

**OPTN Finance Committee
Meeting Summary
June 11, 2021
Conference Call**

Robert Goodman, MBA, Chair

Introduction

The OPTN Finance Committee met via Citrix GoToMeeting teleconference on 06/11/2021 to discuss the following agenda items:

1. FY22 Budget Presentation with Q&A
2. Resolution – OPTN Budget Vote
3. Resolution – OPTN Fee Vote

The following is a summary of the Committee’s discussions.

1. FY22 Budget Presentation with Q&A

Dale Smith, Director, Finance, discussed the OPTN registrations for the year so far and based on the recent trends, Mr. Smith expects that registrations will come in close to budget by the end of the fiscal year with forecasted registrations of 61,500. Based on these trends, a FY22 budget of 63,800 registrations seems reasonable. The registration budget would be 3.7% over FY21 budget which is lower than average pre-COVID growth of approximately 5% year-over-year.

Mr. Smith summarized the budget process which starts with the overall mission and objectives, department-level goals, and how individual contributors will spend their time. The budget is built up based on those inputs.

The proposed FY22 budget is \$63,860,330 which is an increase of \$4,893,330 (8.3%) over the FY21 budget. The majority of the increase is due to additional headcount needed to perform OPTN work. Headcount increases in the Organ Center, Research, and Member Quality.

Mr. McLaughlin asked for a summary of the increases by task. Mr. Smith informed him that the end of the presentation included the breakdown Mr. McLaughlin was looking for along with commentary explaining the rationale for the increases.

Mr. Smith walked through the calculation of the OPTN Fee which is expected total expenses of \$63,860,330 which is offset by contractual Federal Funding of \$6,500,000, a drawdown on reserves of \$2,000,000, which leaves \$55,360,330 of OPTN operating expenses needed to be covered by registration fees. The \$55,360,330 divided by expected registrations of 63,800 calculates out to a fee of \$868 per registration required in order to cover all expected OPTN costs.

Several members and advisors had questions regarding the \$2M drawdown of reserves. Mr. Smith clarified that the reserves that have been drawn down over the last several years are funds that have accumulated above the reserve amounts needed to operate the OPTN for 2 months. Mr. Harms referred to the funds in excess of the required reserves as “the cushion above the cushion”. The 2-months operating reserve of approximately \$11M will remain untouched.

Mr. Smith showed the functional expense statement with comparison to FY 2021 budget and explained the variances between the two budgets. He also displayed a chart showing the historical changes in budgets from year-to-year and pointed out that the proposed increase of 8.3% for FY 2022 was in line with the growth experienced over the last several years.

Mr. McLaughlin asked about the expectations related to meetings in FY 2022 and whether the expectation was that all meetings would be in-person or hybrid. He pointed out that virtual meetings have worked well over the last year and asked if that was discussed and what the plan is for meetings going forward. Mr. Shepard responded that the meeting plan was similar to plans in past years prior to the pandemic with a mix of in-person and virtual meetings.

Mr. McLaughlin asked whether the plan to go back to the old meeting model had been discussed with the board. Mr. Shepard replied that the feedback he has received from board members and advisors is that there is a lot of value derived from meeting in person. He also stated that additional discussion about meeting options will come at a later date.

Mr. McLaughlin asked what was driving the increase in spending compared with prior year. Mr. Smith explained that the overall increase of approximately 5% was due to higher costs for room rental, hotel, audio/visual, and food. Mr. McLaughlin reiterated his desire for an in-depth discussion about the meeting plan with the board because there could be significant cost savings by continuing to have all meetings hosted virtually rather than in person. Mr. Shepard replied that the meetings are a small part of the overall OPTN budget and cost shouldn't be the primary factor driving the decision, it should be what option most encourages engagement from the community.

An advisor asked about the increase in headcount in the budget and whether the assumption was that all new hires would have a start date of October 1, 2020. Mr. Smith replied that not all new hires are budgeted to begin October 1, they are budgeted based on expected start date. Mr. Harms also explained that we have a vacancy rate built into the budget to account for fluctuations in headcount.

Mr. McLaughlin asked which line item the Accenture expense was budgeted in and also what was driving the increase in Purchased Services – Building Security & Management. Mr. Smith answered that the Accenture spend is budgeted in the Purchased Services line item which has an increase of \$163K over FY 2021 budget. He explained that the increase is small because the IT department reprioritized work in order to reduce costs to make room for the Accenture spend. Mr. Smith also explained that the Building Security & Management cost increase is related to capital expenditures for relocating data storage offsite and some of that capitalized cost is now showing up in the operating expenses.

Mr. Smith walked through additional charts which showed the budget and trends from different perspectives to help further illustrate the points he had discussed earlier.

Mr. Smith then briefly walked through the appendix showing the various contract tasks and explanations of any anticipated changes from the previous year.

Mr. Smith turned the meeting back over to Mr. Goodman.

2. Resolution – OPTN Budget Vote

Mr. Goodman read the resolution approving the budget of \$63,860,330 and recommending it to the board. The members voted in favor with no dissenting votes and no abstentions.

3. Resolution – OPTN Fee Vote

Mr. Goodman read the resolution approving the OPTN registration fee of \$868 and recommending it to the board. The members voted in favor with no dissenting votes and no abstentions.

Upcoming Meetings:

June 14 – Board Presentation

June 25 – FY22 budget presentation to OPTN Board with vote to approve

July/August – Orientation for new members to the Finance Committee

September – Preliminary year end review

Attendance

- **Committee Members**
 - Robert Goodman, Chair
 - Linda Cendales
 - Pono Shim
 - Barry Massa
 - James Gleason
- **HRSA Representatives**
 - Christopher McLaughlin
- **UNOS Staff**
 - Steve Harms
 - Dales Smith
 - Matt Rowland
 - Susie Sprinson