

Alta California Regional Center
Finance Committee Meeting
Monday, July 12, 2021
Minutes

Present:

Yang Sun, Chair
Ron Mainini
Kelly Pennington
Michelle Rewerts
Steven Sanchez
Retha Seabron
Rita Walker

Absent: (* excused)
Johnny Deng*

Board Members:

Carmen Aguilar
Jackie Armstrong
Anwar Safvi

Facilitators:

Amy Fulk

Visitors:

Steve Andrews
Maureen Fitzgerald

Staff:

Lori Banales, Executive Director
Iqbal Ahmad, Chief Financial Officer
John Decker, Director of Community
Services
Lisa West, Executive Secretary

The Finance Committee met on Monday, July 12, 2021, at 4:20 p.m. by Webex/ teleconference to discuss: 1) Monthly Financial Report; 2) Contracts of \$250,000 and above; and 3) State Budget Update.

Without objection, Rita Walker made the motion to adopt the Finance Committee meeting minutes of June 14, 2021 as submitted.

1. Monthly Financial Report

Issue: The monthly financial report is reviewed by the Finance Committee prior to presentation to the Board.

Discussion and Action: Mr. Ahmad shared that the Department of Developmental Services (DDS) has not provided regional centers with any preliminary numbers for the new 2021-22 fiscal year (FY).

The next time we will discuss prior 2020-21 FY, the group should be able to review the preliminary audit from AGT. The final report will be released in January 2022.

The Legislative Analyst's Office (LAO) projected a \$38 billion surplus after all the commitments made by the State, and Governor Newsom is trying to allocate the remaining funds in the 2021-22 FY's budget.

At last month's meeting, Mr. Ahmad reviewed ACRC's insurance coverage projecting a modest increase of 2% (totaling \$694,000). He was able to secure a revised cyber liability and workers compensation coverage, which brought the total coverage expenses to \$617,000 (an overall 9% decrease from last year).

Mr. Ahmad took this opportunity to explain ACRC's unfunded accrued CalPERS pension liability.

- ACRC's current discount rate is 7% based on CalPERS assumptions and our unfunded accrued liability is approximately \$28 million. This calculation comes directly from CalPERS and represents the excess of the total actuarial accrued liability over the actual value of plan assets.
- Every year, when possible, ACRC makes prepayments to try to decrease the agency's unfunded liability in coordination with CalPERS actuary's recommendations, but Mr. Ahmad would like the Board to understand that this is a long process that involves years of planning to reduce ACRC's liability.
- CalPERS formula was last revised about five years ago and can be reviewed in Note 6 of ACRC's audited financial statements (posted on website).
- It's important to note that this unfunded liability is one reason why Mr. Ahmad recommended AGT CPAs & Advisors as ACRC's independent auditor. Other CPA firms require regional centers to obtain a Financial Accounting Standards Board (FASB) report that is quite expensive whereas AGT basis their report off of the available CalPERS report. The CPA firms that use the FASB reports try to align with standard accounting principles they believe are more significant while other CPA firms feel CalPERS actuary reports are sufficient.

ACRC has received the draft audit from DDS for the FYs 2018-19 and 2019-20. Mr. Ahmad is proud to announce that it is a "clean" audit, which means there are no findings identified. Mostly the Senior Level Managers were involved with this audit, as well as ACRC's Accounting Department.

- Mr. Ahmad will present this information at the July 22nd Board meeting.
- It's important to note that it is unusual for a regional center to receive two clean audit reports in a row (covering four years total). This is a reflection of ACRC's leadership and our staff's work.

2. **Contracts of \$250,000 and above**

- There are no contracts to approve at this time.

3. **State Budget Update**

Issue: The committee needs to review the Governor's State Budget.

Discussion and Action: Ms. Banales will provide a high-level review of the state's budget today and then go into more detail at the July 22nd Board meeting. The 2021-22 FY budget is a historical investment in our statewide service system.

- The service provider rate study will be rolled out over the next five years. The trailer bill language is prescriptive; it will promote our service providers to continue to do the fine work that they have been doing.
 - The May Revise included funding for Service Coordinator (SC) positions beginning July 1st. The department is offering a plan to move forward into the next FY, where the whole system will receive over 851 SC positions. Regional centers will have this year to plan for next year. The department will hold centers to accountable objectives in order to receive this funding.
 - While we were hopeful that ACRC would get the funding this FY, Ms. Banales shared that we have some action items in place to engage our community partners to prepare for this increased opportunity.
 - The regional center Uniform Fiscal System (UFS) is antiquated. The budget includes funding to update this system, which will assist with implementing the rate study. Additionally, DDS is looking at a client portal, so that clients/families can log into their portal and sign documents, access their documents, etc.
 - Social recreation and camp are coming back – a plan will be drafted in order to introduce them back into our service system.
 - The budget includes differential pay for direct support professionals (DSPs) who provide services in other languages.
 - There have been ongoing discussions about extending Early Start. Provisional eligibility will allow regional centers the opportunity to serve children ages three to four, who do not yet have a formal diagnosis. Eligibility will be determined at 4 years 9 months. These regional center services will be consistent across the state.
 - The sunset of the Uniform Holiday Schedule for service providers, as well as the 8.2% rate increase for Early Start Specialized Therapeutic Services, Independent Living Services (ILS), and Infant Development Programs; these increases will continue.
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- **Information only.**

The next Finance Committee meeting is scheduled for **Monday, September 13, 2021**. The meeting adjourned at 5:05 p.m.

Lisa West
Executive Secretary

cc: ACRC Board of Directors
Lori Banales