Meeting of the

FINANCE COMMITTEE

December 6, 2006, 3:30-4:30pm
40 Worth St., Room 1519

M I N U T E S

Members in Attendance: Jason DeCuir, Steve Hemraj (by phone), Alvin Perry

Staff in Attendance: David Klotz (DOHMH/ OHAPCP); Rachel Miller, Gucci Kaloo (MHRA/HIV CARE Services); Jo Ann Hilger (DOHMH/Ryan White Services)

I. FY 2006 Second Quarter Report

After introductions, the minutes of the September 27th conference call were approved with no changes.

Mr. Kaloo explained that the FC had requested that the spread sheets be more updated, to match the graphs. This would require updating the MHRA reports to DOHMH before they can be reconciled, but MHRA is working on doing this for the Committee.

Mr. Kaloo presented the FY 2006 second quarter spending report. There is $3.95M uncommitted as of the second quarter. $308,000 is in the Mental Health category, mostly from a contract that was terminated. Funds will go to the Council-approved reprogramming plan. There is about $2M uncommitted in Housing Assistance, a category that the Council enhanced at the beginning of the year, but the contracts were not fully executed at the end of the second quarter (the period covered by this report). Most of this will be committed. $1.6M in Treatment Adherence was uncommitted at the time of the report, since the new MAI Treatment Adherence contracts had not been executed. Because of the mid-year start of these contracts, in addition to miscellaneous funds made available through a number of contract terminations, the EMA will see uncommitted funds of roughly $2 million total, which will be dispersed pursuant to the Planning Council's reprogramming plan. The implementation of that plan is in progress.

In the spread sheet, as of the second quarter, about 67% of funds are not spent, as compared to 57% at this point last year. The more updated graphs show 63% under-spending. The main reason for this is due to the large number of new contracts (both new and re-bid) and the concurrent start-up issues. Contracts in the service categories that were re-bid during Year 16 were initially renewed for 9 months and then later extended by 3 months, which resulted in a full year's worth of contract dollars. Knowing that the contract is ending, many contractors projected lower levels of services toward the end of the contract period and therefore did not re-hire staff when positions became vacant. Contractors submitted modifications to budget the additional 3 months of contract funds and to reallocated personnel accrual to other budget lines but could not begin to spend against these lines until they received written approval from MHRA. MHRA is about to start the analysis for the annual one-time take-downs. Contracts that appear to be under-spending will be targeted for take-downs (these are not permanent take-downs; funds would be restored in the following year

Mr. Hemraj expressed concern about the possibility of a larger under-spending at the end of the year than in the previous few years, which would reflect poorly on our EMA, given the political environment. Ms. Miller replied that it is not unusual for a year with many new contracts, and that MHRA will be able to reprogram much of the unspent funds (the NYS DOH has indicated that it has the capacity to absorb the funds and the ability to accept them late in the contract year).

Mr. DeCuir expressed concern about the large number of take-downs. Ms. Miller said that this is also due to the large number of new and extended contracts. Mr. DeCuir also asked how the change to performance-based contracting may affect spending rates. Ms. Miller and Ms. Hilger stated that it is still imperative that the EMA spend down the grant, and that the grantee is taking steps to insure that the new contracting methods do not adversely affect that. They are providing technical assistance, being aggressive about reprogramming, and giving contractors an initial 3 months of funds for fast start-up (e.g., staff, equipment), with performance-based reimbursement starting in the 4th month of the contract.

In addition, to maximize spending, the Council should consider giving the grantee some latitude to shift funds between service categories starting in FY 2007, perhaps with a cap (e.g., 10%) to ensure that the priority ranking stays the same. Mr. Hemraj will discuss this at the next Priority Setting & Resource Allocation Committee meeting, as well as begin a discussion of it at the full Planning Council.

The next meeting will be by conference call on Wednesday, March 7th, 3:30pm.

There being no further business, the meeting was adjourned.