Meeting of the

FINANCE COMMITTEE

December 3, 2007, 2:10-4pm
40 Worth St., Room 1502B

DRAFT MINUTES

Members in Attendance: Ed Telzak, M.D. (Chair), Alex Brussovansky, Sharen Duke, Matthew Lesieur, Ed Viera, Jr.

Staff in Attendance: *DOHMH:* Monica Sweeney, M.D., Fabienne Laraque, M.D., Jo Ann Hilger, Jan Carl Park, David Klotz, Darryl Wong, Nina Rothschild; Gucci Kaloo, Peter Chea (MHRA/HIV Care Services)

I. Welcome/Introductions

After introductions, Mr. Klotz reviewed the roles and responsibilities of the Committee. The Committee was created in 2003 in response to a year in which there was an unexpectedly high amount of underspending. The Committee fulfills the Council's Ryan White HATMA-mandated role of assessing the efficiency of the administering agency in rapidly allocating funds according to the priorities set by the Council. The Committee does this by reviewing and evaluating fiscal information from the grantee and disseminating that data, as needed, to the Council and its committees.

II. FY 2007 Second Quarter Report

Mr. Kaloo presented the FY 2007 2nd quarter spending report (base funding only, as MAI funding began in August). Over 99% of funds have been committed, leaving only $859,281 in uncommitted funds from contracts that were relinquished or declined. MHRA, if they can, identifies another contractor to provide the service, and if not, the funds are available for on-going reprogramming.

The report showed generally strong spending compared to the 2nd quarter of last year, especially given that there are many new contracts this year, including all contracts in 5 categories (Mental Health, Harm Reduction, Early Intervention, Maintenance in Care, and Housing Placement). Greater underspending was in ADAP Plus, but Sept.-Oct. reports have come in since this data was generated showing that this category is now in fact overspent.

Highlights of the ensuing discussion included:

- Spending in the spending for the quality management program can not be compared to last year because there are different elements in the program.
- The State (which is subject to the new 2% underspending cap for Part B) has indicated that they are able to accept reprogrammed funds for ADAP at the end of the year, but that they want an estimate of the amount. We have asked them to provide an analysis of what the ADAP program would look like with a reduced Part A contribution.
- New contracts were reimbursed on a cost basis for their first six months to allow for start-up and will be reimbursed on a performance basis afterwards. We may need to examine spending of the performance-based contracts more frequently given the 2% cap.
- MHRA is aggressive at doing take-downs of underspending contracts. The criteria for the new contracts is that they must have program performance of 95% or better and have unspent the first six months of the cost-based reimbursed portion of the contract by less than $5,000 or be reduced. Ms. Duke stated that this is not fair to those contracts because older contracts are allowed 90%. There have been 32 take-downs so far, resulting in $1.3M for reprogramming, as per the Council's plan, which includes purchasing testing kits, enhancing over-performing programs and allocations to ADAP.
- Close monitoring is needed to ensure that programs provide the services that they contract for.

III. HRSA Policy on Underspending

Ms. Hilger explained the new policy on underspending. EMAs must now track spending separately for formula, supplemental and MAI funds. Any unspent supplemental funds left at the end of the budget year are turned back to US Dept. of Health and Human Services. If the formula portion of the grant (currently $74M) is unspent by over 2%, that amount is applied to the next full year's formula award, plus we will not be able to apply for a supplemental grant for that same year (this takes effect for 2009).

A recent "Q&A" document issued by the CAEAR Coalition after meetings with HRSA says that EMAs must obligate 98% of their funds, rather than liquidate them by the end of the fiscal year, which contradicts what Doug Morgan of HRSA said earlier. DOHMH has asked HRSA for clarification. Dr. Telzak stated that we should operate under the worst case scenario regarding the policy, and that given the advent of performance-based contracts, we need to monitor spending more closely and frequently towards the end of the year, perhaps with an update after 8 months of spending, rather than waiting for the 3rd quarter report, which will not be ready until a month before the end of the fiscal year.

The Committee agreed to meet face-to-face in late January after MHRA has interim monthly data on spending up to that time. The Committee also agreed to include in the "commitment and expenditure" chart two extra columns: reductions and enhancement. The other spread sheet, as well as bar graphs will be eliminated as redundant.

There being no further business, the meeting was adjourned.