meeting.

Staffing – As of February 26, we had a staff vacancy factor of 0.8%, which is down from 4.8% a year ago. There are currently only 2 vacancies.

DDS' annual Case Load Ratio Report is scheduled to be run 3/1/19. I will summarize the finding of the report at the Board meeting.

POS Expenditure Data for FY 2017-18 - This year's POS Expenditure tables and graphs are posted on our website at <http://redwoodcoastrc.org/transparency/purchase-of-services-pos-expenditure-data>. Public meetings to review this information and obtain the communities' input are scheduled to be held on March 7, 2019.

**Special Reports To The Board**

RCRC's Independent Audit and (tax) Form 990 – Presentation by Kristel Maikranz of the Accounting Firm of Aiello, Goodrich & Teuscher (AGT). **Handout**

Donations to Regional Centers – Please see the attached report, *Regional Centers and Donations*, which is included as **pages 37 & 38**.

END

5