

ALBERTINA KERR CENTERS
Finance, Audit & Compliance Committee Minutes
May 12, 2020
5 to 7:00 p.m.
Via Teams

Members Present

David Connell, David Lake, Paul Litwinczuk, Melissa May, Jill Nickerson, Craig Payne, Karen Rasmussen, Laura Shipley

Community Member Present

Tony Seashore

Staff Present

Jeff Carr, Owen Gibson, Janice Jacobs

Convene (Karen Rasmussen, Chair)

Karen convened the meeting at 5:00 p.m.

Approve Minutes of March 10, 2020 Meeting (All)

David Lake moved that the minutes of the March 10th FAC Committee meeting be approved. Jill Nickerson seconded. The motion passed via unanimous vote.

Financial Updates (Janice Jacobs)

March YTD

Janice reported follow-up information from April's Joint Board and Foundation meeting. Shutdowns associated with the COVID-19 virus began mid-March and is reflected in the financials. PALS, Employment and Day Services, and TOKNA closed. Spending was controlled very well. Salaries and wages were over budget due to the low staffing vacancy rate. The \$500k+ gap in revenue was due to the following: 1) \$305k+ Swindells capital release; 2) \$96k Kaiser quality bonus; 3) PAL conversion correction from the transition to Paycom for payroll; 4) paper billing issue associated with CareOregon; and, 5) adjustments related to Kerr bikes and a bike grant. Actual March YTD is \$110k behind budget.

Forecasting for Final Three Months of FY2019-2020

A 10% increase in DD residential services was provided by the State for April through June. TOKNA is closed so there is no overhead that can be charged to this program. Closures and decreased census at subacute are reflected in the forecast, including a capital write-off at PALS. 401(k) match has been suspended. A 10% salary reduction will be implemented for 79 administrative support positions beginning May 17th. Staff may use their Paid Accrued Leave (PAL) for one day off per 10-day pay period, or they may take the day unpaid. A PAL bank will be established for those who would like to donate PAL for those who do not have enough to cover the reduction. A \$39k capital write-off for Epic implementation at CDHS will be reflected. Subacute census is slowly increasing and kids' group home census is better. Kerr's cash position is strong.

Governor Brown has requested state agencies reduce their budgets by 17% for the 2020-21 fiscal year. Cuts in OHA and DHS will impact Kerr. A revenue forecast will come out on May 20th, and

Commented [KR1]: The budget reduction applies to the 20-21 budget and not the biennium.

a legislative special session to finalize cuts will follow. Proposed ODDS reductions start at 3% and step down to 9%. Kerr worked toward a 5% reduction. Cuts implemented so far will save \$1.8 million toward a projected \$2.09 million needed. Oregon has a rainy day fund of \$2.3 billion and the federal government will likely continue assistance actions. Planning going forward will assume a 6% reduction in DD. Suspending PALS, Employment and Day Services, along with a 3% increase in benefits expenses are out of our control. Things we can control to mitigate losses are making the announced cuts, not increasing wages, getting kids into subacute faster, and keeping group homes full. Another step being taken is reducing the number of kids in four group homes from five to four, which gets a better reimbursement rate, and moving the fifth kids to 165th on Campus, since it will not be used for IDD/MH for the time being.

The internal review of accounting processes performed in March was overall good. Reconciliations are 96% complete. Jeff and Janice are monitoring all changes in payroll for accuracy and appropriateness. Financial transfers between operations and the Foundation will be eliminated if the new board structure is adopted.

Janice reviewed the status of departmental priorities. A new senior accountant was hired and staff is stabilizing. The conversion to Paycom is complete and operating well. Kerr is participating in a pilot reporting module designed to simplify allocations in Financial Edge. All is working well. The upgrades in Blackbaud are complete and the team is making good progress on configuring reports and budgeting.

Other Items

A question was asked about the status of the workforce housing project, given the COVID-19 crisis. The project continues to make progress. The City of Gresham released a Notification of Funding Availability for between \$12 and \$20 million for one or two projects. Kerr has a very good chance at be awarded funds. The hope is, if approved, Kerr will break ground sometime in late September or early October 2020.

Executive Session

Executive session was waived.

Adjourn (Karen Rasmussen)

Karen adjourned the meeting at 7:00 p.m.

Recorded by Holly Edgar, Corporate Secretary