OPTN Finance Committee
Meeting Summary
June 6, 2023
WebEx Meeting

Brad Kornfeld, Chair
Dale Smith, Chief Financial Officer

Introduction

The OPTN Finance Committee met via WebEx teleconference on 06/06/2023 to discuss the following agenda items:

1. Opening Remarks
2. FY 2024 OPTN Budget Working Session

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

1. Opening Remarks

Brad Kornfeld, Chair and Treasurer of the OPTN Board expressed gratitude for the attendees and emphasized the team's efforts to complete the budget despite the absence of a contract in place for Fiscal Year 2024 (FY24). He reminded everyone that the budget was based on what is currently known and acknowledged that as circumstances change, the committee will continue their work. Mr. Kornfeld noted the series of working sessions the Committee has had in preparation to propose a FY24 Budget.

2. FY 2024 OPTN Budget Working Session

Dale Smith, Chief Financial Officer began the presentation acknowledging the feedback received from committee members and explained that the objectives of the meeting were to discuss the proposed budget in detail and vote to determine if the Committee recommends the FY24 budget to the OPTN Board of Directors.

Mr. Smith mentioned that this year's budget conversations had been the most detailed to date. The proposed budget for FY2024 is $73,821,400, which is a 1.8% increase from the FY23 budget. Mr. Smith mentioned the discussions held in the previous working sessions, covering subjects like FedRAMP, member IT security, and POC projects. Mr. Smith emphasized the ongoing efforts to make improvements are causing increases this fiscal year but may lead to cost reductions in the future. Mr. Smith clarified that the 5% merit increase budget item was inclusive of market and inflation factors based on conversations in the last working session. He noted that the goal of the meeting is to provide a thorough understanding of the budget and foster collaboration and feedback from the committee members. Mr. Smith then presented the actuals of the FY23 budget to-date and explained that he considers a 2% variance as acceptable and mentioned that it provided a good perspective and the importance of forecasting, stating that there was still time to reach the 2% target. Mr. Smith also provided context that progress has been made in budget forecasts compared to actuals in the last 5-10 years by decreasing the variances. Chris McLaughlin, HRSA representative, asked if the 2% under budget was forecasted with the proposed fee for FY23 or the FY22 approved registration fee of $868. Mr. Smith confirmed the forecasts and actuals were based on the registration fee of $868 from FY22.

A committee member highlighted the importance of detailing the projects and equating them to the categorized view of the proposed budget for FY24 in comparison to FY23. Mr. Smith referenced the Board package and inclusion of the budget categories by line items, similar to the granular level of detail included in the invoices sent to the OPTN. Mr. Smith clarified if the committee member was referring to the monthly voucher that is 120 pages long by every subtask and every hour charged to the OPTN. The committee member confirmed that was what they were referring to. Mr. McLaughlin expressed the expectation of HRSA that the committee understand that level of detail. He also suggested the creation of a summary that provides a detailed breakdown of sub-tasks and their associated costs. This summary would help the Finance Committee understand the allocation of resources and the need for additional staff. Mr. Smith acknowledged Mr. McLaughlin's comments and mentioned that they were working on the sub-task crosswalk for the committee. He discussed personnel costs, including salaries, benefits, taxes, and training. Mr. McLaughlin reiterated the importance of presenting the budget in a way that clearly demonstrates the need for additional resources and provides a granular understanding of the budget allocations. He stated that the Membership Security additional headcount was clear but HRSA expects the committee to see the additional Software Engineering headcount that will support Policy Oversight Committee work.

In response to HRSA's requests, Mr. Kornfeld mentioned the importance of striking a fair balance between providing sufficient information to make informed decisions and putting the committee into the weeds of the contractor's Finance team's role. A committee member asked if there was a correlation between the budget impact and the increase in salaries. They suggested combining the personnel expense and headcount information on one slide to provide a more detailed illustration of the total increase per HRSA's comments. Mr. Smith agreed to link the number of team members to the anticipated projects to provide a comprehensive view of resource allocation.

Mr. Kornfeld mentioned the importance of gathering final requests and additional information from HRSA before another meeting and a final vote. He noted the committee's willingness to honor the request for background information from HRSA and ensure that no details were missing before concluding the call. Mr. Kornfeld suggested continuing at a higher level of categories to identify specific information required from HRSA for each item. The participants aimed to ensure that all relevant details were considered before making a decision. Mr. Smith stated his plan to work with the team on major expense categories requested by HRSA. He proposed presenting the beginning budget number and comparing it with the forecasted and actual budget numbers for each category.

The focus shifted to the Meetings and Travel page, with Mr. Smith highlighting in-person meetings and the need to adjust the budget based on market fluctuations. He encouraged normalizing numbers rather than relying on extreme spikes or dips.

Mr. Smith proceeded to walk through the Purchased Services portion of the presentation and discussed the range of costs and timing based on recent proposals from consultants. Mr. McLaughlin noted that HRSA is not currently requiring the contractor to be FedRAMP certified but cannot speak to future contracts. The committee discussed and agreed they will add more details and footnotes to provide a comprehensive understanding of the calculations of the cost for the system to achieve FedRAMP readiness based on the possibility that FedRAMP may be required in future contract(s). Mr. Smith agreed FedRAMP certification was not required at this time, but it would be a decision of the OPTN to invest in the security and efficiency of the system. Mr. McLaughlin suggested providing a report on the status of the system to the committee and emphasized the need for a secure and efficient system. Mr. Smith moved on to explain that the current service desk operates from 7:00 AM to 7:00 PM, and there is a need to address calls that come in after those hours. Mr. Smith emphasized the importance of resolving calls on the first attempt. Mr. McLaughlin raised concerns about the appropriateness of having

the Organ Center manage IT support questions and suggested that it may not be the best use of their time and expertise. He requested a clearer understanding of the recommended cost and the reasoning behind it. He also questioned whether IT support could be provided by the IT department instead. Tony Ponsiglione, Chief People Officer, explained that the proposal is for better support for our members and to cut costs on the software engineering on-call time. Mr. Ponsiglione mentioned plans to extend the helpdesk hours to 10:00 PM. Mr. Smith then presented the committee with the top 20 software subscriptions and associated costs.

Mr. McLaughlin expressed interest in understanding the reasoning behind the recommended budget and the allocation of funds. He suggested tying specific projects to the spend-down of funds from the operating accounts. Mr. McLaughlin emphasized the importance of aligning the budget with the organization's strategic goals. Mr. Smith agreed with Mr. McLaughlin's points and considered them valuable for explaining the budget's rationale. He acknowledged the need to justify the budget based on available funds and the organization's desired direction. Mr. Smith mentioned that such explanations would help stakeholders understand the budget and its alignment with long-term goals.

A committee member commented that if HRSA has specific expectations for the level of detail, this should have been an earlier discussion with the committee. He noted that having discussions earlier in the process would have improved the timeline for future discussions. The committee agreed that it is important for HRSA to establish expectations upfront and align the budget with agreed-upon expectations rather than tailoring the budget to match late-stage expectations. Mr. Smith agreed with the importance of early discussions and acknowledged the need to provide more clarity and detailed information during working sessions.

The meeting concluded with Mr. Kornfeld assuring everyone that they would have time to review materials and vote, despite the tight schedule.

The meeting was adjourned.

Attendance

- **Committee Members**
  - Andrea Tietjen
  - Bradley Kornfeld
  - Renee Bennett
  - Robert Goodman
  - Stuart Sweet
  - Jeffrey Orlowski
- **HRSA Representatives**
  - Christopher McLaughlin
- **UNOS Staff**
  - Anna Messmer
  - Dale Smith
  - Jacquelyn Flannagan
  - Kasey Darnes
  - Matthew Rowland
  - Michael Letson
  - Morgan Jupe
  - Susie Sprinson
  - Tony Ponsiglione