

# Regional Center Contract, Reporting and Cash Flow Overview

Presented by  
Isabel Calder  
Chief Financial Officer

# Regional Center Contract with DDS

- ▶ The Regional Center is contracted with the Department of Developmental Services (DDS). This contract provides an allocation (funding authority) that is determined by DDS using the Governor's May Revise and the Regional Center's prior year expenditures. NBRC's annual contract has two (2) main budget elements:

**OPERATIONS  
BUDGET**  
(fixed annual amount)

**PURCHASE OF SERVICE  
BUDGET**  
(entitlement)

# DDS Contract and Amendments

- The contracts between DDS and RCs are in effect for 5 years.
- Each contract year is identified by an alpha character for each year using A, B, C, D, and E.
- As of July 1, 2022, NBRC is in the fourth year of the current contract, therefore fiscal year 22/23 is referenced as contract year 'D'.
- The Regional Center receives contract amendments from DDS during the fiscal year to increase the amount based on projections and POS expenditures.

# Preliminary Contract

- ▶ The Preliminary contract is the initial contract and is estimated based on the May Revision and the Regional Center's prior year expenditures.
- ▶ It represents approximately **80%** of the proposed base funds available to the Regional Centers.
- ▶ The Preliminary contract is issued in mid-July.
- ▶ Cash advancements may be requested with each contract amendment.

# 1st Amendment

- The 1<sup>st</sup> Amendment typically includes additional budget allocation for the Operations Budget.
- This can include allocations for core staffing, Community Placement Programs (CPP), Grants, and Federal compliance.
- It can also include POS Budget allocations for policy items, CPP project development, or vendor rate increases.
- The 1<sup>st</sup> Amendment is typically issued in late September.

# 2nd and 3rd Amendments

- The 2<sup>nd</sup> and 3<sup>rd</sup> Amendments can include additional budget dollars based on Regional Center needs.
- The Regional Center is required to submit projections of future expenditures annually by December 10<sup>th</sup> on the Purchase of Service Expenditure Projection (PEP) reporting.
- These projections ensure the contract is properly aligned to cover POS expenditures.
- These amendments are issued between November and May.

# Operations Allocation

- **Operations budget is allocated under a few different parts as follows:**
  - **Staffing/Overhead:**
    - Core Staffing
    - Operating Expenses
    - Facility Rent
  - **Federal Compliance:**
    - Part C - Early Start Services
  - **Projects/Grants:**
    - Senior Companion Program (SCP)
  - **Community Resource Development Plan (CRDP)**

# Operations Allocation

- **Policy Items.**
  - Policy Items includes any new positions resulting from new regulation(s).
  - **Examples of Policy Items are:**
    - Enhanced Service Coordination for individuals with Low to No POS
    - Emergency Coordinator
    - Self Determination
    - Specialized Caseload for Complex Cases 1:25 ratio

Policy Items are positions not included in the Core Staffing, therefore allowing the State to allocate these positions at higher salaries.





# OPERATIONS BUDGET

CLIENT



NBRC staff  
work with individuals to meet  
their needs

OPERATIONS

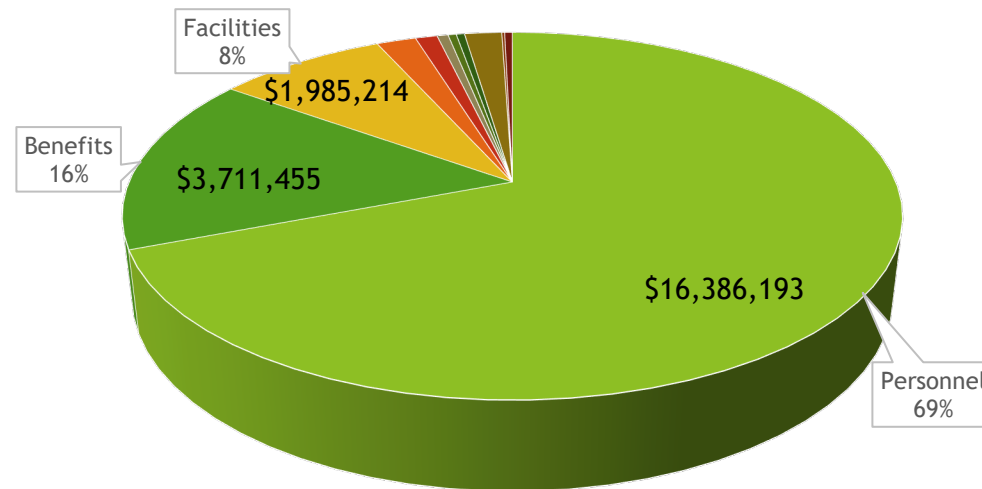
Payroll, benefits, offices,  
technology, etc.

PURCHASE OF SERVICE

Legislative compliance &  
Contract requirements

# OPERATIONS BUDGET

- ▶ The Operations Budget is a fixed amount that covers all Regional Center overhead expenses. In fiscal year 22, approximately 93% of our total budget, **\$22,082,862**, covered personnel, benefits and facilities. \*Total employee count in November 2021: **234 FTE**
- ▶ We are anticipating spending nearly **\$30 million** for personnel, benefits and facilities with new growth positions and salary adjustments in this fiscal year. \*Total employee count in November 2022: **279 FTE**



# **PURCHASE OF SERVICE BUDGET**

Once the individual is eligible for Regional Center Services, the service coordinator determines the individual's needs

IPP/IFSP is developed, and services are identified

Purchase of Service  
(Authorization)

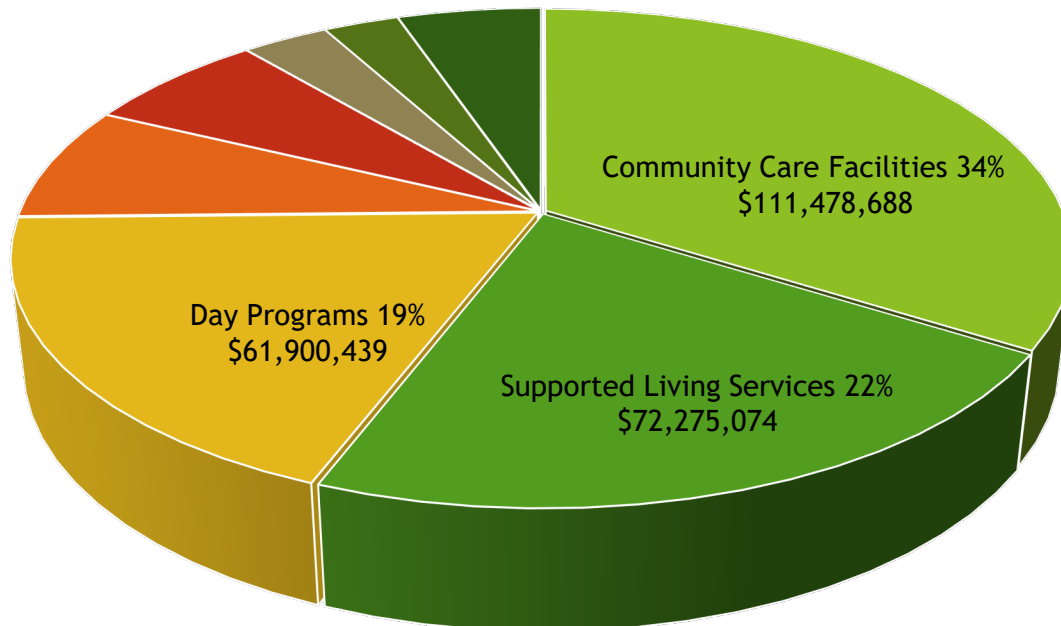
Services Provided  
(Invoiced and Billed)

POS Expenditures  
(Reported to DDS)



# PURCHASE OF SERVICE (POS) BUDGET

- ▶ The POS Budget is an **entitlement** through the Lanterman Act and is reimbursed dollar for dollar. POS covers all authorized services directly related to our clients needs.
- ▶ In fiscal year 22/23, our POS budget totaled **\$372,859,696**. NBRC paid out a total of **\$329,055,224** to our vendors.



# CASH AVAILABILITY

# Regional Center Cash Availability

- The Regional Center contracts establish the allocation or funding authority.
- The Regional Center does not receive a full cash deposit of the allocation amount at the beginning of the fiscal year.
- Each fiscal year, DDS establishes the maximum cash advancement available (up to 25% of the contract amount) for the Regional Center. This helps the Regional Center replenish their cash availability in the bank account.
- To maintain the cash availability, NBRC submits the advancement request upon approval of each contract amendment.
- **DDS maintains a running balance of the amount that has been advanced and reduces the contract availability by this amount.**



**Preliminary Contract  
Amount FY23**

**\$353,610,615**

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**Advance funding  
received from  
Preliminary contract**

Ops: \$5,175,558  
POS: \$82,997,118  
Total: \$88,172,676

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**Contract Balance**

▶ **\$265,437,939**

**Regional Center  
Cash Availability**

**\$88,172,676**

# CONTRACT MONITORING

# Contract Monitoring and Reporting

- ▶ Regional Center state contracts are managed and monitored using two key DDS reporting processes.
- ▶ **State Claim.** This reporting is submitted monthly to DDS. It reports the total prior month expenditures for both Ops and POS as a reimbursement amount from our contract balance.
- ▶ **Purchase of Service Expenditure Projections (PEP)** is submitted monthly to forecast expenditures to ensure the contract amount is aligned with the expenditures.

# Regional Center Allocation and Contract Balances

- NBRC must closely monitor the Contract balance by:
- Monitoring the total amount received through the advancement process.
- Monitoring the total amount of expenditures invoiced to DDS for reimbursement through the State Claim Process on a monthly basis.
- Reconcile monthly reimbursements from DDS to the contract balance.
- Closely monitor the POS expenditures to ensure contract amendments are aligned with projections.

# STATE CLAIM

- ▶ Regional Centers are required to submit their State Claim on a monthly basis to report all prior month expenditures for both Operations and Purchase of Service.
- ▶ DDS reimburses expenditures based on contract availability for both Ops and POS.
- ▶ Reimbursements are received by the 6<sup>th</sup> of the following month.

# State Claim and Reimbursement Process

July  
Expenditures  
State Claim

- RC invoices DDS by 08/25/2022
- DDS reimburses NBRC 100% by 09/10/2022

This process continues each month.

In March, DDS begins to 'reduce' NBRC's reimbursement to repay the advancements received

February  
Expenditures  
State Claim

- RC invoices DDS by 03/25/2023
- DDS reimburses NBRC 50%\* by 04/10/2023
- This begins to pay back the advanced amount received by NBRC.

• \*percentage of offset may vary depending on the State's financial position.

# Purchase of Service Expenditure Projections (PEP) Reporting

- ▶ Regional Centers are required to submit prior month expenditures no later than the 10<sup>th</sup> of each month to the DDS Budget Department at DDS.
- ▶ This report is used by the DDS Budget Department to review Regional Center projections and contract balances.
- ▶ The PEP is used to determine the contract amount needed to cover POS expenditures that are being forecasted in excess of the contract availability.
- ▶ Because POS is an entitlement, POS expenditures are guaranteed reimbursement.

# Cash Flow or Cash Availability

- ▶ NBRC starts the year with the large advancement from the Preliminary Contract.
- ▶ On average, NBRC pays out approximately \$32 million in monthly payments.
- ▶ Through the State Claim process, NBRC replenishes the bank balance on a monthly basis.
- ▶ In February or March, the monthly reimbursements will be reduced or 'offset' to payoff the amount NBRC received through the Advancement requests.
- ▶ The reduction in the monthly payments from DDS begins to affect the cash availability. This is typically towards the end of the fiscal year.
- ▶ NBRC annually secures a line of credit in January to ensure cash flow availability at the end of the fiscal year when DDS is offsetting reimbursements.



QUESTIONS?