

Kern Regional Center Board of Directors Meeting Agenda

October 27, 2020

General Business		
1. Call to Order and Introductions	Action	Oscar Axume
2. Approval/Additions to Agenda	Action	Oscar Axume
3. Meeting Minute Approval September 22, 2020 (Attachment 1)	Action	Oscar Axume
4. Public Input	Info.	Et al
Unfinished Business		
Reports		
5. Board President Report	Info.	Oscar Axume
6. KRC Independent Audit (Attachment 2)	Info.	Roland Roos
7. Financial Report (Attachment 3 & 4)	Info.	Tom Wolfgram
8. Executive Director's Report	Info.	Michi Gates
A. Approval of KRC Response to DDS Regarding Board Composition (Attachment 5 & 6)	Action	
8. Board Presentation	Info.	NickoleRenee
A. KRC 2019 Performance Contract (Attachment 7)	Info.	Mensch
9. Staff Report	Info.	
A. Draft KRC Performance Contract 2021 (Attachment 8)	Info	Cherylle Mallinson, Kristine Khuu and Celia Pinal
B. Draft POC Caseload Ratios for 2020 (Attachment 9)	Info. Action	Celia Pinal
New Business		
Good and Welfare		

Meeting Location and Time:
Via Zoom Webinar at 6:30 PM

<https://us02web.zoom.us/j/82739865747?pwd=TU94WVpNOVJOUjdWejNrdUJTLzIXOT09>

Webinar ID: 827 3986 5747, Password: 043557

Dial in Number: 1-669-219-2599

Next Board Meeting: TBD

KERN REGIONAL CENTER
3200 N. Sillect Avenue • Bakersfield, CA 93308 • (661) 327-8531

Board of Directors Meeting
6:30 p.m. – 8:00 p.m.
Zoom Webinar

<https://us02web.zoom.us/j/87226907375?pwd=ZkRmUU1kSjNQSVMyR3hHRFNRC3BMQT09>

Webinar ID: 872 2690 7375, Password: 299968

Dial in Number: 1-669-900-6833

MINUTES

September 22, 2020

Board Members Present:

Oscar Axume
Shawn White
Mark Tolentino

Simon Verdugo
Ryan Jones
Nickolerene Mensch

Martin Vasquez
Jasmeet Bains

Board Members Absent:
Kevin Gosselin

GENERAL BUSINESS

1. Call to Order and Introductions

The meeting was called to order at approximately 6:40 p.m. by Oscar Axume. It was determined that a quorum was present.

2. Approval/Additions to Agenda

Action – Motion to approve the Regular Meeting of the Board of Directors Agenda dated September 22, 2020.

M/S/C – (Axume/Vasquez) Motion approved the agenda for the meeting of September 22, 2020.
8-0-0.

3. Meeting Minute Approval

Action – Motion to approve the minutes of the Regular Meeting of the Board of Directors held August 25, 2020.

M/S/C – (Mensch/White) Motion approved the minutes of the regular meeting of the Board of Directors held on August 25, 2020.
8-0-0.

4. Public Input

No public comment.

UNFINISHED BUSINESS

REPORTS

5. Board President Report – Oscar Axume

- A.** Nickole has accepted to present on the Performance Contract Report in our next month's Board meeting.

6. Financial Report – Tom Wolfram

- 1.** Tom Wolfram, KRC CFO, provided the financial report for Operations and POS (see attachment 2) – On the POS we have spent a total year to date of \$28,000,000 this amount is about one million dollars greater than this time last year with an outstanding amount of one million in bills that have not been paid. It looks like we have provided two million dollars' worth of services greater than last year.
- 2.** POS (*see attachment 3*) – On the OPS if you look at the payroll salary/benefits its about 300 thousand dollars more this year this month than last month, health insurance premiums were paid in August. Operating expenses in August is twice the amount due to bills we had in July were June bills were paid in prior year at a prior year expense. The other thing that effects the salary and benefits we currently have 4 vacancies and unfilled budgeted positions that have not been filled. There is no budget reflecting for the Senior Companion and Foster Grandparent we have received the budget and will reflect on September's report. We have received our B1 Allocation from the State just under 23 million dollars which is very close to the amount that we received last year.
 - Oscar Axume asked a question: For the POS, do we know why are we up 2 million dollars this year compared to last year? Tom: I believe its COVID expenses and an increase in consumers. Due to COVID we were allowed to provide more services in different areas due to COVID.

7. Executive Director's Report – Michi Gates

A. Dr. Michi Gates reported on general updates.

1. COVID-19 we are seeing a continued decline in the numbers of individuals with COVID-19 system wide. As of last week, KRC has the 2nd highest percentage of individuals diagnosed with COVID-19. Currently we have a total of 121 individuals and 120 Service Providers who have had a positive diagnosis since we started collecting data in March. We continue to use the DADD surge site which is a vital resource for individuals with COVID-19, keeping them safe until they are able to return home.
2. In terms of Contract Issues, the Board training curriculum that ARCA is working on has not been completed. Once complete the KRC Board can determine how it wants to utilize those offerings with the Board training proposal that KRC submitted to DDS and decide when to participate in the trainings and whether you want to adjust the Board meeting schedule to accommodate training sessions. The ARCA Board curriculum will be shared as soon as it's received.
3. Upcoming public meetings: NickoleRenee has volunteered to present on the Performance Contract Report for 2019 at our next month's Board meeting October 27th. Notice has been posted and mailed as required. KRC staff would like to present the public presentation for the coming year's performance goals at the same Board meeting. This will provide context for input on the future plan, as we will be able to look at how we did last year, it will help inform input in terms of what we want to focus on in the coming year.
 - In November, KRC staff would like to do the National Core Indicators Public Presentation at the Board meeting.
4. Self Determination Program. DDS has started scheduling all Regional centers for monthly Self Determination Program calls to insure we receive support needed for transitions from traditional services to Self Determination for those who were selected to participate in this initial round. Out of our allotment at Kern of 95 slots we have 76 who have chosen to be in the program, 31 of those individuals are actively enrolled, it is hoped that 3 more to transition by October 1st. It is our goal to be able to move this process more quickly than we have been. It has been a learning process for all Regional centers. Barriers on our side have been understanding how to implement some of the requirements of the current Self Determination Program which is quite different from the pilot program, but with each transition we are learning and we very much want this to be a collaboration between all parties that are involved in each person's plan. We are fortunate to have a strong knowledgeable Local Advisory Committee to help tackle some of the barriers that we are encountering. Recently funds were allotted by DDS to 3 entities that will help all of us fast track individuals into the system. I would like to thank the staff and DDS for their support.
5. Tom to provide the Board the 2019 CPA Independent audit and Pension plan audit.

8. Vendor Advisory Committee – Shawn White

Shawn White, thanked the Board for having him as Vendor Advisory Chair.

- Next VAC, October 27, 2020
- Board Meeting, October 27, 2020

BOARD TRAINING

NEW BUSINESS

GOOD AND WELFARE

- a. Meeting is adjourned at approximately 7:15p.m.

The next Regular Meeting of the Board of Directors is tentatively scheduled for Tuesday, October 27, 2020 at 6:30 p.m. via Zoom Webinar.

Note: Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Administrative Assistant during regular business hours at 661-852-3360.

Respectfully submitted: _____

KERN REGIONAL CENTER

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors of
Kern Regional Center

Report on the Financial Statements

We have audited the accompanying financial statements of Kern Regional Center (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kern Regional Center as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2020, on our consideration of Kern Regional Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kern Regional Center's internal control over financial reporting and compliance.

Fresno, California
February 17, 2020

Rael Rasmussen and Company

KERN REGIONAL CENTER
Statement of Financial Position
June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 8,418,137	\$ 4,858,400
Receivable - ICF Providers	1,174,430	1,554,393
Other Receivables	65,150	76,908
Prepaid Expenses	129,549	432,292
State Reimbursement Claims Receivables, Net	4,960,693	-
Due from Client Trust Accounts	<u>1,254,303</u>	<u>654,659</u>
Current Assets	<u>16,002,262</u>	<u>7,567,652</u>
Property and Equipment, Net	<u>2,113,042</u>	<u>1,946,473</u>
Deposits	17,330	17,330
Accrued Vacation/Sick Pay	1,015,325	895,434
Net Projected Pension Plan -		
Benefit Obligation	28,125,418	21,050,215
Current Year Employer Contributions	1,990,209	2,363,233
Net Accumulated Postretirement Health -		
Benefit Obligation	<u>26,592,000</u>	<u>26,592,000</u>
Noncurrent Assets	<u>57,740,282</u>	<u>50,918,212</u>
Total Assets	<u>\$75,855,586</u> =====	<u>\$60,432,337</u> =====

See Accompanying Notes to Financial Statements

KERN REGIONAL CENTER
Statement of Financial Position
June 30, 2019 and 2018

<u>LIABILITIES AND NET ASSETS</u>	<u>2019</u>	<u>2018</u>
Accounts Payable	\$17,565,370	\$ 7,337,823
State Reimbursement Claims Payable, Net	-	1,981,271
Payable to DDS - ICF Providers	247,826	247,826
Accrued Expenses	<u>666,461</u>	<u>851,150</u>
Current Liabilities	<u>18,479,657</u>	<u>10,418,070</u>
Reserve for Investment in Equipment	2,113,042	1,946,473
Accrued Vacation and Sick Pay	1,015,325	895,435
Net Projected Pension Plan - Benefit Obligation	28,125,418	21,050,215
Net Accumulated Postretirement Health - Benefit Obligation	<u>26,100,000</u>	<u>26,100,000</u>
Non-Current Liabilities	<u>57,353,785</u>	<u>49,992,123</u>
Total Liabilities	75,833,442	60,410,193
Total Net assets Without Donor Restrictions	<u>22,144</u>	<u>22,144</u>
Total Liabilities and Net Assets	<u>\$75,855,586</u> =====	<u>\$60,432,337</u> =====

See Accompanying Notes to Financial Statements

KERN REGIONAL CENTER
Statement of Activities
Twelve months ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
SUPPORT		
Reimbursement From State of California	\$206,461,270	\$171,710,289
Interest Income	116,237	75,170
Other Income	<u>90,445</u>	<u>25,464</u>
Total Unrestricted Support	<u>206,667,952</u>	<u>171,810,923</u>
EXPENSES		
Program Services:		
Out of Home	42,196,748	33,543,069
Day Programs	34,833,012	28,122,892
Other Services	<u>103,334,788</u>	<u>85,691,815</u>
Total Program Services	<u>180,364,548</u>	<u>147,357,776</u>
Support Services:		
Case Management	21,240,782	17,093,611
CPP	1,074,119	839,015
Community Services	940,600	-
Grants and Special Projects	<u>217,462</u>	<u>107,777</u>
Total Support Services	<u>23,472,963</u>	<u>18,040,403</u>
Operating Expenses:		
General and Administrative	<u>2,830,441</u>	<u>6,412,744</u>
Total Expenses	<u>206,667,952</u>	<u>171,810,923</u>
Change in Net Assets without Donor Restrictions	-	-
Net Assets, Beginning of the Year	<u>22,144</u>	<u>22,144</u>
Net Assets, End of Year	\$ 22,144 =====	\$ 22,144 =====

See Accompanying Notes to Financial Statements

KERN REGIONAL CENTER
Statement of Cash Flows
Twelve months ended June 30, 2019 and 2018

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2019</u>	<u>2018</u>
Change in Net Assets	-	-
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in:		
State Reimbursement Claims	(6,941,964)	902,860
Receivable - ICF Providers	379,961	(358,680)
Other Receivables	11,760	(9,907)
Deposit	-	(980)
Prepaid Expenses and Deposits	293,743	86,327
Due from Client Trust Accounts	(599,644)	(310,191)
Current Year Retirement Payment	373,024	(661,140)
Increase (Decrease) in:		
Accounts Payable	10,227,546	(5,709,991)
Payable to DDS -ICF Providers	-	(5,164)
Accrued Expenses	<u>(184,689)</u>	<u>3,909</u>
Net Cash Provided by (Used In) Operating Activities	<u>3,559,737</u>	<u>(6,062,957)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,559,737	(6,062,957)
Cash and Cash Equivalents at Beginning of Year	<u>4,858,400</u>	<u>10,921,357</u>
Cash and Cash Equivalents at End of Year	\$ 8,418,137 =====	\$ 4,858,400 =====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash Paid During the Year For:

Interest Expense	\$ - =====	\$ - =====
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See Accompanying Notes to Financial Statements

KERN REGIONAL CENTER
Statement of Functional Expenses
Twelve months ended June 30, 2019

	Support Services					Operating Expenses	30-Jun-19	30-Jun-18
	Case Management	CPP	Community Services	Special Projects & Grants	Program Services	Total Program & Support	General and Admin	Total Expenses Summarized
Personnel Expenses:								
1 Salaries	\$ 7,575,118	\$ 383,065	\$ 335,447	\$ 77,554	\$ -	\$ 8,371,184	\$ 1,009,422	\$ 9,175,707
2 Pension expense	5,298,686	267,948	234,640	54,248	-	5,855,522	706,076	4,352,147
3 Other employee benefit	3,499,056	176,943	154,948	35,823	-	3,866,770	466,267	3,846,680
4 Payroll Taxes	126,822	6,413	5,616	1,298	-	140,149	16,900	172,146
Total Salaries and Related Expenses	16,499,682	834,369	730,651	168,923	-	18,233,625	2,198,665	17,546,680
5 Purchase of services	-	-	-	-	-	-	-	-
6 Contracted Services	-	-	-	-	-	-	-	-
7 Facility rent	1,319,609	66,731	58,436	13,510	-	1,458,286	175,845	1,554,575
8 Repairs & maintenance	268,503	13,578	11,890	2,749	-	296,720	35,779	357,939
9 Bad debt expense	-	-	-	-	-	-	-	-
10 Communications	68,281	3,453	3,024	699	-	75,457	9,099	80,439
11 Contract labor	212,196	10,730	9,397	2,172	-	234,495	28,276	431,327
12 Office expense	196,152	9,917	8,686	2,008	-	216,763	26,138	251,021
13 Data Processing	391,752	19,810	17,348	4,011	-	432,921	52,203	464,156
14 Depreciation	-	-	-	-	-	-	-	-
15 General Insurance	289,503	14,640	12,820	2,964	-	319,927	38,578	325,857
16 Workers comp insurance	479,198	24,232	21,220	4,906	-	529,556	63,856	573,126
17 Utilities	175,852	8,893	7,787	1,800	-	194,332	23,433	184,594
18 Interest	-	-	-	-	-	-	-	-
19 Legal & accounting	304,905	15,419	13,502	3,122	-	336,948	40,630	154,088
20 General expense	613,987	31,049	27,189	6,286	-	678,511	81,817	1,798,959
21 Travel	284,149	14,369	12,583	2,909	-	314,010	37,864	339,733
22 Equipment purchased	137,013	6,929	6,067	1,403	-	151,412	18,258	390,653
Total Expenses	\$ 21,240,782	\$ 1,074,119	\$ 940,600	\$ 217,462	\$ 180,364,548	\$ 203,837,511	\$ 2,830,441	\$ 171,810,923

See Notes to Financial Statements

KERN REGIONAL CENTER
Notes to Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

Kern Regional Center (the Organization) is a California nonprofit organization which was incorporated on July 23, 1973. The Organization provides a central point for individuals with developmental disabilities, or their families to obtain or be referred to needed services. The Organization further offers diagnosis and coordination of resources, such as education, health, welfare, rehabilitation, and recreation for residents with developmental disabilities in the counties of Kern, Inyo and Mono.

The Organization was organized in accordance with provisions of the Lanterman Developmental Disabilities Services Act of the Welfare and Institutions Code of the State of California. The Organization receives a major portion of its program revenue from contracts with the State of California Department of Developmental Services (DDS) under the Lanterman Developmental Disabilities Services Act.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

State of California Contract

The Organization operates under an annual contract with the Department of Developmental Services of California, under the Lanterman Act. Maximum expenditures under the contract are limited to contract amount plus interest earned. The Organization is required to obtain DDS approval for expenses. The Organization is required to maintain accounting records in accordance with the Regional Center Fiscal Manual issued by the DDS. The Organization submits claims for the current contract year and can submit claims against the contract for 2 years subsequent to the end of the contract year. In the event of termination or nonrenewal of the contract, the State of California maintains the right to assume control of the Organization's operations and the obligation of its liabilities.

Revenue Recognition

Revenue from the DDS contract is recognized monthly upon submission of a claim for reimbursement of actual expenses (purchase of services and operations) to the DDS.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are concentrated in institutions in excess of the related insurance coverage at June 30, 2019.

Contracts Receivable

Receivables are stated at the amount management expects to collect from balances outstanding at year end. The contract reimbursement receivable represents the cost-reimbursement provided under contract with the DDS. A majority of the Organization's receivables relate to the cost-reimbursement contract also. Based on management's assessment of receivables it has concluded that an allowance is not necessary at June 30, 2019 and 2018. Balances that are still outstanding after management has used reasonable collection efforts are written off to bad debt expense.

Property and Equipment

Property and equipment, which consists primarily of office equipment, are not capitalized, but recorded as expenditures in accordance with the Regional Center fiscal Manual. All equipment, material, supplies, or property of any kind furnished by DDS or purchased from funds received by DDS remains the property of the State of California. The Organization is required to track purchases of furniture and equipment with a cost value in excess of \$5,000 and an estimated useful life of more than one year.

Equipment, purchased with non-DDS funds, is recorded at cost. During the year ended June 30, 2014 equipment was purchased with non-DDS funds at a cost of \$770,114. As of July 1, 2015, the equipment was considered to be the property of the State of California. The equipment was not depreciated for the year ended June 30, 2019 and 2018, respectively.

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences

The Organization's policy and union contract allow employees to accumulate vacation and sick leave based on the length of service, position, and other factors. Accrual of vacation and sick time begins on the date of hire. Both vacation and sick time may be carried from year to year, however, the maximum amount of vacation time allowed to be accrued for is contingent on the number of years of service. An employee leaving the Organization shall be entitled to payment of all accrued vacation. Upon termination after two years of continuous employment, an employee shall receive payment for one-half of their unused accumulated sick leave not to exceed the payment of forty-five days. In the event of termination or non-renewal of the contract, DDS shall pay accrued benefits pursuant to the contract of employment of each terminated employee.

Accrued vacation and sick leave at June 30, 2019 and 2018 was \$1,015,325 and \$895,435, respectively.

Reclassifications

Certain reclassifications have been made to the June 30, 2018 financial statements in order to conform to the June 30, 2019 presentation.

Income Taxes

KRC is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and under Section 23701(d) of the State Revenue and Taxation Code, therefore no provisions for federal or state income taxes have been made. Management is of the opinion that there is no unrelated business income subject to taxation. Management is also of the opinion that there are no material uncertain tax positions. The federal income tax returns are subject to examination by the IRS, generally for three years after they were filed. All tax returns have been appropriately filed by the Organization.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Such expenses are charged to grant programs and supporting services on the basis of program costs. General and administrative costs include those expenses that are not directly identifiable with any specific program but provide for the overall support of the Organization. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Salaries and benefits are charged directly to the program for which work has been done based on time and effort. Other expenses and overhead costs are based on staff allocation to functional areas.

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

2. CASH AND CASH EQUIVALENTS

Cash accounts at June 30, 2019 and 2018 included the following:

	<u>2019</u>	<u>2018</u>
Petty Cash	\$ 1,100	\$ 1,100
General Checking Account	8,104,026	4,707,745
Payroll Checking Account	<u>313,011</u>	<u>149,555</u>
Cash and Cash Equivalents	\$ 8,418,137	\$ 4,858,400
	=====	=====

3. CONCENTRATION OF CREDIT RISK

In accordance with its State Contract, KRC maintains cash balances at one bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, deposits at this institution exceeded the \$250,000 limit by \$8,168,137.

4. CONTRACT WITH STATE OF CALIFORNIA - DDS

The Organization's major source of revenue is from the DDS. Each fiscal year, the Organization is notified by DDS of a specified funding amount subject to budget amendments. Revenue from the DDS is recognized monthly upon submission of a claim for reimbursement of actual expenses (purchase of services and operations) to the DDS. DDS can pay the reimbursement claims directly to the Organization or apply the claims against advances previously paid to the Organization.

The net contract reimbursement receivable/ (payable) from DDS at June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Contract Reimbursement Billing – Current Contract	\$ 11,208,891	\$ 5,918,511
Contractual Receivable – Prior Years	3,133,783	2,439,925
Less: Outstanding Cash Advanced by DDS	<u>(9,381,981)</u>	<u>(10,339,707)</u>
Net Due/ (Payable) From – DDS	\$ 4,960,693	\$ (1,981,271)
	=====	=====

The Organization has renewed its contract with the State through the fiscal year ending June 30, 2021. The State contract provides initial funding of \$150,079,134, with subsequent amendments for an increased funding of \$188,742,543.

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

5. INTERMEDIATE CARE FACILITY BILLING

Retro Funding Activities:

During the year ended June 30, 2011, legislative changes were made to the California Welfare and Institutions Code retroactive to July 1, 2007, making Intermediate Care Facility (ICF) providers responsible for providing day treatment and transportation services. As such, the services were eligible to be reimbursed through Medicaid funding. The legislative changes allow for the DDS to bill these services to Medicaid. The federal law allows for only one provider of the ICF service, requiring the Medicaid funding to go through the applicable vendors. During the year ended June 30, 2011, the Organization began collecting the funding provided under the federal program from the applicable vendors retroactive to July 2007, and remitting the funds to the DDS. The Organization receives a 1.5% administrative fee based on the funds received.

The Organization's activities related to retro funding were as follows as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Receivable balance	\$ 283,054	\$ 283,054
Amount Remitted by Vendors	(3,733)	(3,733)
Amount Credited by DDS	-	-
Receivable – ICF providers, retro	\$ <u>279,321</u>	\$ <u>279,321</u>
	=====	=====
 Payable to DDS – ICF Providers	 247,826	 247,826
Administrative fee recognized	(34,891)	(52,003)
Due to DDS	\$ <u>212,935</u>	\$ <u>195,823</u>
	=====	=====

Go Forward Activities:

Effective July 1, 2012, the DDS directed the Organization to submit billings for these services on behalf of the ICFs and submit a separate state claim reimbursement for these services, in addition to paying the ICF directly for their services. Reimbursements will be received directly from the ICFs. The ICFs are required to pass on payments received to the Organization within 30 days of receipt of funds from the State Controller's Office.

As of June 30, 2019 and 2018, amounts due from vendors are as follows:

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 1,275,072	\$ 916,392
Timing Difference	(19,610)	6,632
Amounts Remitted by Vendors	(4,147,970)	(3,495,001)
Amount Credited by DDS	3,787,619	3,847,050
Receivable – ICF providers, go forward	\$ <u>895,111</u>	\$ <u>1,275,073</u>
	=====	=====

The ICF receivables of \$1,174,432 and \$1,554,394 and payables of \$212,935 and \$195,823 are on the statements of financial position at June 30, 2019 and 2018.

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

6. LINE OF CREDIT

The Organization entered into a line of credit agreement for a total commitment of \$15,000,000 at June 30, 2019 and 2018, to ensure no disruption in meeting cash requirement needs of its daily operations. The line of credit is collateralized by all of the Organization's assets, including rights to payment under the DDS contract. The line of credit bears interest at the bank's reference rate plus 5%. The balance outstanding at June 30, 2019 and 2018 was \$0.

7. DDS PAYABLE

In accordance with the terms of the DDS contract, a fiscal audit may be performed by an authorized DDS representative. Should the audit disclose any unallowable costs, the Organization may be liable to the DDS for reimbursement of such costs.

In 2015, DDS conducted such an audit for fiscal year 2011. As a result, approximately \$2,849,535 of findings/unallowable costs is due to DDS. The audit was closed in August, 2018. The effect of the disallowed costs would be immaterial to the financial statements at June 30, 2019 and for the year then ended.

In 2012, the DDS conducted an audit for the fiscal years 2009 and 2010. A total of \$657,583 of findings/unallowable costs were noted during the audit and are due to DDS. The Organization has recorded a receivable due from the various vendors from which the unallowable costs were noted and a payable for the same amount due to the DDS. At June 30, 2017 and 2016 \$0 and \$509,209, respectively, were payable to DDS for findings/unallowable costs related to the 2012 DDS audit and is noted on the statements of financial position. The amounts due are to be recovered from the respective vendors. At June 30, 2015, the Organization determined it could not collect \$339,901 in findings from one vendor. The Organization wrote off this amount during the year ended June 30, 2015.

8. RELATED PARTY TRANSACTIONS

The Developmental Services Support Foundation for Kern, Inyo and Mono Counties (the Foundation) was formed by members of the Organization's Board of Directors in 1994, as a nonprofit public benefit corporation, for the purpose of funding various activities and programs of or supported by the Kern Regional Center and the funding of various charitable or community services, special projects of this entity and other charitable organizations. The Foundation provides donations to the Organization to assist in providing services to the Organization's consumers not otherwise provided by DDS. The foundation and the Organization do not have common board members.

In May 2009, the Organization entered into an operating lease agreement with the Foundation, see Note 9.

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

9. COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Organization leases from the Foundation two offices in Bakersfield, California to house its operations. These leases have an original term of 30 years with 19 years remaining. Rent expense for the years ended June 30, 2019 and 2018 was \$1,322,466 and \$1,319,256, respectively. The lease expires June 1, 2039.

In addition, the Organization leases office spaces in outlying cities within Kern County for its various service locations. These leases have various expiration dates ending but may be renewed. Rent expense for the years ended June 30, 2019 and 2018 was \$182,878 and \$182,920, respectively.

Following is a schedule of the future minimum rental payments required under operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2019:

Years ending in June 30,	
2020	1,557,267
2021	1,432,788
2022	1,471,354
2023	1,508,016
Thereafter	<u>45,302,760</u>
	<u>\$51,272,185</u>
	=====

10. CONCENTRATION OF LABOR

The Organization's employees, representing approximately 90% and 90% at June 30, 2019 and 2018, respectively, are covered by a collective bargaining agreement with the Social Services Union Local 521, Service Employees International Union, AFL-CIO-CCL. The Organization's current collective bargaining covers the period December 16, 2016 through December 15, 2019. The Organization's other employees are not covered by a collective bargaining agreement.

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

11. PENSION PLANS

The Organization has a money purchase pension plan and a defined benefit pension plan covering all eligible employees. All employees of the Organization who work at least 15.5 hours per week are eligible to participate in one of the Organization's retirement plans. Employees who worked for the Organization on or before June 30, 2002 had the option of participation in the money purchase plan or the defined benefit plan. Employees hired after June 30, 2002 participate in the defined benefit plan only. Employee contributions have been discontinued.

403(b) Plan:

Participating employees are allowed to make contributions of their gross wages through payroll deductions, pursuant to certain Internal Revenue Code limitations. No employer match.

Money Purchase Pension Plan:

Union employee participants in the Money Purchase Pension Plan receive an employer contribution of 12.4% of compensation. Non-union employees receive an employer contribution of 10.9% of compensation, plus 4.3% of excess compensation. Excess compensation is defined as compensation in excess of \$12,000. The Money Purchase Pension Plan allows for employee contributions. No further contributions are allowed.

401(a) Defined Contribution Plan:

All employees make contributions from their gross wages of 6.2%. The employer provides a 3% matching contribution.

Defined Benefit Pension Plan:

The Organization maintains a defined benefit pension plan. Benefits under the Plan are based on the employees' years of service and average compensation. The Organization's funding policy is to contribute annually an amount that is not less than the minimum funding requirement of the Employee Retirement Income Security Act of 1974.

The following provides a reconciliation of benefit obligations, plan assets and funded status related to the defined benefit pension plans as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Change in Benefit Obligation:		
Benefit Obligation at beginning of Year	\$ 58,356,770	\$ 59,894,058
Service Cost	-	2,450,042
Interest Cost	2,565,997	2,610,930
Employee Contributions	41,305	505,974
Curtailment	-	(5,530,778)
Assumption Changes	8,647,663	(1,150,239)
Actuarial (Gain)/Loss	1,277,082	1,377,896
Benefits Paid	(2,124,880)	(1,801,113)
Benefit Obligation at end of Year	\$ 68,763,937	\$ 58,356,770
	=====	=====

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

	<u>2019</u>	<u>2018</u>
Change in Plan Assets:		
Fair Value of Plan Assets at beginning of Year	\$ 37,306,555	\$ 34,282,980
Actual Return on Plan Assets	2,935,342	2,322,496
Employer Contribution	2,658,103	2,150,336
Employee Contributions	41,305	505,974
Expenses	(177,906)	(154,118)
Benefits Paid	(2,124,880)	(1,801,113)
Fair Value of Plan Assets at end of Year	\$ 40,638,519	\$ 37,306,555
	=====	=====

Funded Status:		
Benefit Obligation	\$ (68,763,937)	\$ (58,356,770)
Fair Value of Plan Assets	40,638,519	37,306,555
Funded Status at end of Year	\$ (28,125,418)	\$ (21,050,215)
	=====	=====

The Organization expects funding for the defined benefit plan during the year ending June 30, 2020 to be approximately \$1,990,209. Employee contributions have been discontinued.

All previously unrecognized actuarial gains or losses are reflected in the statements of financial position. The plan items not yet recognized as a component of periodic plan expenses for the defined benefit plan are unamortized net loss of \$19,108,034 and \$9,654,586 at June 30, 2019 and 2018, respectively. No further contributions are allowed.

Post-Employment Benefits:

The report uses prior year information because actuarial valuation report was not available presently. An employee must enroll in a CalPERS health insurance plan prior to retirement in order to be eligible to participate in the Organization's post-employment benefit plan as a retiree. To be eligible, the employee's age and years of service must equal to at least 75 upon retirement. The amount contributed by KRC to CALPERS Retirement Plan for the years ended June 30, 2017 and 2016 was \$473,000 and \$365,000 respectively.

The Organization operates on an annual cost reimbursement contract with the DDS; therefore, the Organization has no net assets and is reimbursed for costs as incurred.

The following provides a reconciliation of benefit obligations, plan assets and funded status related to the defined benefit pension plans as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Change in Benefit Obligation:		
Benefit Obligation at beginning of Year	\$ 22,113,000	\$ 20,597,000
Service Cost	1,001,000	958,000
Interest Cost	989,000	923,000
Actual (Gain)/Loss	2,962,000	-
Benefits Paid	(473,000)	(365,000)
Benefit Obligation at end of Year	\$ 26,592,000	\$ 22,113,000
	=====	=====

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

	<u>2017</u>	<u>2016</u>
Change in Plan Assets:		
Fair Value of Plan Assets at beginning of Year	\$ -	\$ -
Actual Return on Plan Assets	-	-
Employer Contribution	473,000	365,000
Benefits Paid to Participants	(473,000)	(365,000)
Fair Value of Plan Assets at end of Year	\$ -	\$ -
	=====	=====
Funded Status:		
Benefit Obligation	\$ (26,592,000)	\$ (22,113,000)
Fair Value of Plan Assets	-	-
Funded Status at end of Year	\$ (26,592,000)	\$ (22,113,000)
	=====	=====

The Organization expects funding for the post-employment plan during the year ending June 30, 2020 to be approximately \$530,000.

The post-employment plan items not yet recognized as a component of periodic plan expenses are unamortized prior service cost and net loss of \$8,315,000 and \$6,380,000 at June 30, 2017 and June 30, 2016, respectively.

Estimated Future Benefit Payments:

The following benefit payments, which reflect expected future service, are expected to be paid:

	<u>Defined Benefit Plan</u>
Years Ending June 30:	
2020	\$ 2,298,112
2021	2,374,836
2022	2,435,000
2023	2,551,416
2024	2,577,864
2025-2029	14,297,896
	\$ 26,535,124
	=====
	<u>Post Retirement</u>
Years Ending June 30:	
2020	\$ 530,000
2021	592,000
2022	627,000
2023-2027	4,153,000
	\$ 5,902,000
	=====

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

Weighted-Average Assumptions:

The weighted-average actuarial assumptions used to determine the benefit obligation and the assumptions used to determine net benefit cost:

Defined Benefit Plan	2019	2018
Benefit Obligations:		
Discount Rate	3.54%	4.38%
Rate of Compensation Increase	4.00%	4.00%
Net Periodic Benefit Cost:		
Discount Rate	4.38%	4.32%
Expected Rate of Return on Plan Assets	7.25%	7.25%
Rate of Compensation Increase	4.00%	4.00%

The weighted-average actuarial assumptions used to determine the post retirement obligation and the assumptions used to determine net benefit cost:

Post Retirement Plan	2017	2016
Post Retirement Obligations:		
Discount Rate	3.91%	4.52%
Rate of Compensation Increase	Not Applicable	Not Applicable
Net Periodic Benefit Cost:		
Discount Rate	4.52%	4.52%
Expected Rate of Return on Plan Assets	Not Applicable	Not Applicable
Rate of Compensation Increase	Not Applicable	Not Applicable

12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the KRC's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. There are no amounts reduced and not available for general use because of donor-imposed restrictions or long-term investments.

	2019	2018
Cash and Cash Equivalents	\$ 8,418,137	\$ 4,858,400
Receivable, net	6,200,273	1,631,301
Prepaid Expenses	129,549	432,292
Due from Client Trust Accounts	1,254,303	654,659
Cash and Cash Equivalents	\$ 16,002,262	\$ 7,567,652
	=====	=====

In addition, the Organization has a line of credit available to meet cash flow needs for general expenditures.

KERN REGIONAL CENTER
Notes to Financial Statements - continued
June 30, 2019

13. AGENCY TRANSACTIONS-CLIENT TRUST FUNDS

KRC is reporting all activity as KRC activity except when KRC does not have variance power to distribute assets to another beneficiary than as specified by the source of funds provider. These agency transactions, which encompass client Trust Funds, are presented as follows:

Client Trust Funds
Summary of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash	\$ 1,503,711	\$ 1,344,868
Client support receivables	80,185	99,207
Total Assets	<u>\$ 1,583,896</u>	<u>\$ 1,444,075</u>
	=====	=====
<u>Liabilities & Net Assets</u>		
Restricted Net Assets	<u>1,583,896</u>	<u>1,444,075</u>
Total Liabilities & Restricted Net Assets	<u>\$ 1,583,896</u>	<u>\$ 1,444,075</u>
	=====	=====

Client Trust Funds
Summary of Activities
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Designated Client Support	\$ 8,080,352	\$ 7,792,565
Total Restricted Support	<u>8,080,352</u>	<u>7,792,565</u>
Money Management Expense	5,545,102	5,642,801
Other Expenses	<u>2,395,429</u>	<u>2,070,699</u>
Total Expenses	<u>7,940,531</u>	<u>7,713,500</u>
Increase (Decrease) in Restricted Net Assets	139,821	79,065
Restricted Net Assets		
Beginning of Year	<u>1,444,075</u>	<u>1,365,010</u>
End of Year	<u>\$ 1,583,896</u>	<u>\$ 1,444,075</u>
	=====	=====

14. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 17, 2020, the date which the financial statements were available to be issued



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Kern Regional Center
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kern Regional Center ("KRC", a non-profit public benefit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kern Regional Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kern Regional Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kern Regional Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Roland Roos & Company

4384 E. Ashlan Ave., Suite 107
Fresno, CA 93726

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roland@rooscpa.com

(559) 226-2209 | Office
(559) 226-2219 | Fax

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fresno, California
February 17, 2020

Robert Raab and Company

[illegible]

KERN REGIONAL CENTER
OPERATIONS
FY 2020/2021
AS OF SEPTEMBER 30, 2020

	BUDGET	YEAR TO DATE	07/31/20	08/31/20	09/30/20	10/31/20	11/30/20	12/31/20	01/31/21	2/29/2021	03/31/21	04/30/21	05/31/21	06/30/21	TOTAL	OVER/UNDER
OPERATIONS																
Salaries & Benefits	16,932,939	3,907,601	919,279	1,231,923	1,176,715										3,327,917	579,684
Operating Expenses	4,410,000	1,102,500	206,884	444,232	168,698										819,813	282,687
SUBTOTAL OPS	21,342,939	5,010,101	1,126,163	1,676,155	1,345,413										4,147,731	862,370
COMMUNITY PLACEMENT PLAN																
Salaries & Benefits	-	-	16,828	14,432	24,120										-	-
Operating Expenses	-	-	16,828	14,432	24,120										55,380	-
SUBTOTAL CPP															55,380	-
FOSTER GRANDPARENT PROGRAM																
Salaries & Benefits	69,809	16,110	3,738	3,952	3,831										11,520	4,590
Operating Expenses	127,864	31,966	6,223	138	18,176										24,537	7,429
SUBTOTAL FGP	197,673	48,076	9,960	4,090	22,007										36,058	12,018
SENIOR COMPANION PROGRAM																
Salaries & Benefits	85,320	19,689	4,568	4,799	4,714										14,080	5,609
Operating Expenses	155,595	38,899	4,809	169	8,265										13,244	25,655
SUBTOTAL SCP	240,915	58,588	9,377	4,967	12,980										27,325	31,264
TOTAL OPERATIONS	21,781,528	5,116,785	1,162,329	1,699,645	1,404,519										4,266,493	905,652



KERN REGIONAL CENTER

*Striving to Achieve Equality,
Independence and Empowerment*

October 28, 2020

Edwin Pineda
State of California
Department of Developmental Services
1600 Ninth Street, Room 320
Sacramento, CA 95814

Dear Mr. Pineda,

Per the DDS letter dated September 25th, 2020 Kern Regional Center's Board of Directors is not in compliance with W&I Code Section 4622 on the following:

- "W&I 4622 (d) The governing board shall reflect the geographic and ethnic characteristics of the area to be served by the regional center."
Thirty eight percent of the KRC Board is of Latino/Hispanic ethnicity. Hispanic/Latino individuals served by KRC represent 48% of the total number of individuals served. The KRC Board does not have any members from Inyo or Mono Counties.
- "W&I 4622 (e) A minimum of 50 percent of the members of the governing board shall be persons with developmental disabilities or their parents or legal guardians. No less than 25 percent of the members of the governing board shall be persons with developmental disabilities." The KRC Board reflects 44 percent and 22 percent respectively.

In addition, the KRC Board is not meeting the minimum number of 10 Directors as stated in its bylaws.

All of the above compliance issues were directly impacted by the timing of two Directors completing their seven year membership during the COVID-19 pandemic. Recruiting and interviewing applicants during stay at home orders was not feasible during a time of many competing priorities and challenges. However, the KRC Board is now actively recruiting for new members and is considering two individuals who would meet the requirements noted above. It is the KRC Board's goal to have two new members by the end of 2020.

Sincerely,

Michi A. Gates, Ph.D.
Executive Director

cc: Oscar Axume, Kern Regional Center Board President

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 340, MS 3-12
SACRAMENTO, CA 95814
TTY (916) 654-2054 (For the Hearing Impaired)
(916) 651-6309



September 25, 2020

Oscar Axume, Board President
Michi Gates, Ph.D., Executive Director
Kern Regional Center
3200 North Sillect Avenue
Bakersfield, CA 93308

Dear Mr. Axume and Dr. Gates:

Pursuant to Welfare & Institutions Code (W&I) Code §4622.5, "By August 15 of each year, the governing board of each regional center shall submit to the department detailed documentation, as determined by the department, demonstrating that the composition of the board is in compliance with §4622." Thank you for submitting your completed survey on August 13, 2020.

Kern Regional Center's (KRC) Board Composition complies with most requirements pursuant to W&I Code §4622, but continues to fall short with regard to ethnic representation. KRC's Bylaws state that the board shall have a range of at least 10 but no more than 15 directors; however, the survey lists eight current directors. The board members' terms of office fall within the statutory limits. The KRC Board also includes a member from the provider advisory committee as required. Given that KRC's Board is out of compliance with its Bylaws, priority should be given to recruiting two directors as soon as possible to meet the bottom range set forth in the Bylaws.

KRC's survey indicates the board meets composition requirements in areas of legal, management or board governance, finance and developmental disability program expertise, and members with an interest in, or knowledge of, developmental disabilities.

Based on the survey, the Board Composition does not comply with W&I Code §4622 in the following areas:

- The Board does not reflect the ethnic characteristics of the area served by KRC. Based on 2015 American Community Survey data used to determine the ethnic representation of KRC's catchment area, the composition of the board does not reflect the ethnic diversity of the community served in that the Hispanic/Latino community is underrepresented. The board has not met the requirement for Hispanic/Latino representation for three years.
- The KRC Board does not include members from Inyo and Mono counties. The board has not met the criterion for geographic representation for five years.

"Building Partnerships, Supporting Choices"

Oscar Axume, Board President
Michi Gates, Ph.D., Executive Director
September 25, 2020
Page two

- The composition of the board includes 22 percent of individuals receiving regional center services and a total of 44 percent of individuals receiving services and the parents/legal guardians of those receiving services. This does not meet the statutory requirement of 25 percent and 50 percent, respectively.

KRC did not include a plan as to how and when the KRC Board will come into compliance. Please submit a detailed plan within 30 days of receipt of this letter detailing how and when the board will come into compliance.

The Department recognizes the tremendous commitment and responsibility involved in board membership, and also recognizes the complexity of maintaining compliance within the context of KRC's Bylaws, Board member term limits, and the multi-faceted contributions of each board member. If you have questions regarding this correspondence or need technical assistance in developing a plan, please contact Edwin Pineda, Primary Regional Center Liaison, Office of Community Operations, at (714) 957-5675, or by email, at edwin.pineda@dds.ca.gov.

Sincerely,

Original signed by:

ERNIE CRUZ
Assistant Deputy Director
Office of Community Operations

cc: Amy Westling, Association of Regional Center Agencies
Brian Winfield, Department of Developmental Services
LeeAnn Christian, Department of Developmental Services
Aaron Christian, Department of Developmental Services
Megan Mitchell, Department of Developmental Services
Edwin Pineda, Department of Developmental Services

Kern Regional Center

Michi Gates, Ph.D., Executive Director
3200 North Sillect Avenue, Bakersfield, CA 93308
Phone: (661) 852-3301. • Fax: (661) 873-4530
E-mail: mgates@kernrc.org
www.kernrc.org



Spring 2020

Performance Report for Kern Regional Center

Every year, the Department of Developmental Services (DDS) contracts with regional centers in California to serve consumers and families. And, every year DDS looks at how well the regional centers are doing. This report will give you information about your regional center.

Last year, at Kern Regional Center (KRC) we served about 9,550 consumers. The charts on page two tell you about the consumers we serve. You'll also see how well we are doing in meeting our goals and in fulfilling our contract with DDS.

At KRC, we want to improve every year, do better than the state average, and meet or exceed the DDS standard. As you can see in this report, we did well in having more (**99.49%**) children live with families, more (**85.95%**) adults live in home settings, and no (**0.0%**) children living in large facilities. Our percentage of adults in large facilities decreased slightly (**1.09%**) and is below the state average. Our developmental center population is slightly higher than the state average but has decreased significantly from last year.

We hope this report helps you learn more about KRC. If you have any questions or comments, please contact us!

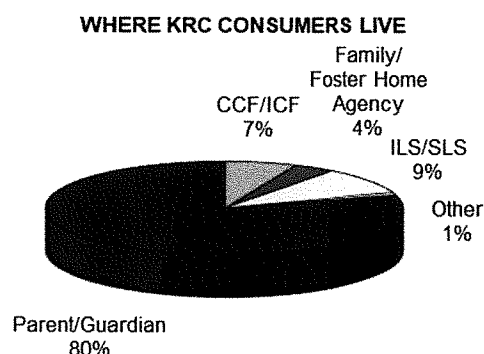
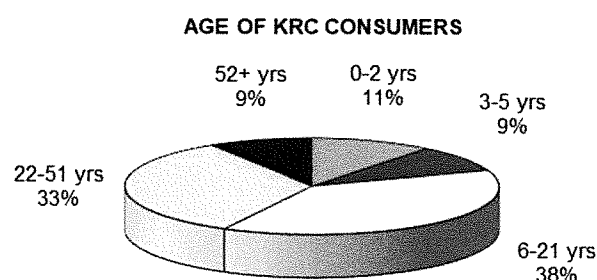
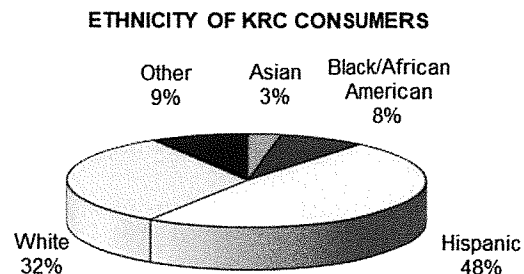
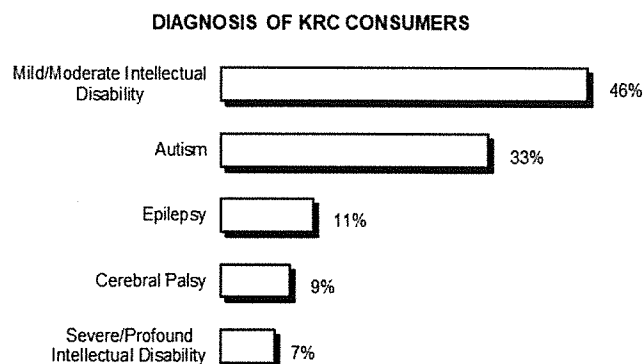
This report is a summary. To see the complete report, go to: www.kernrc.org

Or contact Cherylle Mallinson at 661-852-3207.

Michi Gates, Ph.D., Executive Director
Kern Regional Center

Who uses KRC?

These charts tell you about who KRC consumers are and where they live.



How well is KRC performing?

This chart tells you about five areas where DDS wants each regional center to keep improving.

The first column tells you how KRC was doing at the end of 2018, and the second column shows how KRC was doing at the end of 2019.

To see how KRC compares to the other regional centers in the state, compare the numbers to the state averages (in the shaded columns).

Regional Center Goals (based on Lanterman Act)	December 2018		December 2019	
	State Average	KRC	State Average	KRC
Fewer consumers live in developmental centers	0.12%	0.22%	0.08%	0.10%
More children live with families	99.38%	99.37%	99.44%	99.49%
More adults live in home settings*	80.20%	85.38%	80.84%	85.95%
Fewer children live in large facilities (more than 6 people)	0.04%	0.00%	0.04%	0.00%
Fewer adults live in large facilities (more than 6 people)	2.31%	1.13%	2.15%	1.09%

Notes: 1) Consumers can be included in more than one diagnosis category. 2) Residence Types: CCF/ICF is Community Care Facility/Intermediate Care Facility; ILS/SLS is Independent Living Services/Supported Living Services. 3) Home settings include independent living, supported living, Adult Family Home Agency homes, and consumer family homes. 4) Green text indicates the RC remained the same or improved from the previous year, red indicates the RC did not improve.

Did KRC meet DDS standards?

Read below to see how well KRC did in meeting DDS compliance standards:

Areas Measured	Last Period	Current Period
Passes independent audit	Yes	Yes
Passes DDS audit	Yes	Yes
Audits vendors as required	Met	Partially Met
Didn't overspend operations budget	Yes	Yes
Participates in the federal waiver	Yes	Yes
CDERs and ESRs are updated as required (CDER is the Client Development Evaluation Report and ESR is the Early Start Report. Both contain information about consumers, including diagnosis.)	96.64%	95.21%
Intake/Assessment timelines for consumers age 3 or older met	98.21%	91.82%
IPP (<i>Individual Program Plan</i>) requirements met	97.10%	97.42%
IFSP (<i>Individualized Family Service Plan</i>) requirements met	93.1%	75.5%

Notes: 1) The federal waiver refers to the Medicaid Home and Community-Based Services Waiver program that allows California to offer services not otherwise available through the Medi-Cal program to serve people (including individuals with developmental disabilities) in their own homes and communities. 2) The CDER and ESR currency percentages were weighted based on the RC's Status 1 and Status 2 caseloads to arrive at a composite score. 3) The IFSP calculation methodology was changed from composite to average in order to more accurately reflect the RC's performance by only including children reviewed during monitoring and not all Early Start consumers. 4) N/A indicates that the regional center was not reviewed for the measure during the current period.

KRC's data for meeting the 45 calendar-day timeline is related to a large growth in the number of Early Start referrals over the past 3 years (since the last monitoring review in 2016).

DDS is now calculating KRC's performance based on an average score from selected audit review cases only (see note 3 above). KRC's performance was based on 30 cases instead of all of the children in the Early Start program.

KRC will continue to develop resources to ensure that IFSP requirements are met and will work diligently to address all compliance standards.

How well is KRC doing at getting consumers working?

The chart below shows how well KRC is performing on increasing consumer employment performance compared to their prior performance and statewide averages:

Areas Measured	Time Period			
	CA	KRC	CA	KRC
Consumer Earned Income (Ages 16 to 64):	Jan through Dec 2017		Jan through Dec 2018	
Data Source: Employment Development Department				
Quarterly number of consumers with earned income	27,182	758	27,526	709
Percentage of consumers with earned income	17%	17%	16%	15%
Average annual wages	\$9,033	\$9,281	\$10,317	\$10,522
Annual earnings of consumers compared to people with all disabilities in California	2017		2018	
Data Source: Cornell University Disability Status Report	\$47,500		Data not Available*	
National Core Indicator Adult Consumer Survey	July 2014-June 2015		July 2017-June 2018	
Percentage of adults who reported having integrated employment as a goal in their IPP	27%	37%	29%	31%
Paid Internship Program	2017-18		2018-19	
Data Source: Paid Internship Program Survey				
Number of adults who were placed in competitive, integrated employment following participation in a Paid Internship Program	6	1	9	4
Percentage of adults who were placed in competitive, integrated employment following participation in a Paid Internship Program	18%	6%	13%	12%
Average hourly or salaried wages for adults who participated in a Paid Internship Program	\$11.64	\$11.00	\$12.45	\$12
Average hours worked per week for adults who participated in a Paid Internship Program	18	21	17	19
Incentive Payments				
Data Source: Competitive Integrated Employment Incentive Program Survey				
Average wages for adults engaged in competitive, integrated employment, on behalf of whom incentive payments have been made	\$11.93	\$12.13	\$12.76	\$12.58
Average hours worked for adults engaged in competitive, integrated employment, on behalf of whom incentive payments have been made	22	22	22	28
Total number of incentive payments made for the fiscal year for the following amounts:	\$1,500	5	27	1
	\$1,250	7	39	6
	\$1,000	6	43	8

To obtain these statistics, DDS provided the EDD with client data, and the EDD matched that information to their database and returned individual-specific wage data including employment locations, business name and type. DDS then analyzed the data for accuracy and only reported to regional centers the information deemed most accurate.

*The Cornell University 2018 Disability Status Report was not available at the time that this report was finalized.

How well is KRC doing at reducing disparities and improving equity?

These tables show you how well the regional center is doing at providing services equally for all consumers.

Percent of total annual purchase of service expenditures by individual's ethnicity and age

Age Group	Measure	American Indian or Alaska Native		Asian		Black/African American		Hispanic		Native Hawaiian or Other Pacific Islander		White		Other Ethnicity or Race	
		17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19
Birth to 2	Consumers	2%	2%	3%	4%	7%	7%	55%	54%	0%	0%	23%	24%	11%	10%
	Expenditures	3%	3%	3%	5%	6%	7%	51%	51%	0%	1%	26%	25%	12%	10%
3 to 21	Consumers	1%	1%	3%	3%	7%	6%	54%	55%	0%	0%	26%	25%	9%	10%
	Expenditures	1%	1%	5%	6%	9%	10%	42%	41%	0%	0%	34%	33%	9%	9%
22 and older	Consumers	1%	1%	3%	3%	10%	10%	36%	37%	0%	0%	46%	45%	5%	5%
	Expenditures	1%	1%	3%	3%	11%	10%	27%	28%	0%	0%	54%	53%	5%	5%

Number and percent of individuals receiving only case management services by age and ethnicity

Measure	Year	Number of Eligible Consumers Receiving Case Management Only			Percent of Eligible Consumers Receiving Case Management Only		
		Birth to 2	3 to 21	22 and Older	Birth to 2	3 to 21	22 and Older
American Indian or Alaska Native	2017-2018	2	5	4	8%	23%	15%
	2018-2019	3	7	5	14%	25%	19%
Asian	2017-2018	0	53	12	0%	39%	12%
	2018-2019	3	55	17	7%	37%	16%
Black/African American	2017-2018	9	112	49	11%	40%	12%
	2018-2019	5	99	46	6%	34%	11%
Hispanic	2017-2018	105	921	264	15%	40%	19%
	2018-2019	78	1,064	301	11%	42%	20%
Native Hawaiian or Other Pacific Islander	2017-2018	0	2	0	0%	67%	0%
	2018-2019	0	2	0	0%	50%	0%
White	2017-2018	38	423	240	13%	38%	14%
	2018-2019	27	451	258	9%	40%	15%
Other Ethnicity or Race	2017-2018	14	163	30	10%	40%	17%
	2018-2019	13	171	25	10%	38%	14%
Total	2017-2018	168	1,679	599	13%	39%	15%
	2018-2019	129	1,849	652	10%	40%	16%

Want more information?

To see the complete report, go to: www.kernrc.org

Or contact Cherylle Mallinson at cmallinson@kernrc.org

Kern Regional Center

Public Policy Performance Measures (Required)

Calendar Year(s) 2021

Measures	Statewide Average June 2019	KRC Baseline as of June 2019	Statewide Average June 2020	KRC Baseline as of June 2020	Activities Regional Center will Employ to Achieve Outcome
1. Number and percent of Regional Center consumers in Developmental Centers (DC) <i>(lower is better)</i>	0.10% 327	0.18% 17	0.08% 266	0.10% 10	<ul style="list-style-type: none"> • KRC will design services and identify supports that are essential to meeting the consumer's needs prior to the consumer moving into the community. • KRC will do outreach (i.e., partnership meeting with key holders such as Department of Mental Health) and give information to community providers interested in serving this specialized population. • KRC will continue to implement the 2020-21 Community Placement Plan (CPP)/Community Resource Development Plan (CRDP), which identifies the current needs and services of individuals residing in developmental centers. The plan identifies specific ways of meeting those needs through residential service settings, day programs, supplemental supports, including transportation, 1-to-1 assistance, specialized medical, dental, residential placement, and any other identified need. • KRC will deflect placements from the DC whenever possible consistent with consumers needs. • KRC will inform families, developmental center staff and consumers about all choices available, and encourage them to evaluate all options. • Complete comprehensive assessment (initial/update) for consumers residing in the developmental centers who meet criteria for placement. • Move consumers from the developmental center to a community settings. • Develop community homes that would serve individuals with complex medical and/or severe behaviors who require intensive services. Homes may be under a new licensing category, allowing consumers to be served who could not be served in a community setting by 12/30/2021.

PERFORMANCE CONTRACT PLAN [DRAFT]

Measures	Statewide Average June 2019	KRC Baseline as of June 2019	Statewide Average June 2020	KRC Baseline as of June 2020	Activities Regional Center will Employ to Achieve Outcome
2. Number and percent of minors residing with families (own family, foster family, guardian) (higher is better)	99.34% 172,363	99.45% 4,512	99.48% 177,196	99.51% 5,042	<ul style="list-style-type: none"> Continue to develop programs to serve children. Provide information and referral to parents about Family Resource Center(s).
3. Number and percent of adults residing in independent living (higher is better)	10.36% 17,605	8.83% 418	10.06% 17,660	8.17% 406	<ul style="list-style-type: none"> Service coordinators will discuss and provide Independent Living Services (ILS) options with consumers and families using a person-centered process.
4. Number and percent of adults residing in supported living (higher is better)	5.33% 9,065	10.35% 490	5.28% 9,260	10.08% 501	<ul style="list-style-type: none"> Continue to provide information on Supported Living Service (SLS) options with consumers and families using a person-centered process.
5. Number and percent of adults residing in Adult Family Home Agency (AFHA) homes (higher is better)	0.96% 1,630	4.80% 227	0.93% 1,638	4.43% 220	<ul style="list-style-type: none"> Develop plan to comply with statutory monitoring requirements.
6. Number and percent of adults residing in family homes (home of parent or guardian) (higher is better)	63.89% 108,576	62.03% 2,936	64.98% 114,052	63.39% 3,151	<ul style="list-style-type: none"> Continue to provide services and support to maintain consumers in the family home.

PERFORMANCE CONTRACT PLAN [DRAFT]

<i>Measures</i>	<i>Statewide Average June 2019</i>	<i>KRC Baseline as of June 2019</i>	<i>Statewide Average June 2020</i>	<i>KRC Baseline as of June 2020</i>	<i>Activities Regional Center will Employ to Achieve Outcome</i>
7. Number and percent of adults residing in home settings (independent or supported living, Adult Family Home Agency and Family homes) (higher is better)	80.54% 136,876	86.01% 4,071	81.25% 142,610	86.06% 4,278	<ul style="list-style-type: none"> See #3 through #6 above.
8. Number and percent of minors living in facilities serving greater than 7 - (Intermediate Care Facilities (ICF), Skilled Nursing Facilities (SNF), and Community Care Facilities (CCF)). (lower is better)	0.04% 66	0.00% 0	0.04% 68	0.00% 0	<ul style="list-style-type: none"> Continue to identify and track children at risk of institutional placement.
9. Number and percent of adults living in facilities serving greater than 7 - (Intermediate Care Facilities (ICF), Skilled Nursing Facilities (SNF), and Community Care Facilities (CCF)). (lower is better)	2.24% 3,799	1.08% 51	2.06% 3,618	1.03% 51	<ul style="list-style-type: none"> Continue to identify and track adults in large facilities.

Public Policy Performance Measures (Related to Employment)

Measures	Statewide Average	KRC Baseline	Statewide Average	KRC Baseline	Activities Regional Center will Employ to Achieve Outcome
1. Number and percentage of consumers, ages 16-64 with earned income. (higher is better)	2017-18 14.50% 23,265	2017-18 14.29% 650	TBD	TBD	<ul style="list-style-type: none"> Identify consumers ages 16-64 with earned income. New Measures data is forthcoming from the Employment Development Department (EDD). Establish local partnership agreement between KRC, local educational agencies, and the Department of Rehabilitation.
2. Average annual wages for consumers ages 16-64 (higher is better)	2017-18 8698	2017-18 8929	TBD	TBD	<ul style="list-style-type: none"> Track progress. New Measures data is forthcoming from the Employment Development Department (EDD).
3. Annual earnings of consumers ages 16-64 compared to people with all disabilities in CA (higher is better)	2017-18 14.5%	2017-18 14.3%	TBD	TBD	<ul style="list-style-type: none"> Track progress. New Measures data is forthcoming from the Employment Development Department (EDD). Establish local partnership agreement between KRC, local educational agencies, and the Department of Rehabilitation.
4. Number of adults who were placed in competitive, integrated employment following participation in a Paid Internship Program. (higher is better)	UD	2016- 17 7 2017-18 5	UD	2018-19 8 2019-20 4	<ul style="list-style-type: none"> Provide training and information to staff, community, and local providers regarding the Paid Internship Program (PIP). Identify and track consumers participating in PIP. Partner with local businesses, Dept. of Rehab, and school to increase number of PIP participants.

PERFORMANCE CONTRACT PLAN [DRAFT]

<i>Measures</i>	<i>Statewide Average</i>	<i>KRC Baseline</i>	<i>Statewide Average</i>	<i>KRC Baseline</i>	<i>Activities Regional Center will Employ to Achieve Outcome</i>
5. Percentage of adults who are placed in competitive, integrated employment following Participation in a Paid Internship Program <i>(higher is better)</i>	UD	UD	UD	UD	<ul style="list-style-type: none"> Track progress. New measures data if forthcoming Establish local partnership agreement between KRC, local educational agencies, and the Department of Rehabilitation.
6. Average hourly or salaried wages and hours worked per week for adults who participated in a Paid Internship Program during the prior fiscal year. <i>(higher is better)</i>	TBD	2017-18 \$11/hr 25 hrs/wk	TBD	TBD	<ul style="list-style-type: none"> Track progress. New measures data if forthcoming
7. Average wages and hours worked for adults engaged in competitive, integrated employment, on behalf of whom incentive payments have been made. <i>(higher is better)</i>	TBD	2017-18 \$12.66 hr 25 hrs/wk	TBD	TBD	<ul style="list-style-type: none"> Track progress. New measures data if forthcoming

PERFORMANCE CONTRACT PLAN [DRAFT]

Measures	Statewide Average	KRC Baseline	Statewide Average	KRC Baseline	Activities Regional Center will Employ to Achieve Outcome
8. Total number of \$1000, \$1250 and \$1500 incentive payments made for the fiscal year <i>(higher is better)</i>	TBD	2017-18 \$1000(3) \$1250(2) \$1500(3)	TBD	2018-19 34 2019-20 26	<ul style="list-style-type: none"> Track progress. New measures data if forthcoming
9. Percentage of adults who reported having integrated employment as a goal in their IPP <i>(higher is better)</i>	2014-15 State Avg 27%	2014-15 KRC Avg 37%	TBD	TBD	<ul style="list-style-type: none"> KRC to develop a plan on how to track these objectives. Obtain National Core Indicator (NCI) Survey. NCI measure "community employment" versus "integrated employment."

Public Policy Performance Measures (Related to Reducing Disparities and Improving Equity in Purchase of Services Expenditures)

Measures	KRC FY 2017-18 % Utilized ALL AGES	KRC FY 2017-18 Age & Utilized	KRC FY 2018-19 % Utilized ALL AGES	KRC FY 2018-19 Age & Utilized	Activities Regional Center will Employ to Achieve Outcome
<p>Percent of total annual purchase of service expenditures by individual's ethnicity and age:</p> <p>* Birth to age two, inclusive.</p> <p>* Age three to 21, inclusive.</p> <p>* Twenty-two and older.</p>	<p>Asian 63.2%</p> <p>-</p> <p>Black/AA 59.0%</p> <p>-</p> <p>Native Hawaiian or Other Pacific Islander 47.4%</p> <p>-</p> <p>Hispanic 54.7%</p> <p>-</p> <p>Native American 55.4%</p> <p>-</p> <p>Other 61.6%</p> <p>-</p> <p>White 64.2%</p>	<p>0 - 2 54.7%</p> <p>-</p> <p>3 - 21 52.9%</p> <p>-</p> <p>22 - ^ 62.7%</p>	<p>Asian 65.5%</p> <p>-</p> <p>Black/AA 66.9%</p> <p>-</p> <p>Native Hawaiian or Other Pacific Islander 78.5%</p> <p>-</p> <p>Hispanic 61.5%</p> <p>-</p> <p>Native American 61.1%</p> <p>-</p> <p>Other 62.2%</p> <p>-</p> <p>White 69%</p>	<p>0 - 2 60.5%</p> <p>-</p> <p>3 - 21 55.3%</p> <p>-</p> <p>22 - ^ 69.5%</p>	<ul style="list-style-type: none"> • KRC will utilized the DDS Disparity Grant to implement a plan to address disparity for birth to 8 years, and 8 years and over. • Conduct outreach and training through educational presentations about regional center services in venues serving families with young children [birth to 8 years] in KRC's catchment area, utilizing Early Start networks. • Enhanced assessment and intake process by restructuring the unit, providing training in the Hawaii Early Learning Profile (HELP), or the Infant-Toddler Developmental Assessment (IDA).

PERFORMANCE CONTRACT PLAN [DRAFT]

<i>Measures</i>	<i>KRC FY 2017-18 Ethnicity All Ages</i>	<i>KRC FY 2017-18 All Ethnicity</i>	<i>KRC FY 2018-19 Ethnicity All Ages</i>	<i>KRC FY 2018-19 All Ethnicity</i>	<i>Activities Regional Center will Employ to Achieve Outcome</i>
<p>Number and percent of individuals receiving only case management services by age and ethnicity: * Birth to age two, inclusive. * Age three to 21, inclusive. * Twenty-two and older.</p>	<p>Asian 65 24.3% - Black/AA 170 22.3% - Native Hawaiian or Other Pacific Islander 2 33.3% - Hispanic 1,290 29.2% - Native American 11 14.9% - Other 206 28.8% - White 702 22.2%</p>	<p>0 - 2 168 13.3% 3 - 21 1,679 39.3% - 22 - ^ 599 15.4%</p>	<p>Asian 75 25.2% - Black/AA 150 19% - Native Hawaiian or Other Pacific Islander 2 20% - Hispanic 1,443 30.5% - Native American 15 20% - Other 208 27.8% - White 737 23%</p>	<p>0 - 2 129 9.9% 3 - 21 1,849 40.4% - 22 - ^ 652 16.4%</p>	<ul style="list-style-type: none"> • Through the Individual Program Plan (IPP) process KRC will assure that case management continues to be sufficient to meet the needs of the clients. • Through the Individual Program Plan (IPP) process KRC will to include all services not funded by POS dollars. • Hire additional case worker to reduce caseload ratio.

PERFORMANCE CONTRACT PLAN [DRAFT]

Compliance Measures ¹UD = Under Development

Measures		Yes/No	Activities Regional Center will Employ to Achieve Outcome		
1. Unqualified independent audit with no material finding(s).		YES	<ul style="list-style-type: none">Establish, apply and maintain good business practices and generally accepted accounting principles.		
2. Substantial compliance with Department of Developmental Services fiscal audit		YES	<ul style="list-style-type: none">Establish, apply and maintain good business practices and generally accepted accounting principles.		
3. Accuracy percent of POS fiscal projections (based on February SOAR)		YES	<ul style="list-style-type: none">Strive to improved accuracy of POS fiscal projections based on history and ongoing utilization review.		
4. Operates within OPS budget		YES	<ul style="list-style-type: none">Develop plan to operate within the operational funds allocation.		
5. Certified to participate in Waiver		YES	<ul style="list-style-type: none">Maintain compliance with Medicaid Waiver requirements.		
6. Compliance with Vendor Audit Requirements per contract, Article III, Section 10.		YES	<ul style="list-style-type: none">Maintain compliance with contract.		
Measures	Statewide Average June 2019	KRC Baseline as of June 2019	Statewide Average June 2020	KRC Baseline as of June 2020	Activities Regional Center will Employ to Achieve Outcome
7. CDER/ESR Currency	98.39%	99.02%	98.34%	98.22%	<ul style="list-style-type: none">Continue to monitor timely completion of CDER/ESR.
Measures	State Target	FFY 2016-17 Report	FFY 2018-19 Report	FFY 2020 Report	Activities Regional Center will Employ to Achieve Outcome
8. Intake/assessment and IFSP time lines (0-2).	100%	96%	96.67%	TBD	<ul style="list-style-type: none">Implement to ensure timely completion of intake/assessment and IFSP. Maintain compliance with T17 requirements [R3].

PERFORMANCE CONTRACT PLAN [DRAFT]

Measures	Statewide Average June 2019	KRC Baseline as of June 2019	Statewide Average June 2020	KRC Baseline as of June 2020	Activities Regional Center will Employ to Achieve Outcome
9. Intake/assessment time lines for consumers ages 3 and above.	89.84%	92.02%	91.29%	87.78%	<ul style="list-style-type: none"> Implement plan to ensure timely completion of intake/assessment. Complete a comprehensive review of the Intake Process to move towards meeting statutory requirements.
Measures	Federal Revenue Audit Report 2015	Federal Revenue Audit Report 2017	Federal Revenue Audit Report 2019	Activities Regional Center will Employ to Achieve Outcome	
10. IPP Development (WIC requirements(2.6.a))	96%	90%	97%	<ul style="list-style-type: none"> Comply with all requirement of WIC 4646.5(c)(3) for timely completion of individual program plans for consumers receiving services under the Lanterman Act. Hire additional case worker to reduce caseload ratio. Enhance training on IPP timelines, including familiarity with WIC codes for seasoned or senior Service Coordinators New Service Coordinators will be trained on all aspects of the IPP process, including timelines. 	
Measures	State Target	FFY 2016- 17 Report	FFY 2018- 19 Report	Activities Regional Center will Employ to Achieve Outcome	
11. An Initial IFSP Development Part C 45 day time line (Title 17 requirements).	100%	68%	40%	<ul style="list-style-type: none"> Comply with all requirement of Title 17 for timely completion of individual program plans for infants and children receiving Early Intervention services [R5]. Service Coordinators will be trained on all aspect of the IFSP process, including time lines. A thorough documentation will be completed whenever there are issues with delays in completing assessment to account when there are exceptional family circumstances which impacts 45 days timeline. Develop additional resources in completing Early Start assessments for the growth in number of referrals for children under the age of 3 to KRC. 	

STATEMENT OF ASSURANCES

This is to assure that **Kern Regional Center** Calendar Year 2021 Performance Contract was developed in accordance with the requirements specified in Welfare and Institutions Code section 4629 and the Department of Developmental Services' (DDS) Year 2021 Performance Contract Guidelines.

The performance contract was developed through a public process which included:

- Providing information, in an understandable form, to the community about regional center services and supports, including budget information and baseline data on services and supports and the regional center operations [WIC 4629 (c)(B)(i)];
- Conducting a public meeting where participants can provide input on performance objectives and using focus groups or surveys to collect information from the community [WIC 4629 (c)(B)(ii)];
- Providing at least ten calendar days advance public notice of the date of the public meeting (guidelines); and,
- Circulating a draft of the performance objectives to the community for input prior to presentation at a regional center board meeting where additional public input will be taken and considered before adoption of the objectives [WIC 4629 (c)(B)(iii)];

Signature of RC Director:

Michi A. Gates, Ph.D. Kern Regional Center Executive Director

Date: _____



KERN REGIONAL CENTER

*Striving to Achieve Equality, Independence
and Empowerment*

September 21, 2020

Ernie Cruz, Assistant Deputy Director
Department of Developmental Services
1600 9th Street Room 340, MS 3-12
Sacramento, CA 95814

Dear Mr. Cruz:

In a letter dated September 16, 2020, the Department of Developmental Services (DDS) informed Kern Regional Center that, based on caseload ratios submitted to DDS on March 9, 2020, Kern Regional Center (KRC) did not meet required caseload ratios for individuals enrolled in the Home and Community-Based Waiver program; for children thirty-six months and younger; and children and individuals over 3 years of age, non-waiver, non-mover for two consecutive reporting periods.

This is KRC's plan of correction as required in Section 4640.6(f) of the Welfare and Institutions Code (W & I).

KRC's Caseload Ratio report reflects data taken on March 1, 2020. The report indicates that KRC did not meet caseload ratios in the aforementioned categories. For individuals enrolled in the Home and Community-Based Waiver program, KRC's ratio was 1:69 (required ratio is 1:62); for children thirty-six months and younger the caseload ratio was 1:64 (required ratio is 1:62); for children and individuals over the age of 3 years, non-waiver, and non-mover the caseload ratio was 1:77 (required ratio is 1:66).

KRC held two public meetings on August 27, 2020 by Zoom video conference (an English and Spanish session) to discuss caseload ratios. Parents and community partners attended the public session via Zoom video conference. The attendees expressed concern on the availability of the assigned Service Coordinator to provide quality customer service. They suggested that KRC reduce the caseload of each Service Coordinator in order for their assigned Service Coordinator to spend more quality time serving the individual. They would like to see improvement in the quality of case management/service coordination and suggested that KRC implement trainings to service coordination staff on the array of services that are available to the individuals served. These suggestions and opinions were also expressed by the Spanish-speaking community.

In current fiscal year 2020-2021, KRC continues to review service coordinator staffing assignments and will continue to implement any changes necessary across all service coordination categories to reach caseload ratio compliance. KRC continues to make every attempt to hire additional Service Coordinators by reviewing the operations budget on a monthly basis and within the operations allocation provided by the state. Currently KRC is serving over

10,000 individuals and in order for KRC to be in full compliance with state statute, KRC would need to hire at least 18 Service Coordinator positions. In addition to hiring more Service Coordinators, KRC would need to hire at least two Program Managers for support and guidance of case management staff. It should be noted, RC restructured the Early Start units in order to become more compliant with meeting the caseload ratios for this age group in December 2019. Previously the Early start units served children up to age nine and currently serve children up to age four.

It is the intent and commitment of KRC to continue to monitor caseload ratios attentively in order to efficiently distribute cases and maximize service delivery. KRC will continue to strive towards establishing caseload ratios in accordance with W & I Code 4640.6(c) using the operations allocation provided by the state. KRC will attempt to hire as many Service Coordinators permitted by the allocation. An ideal Service Coordination unit consists of 10-12 Service Coordinators and one Program Manager. KRC will need to plan for this growth and consider any additional support staff, equipment, and other supplies.

Sincerely,

Celia Pinal, MSW
Director of Client Services
Kern Regional Center

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