Meeting of the

FINANCE COMMITTEE

Thursday, June 13, 2013, 3:00-5:00PM
DOHMH, 2 Gotham Center, Long Island City, NY

MINUTES

Members Present: Robert Cordero (Chair), Marya Gilborn, Graham Harriman, David Martin, Jan Carl Park, Dan Pichinson, Dorella Walters
Staff Present: *NYCDOHMH*: David Klotz, John Rojas, Amber Casey; *Public Health Solutions:* Rachel Miller, Gucci Kaloo, Peter Chea; WCDOH: Tom Petro

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I. Welcome/Introductions

Mr. Cordero opened the meeting. The minutes of the April 10, 2013 meeting were approved with no change.

II. FY 2012 Base and MAI 4th Quarter Close-out Reports

Mr. Kaloo gave an overview of the FY 2012 Base and MAI fourth quarter commitment and expenditure close-out reports. 100% of all funds were committed. Overall under-spending was 2% in Base and 1% in MAI. For FY 2012, enhancements were provided to contracts in January 2013 compared with the prior two years when enhancements were provided at closeout. Providing the enhancements earlier this year allowed more time for contractors to plan (e.g., making one-time purchases, continuing to perform at increased levels) and reduced the risk and uncertainty of not being reimbursed for services provided above the established targets and contract amount.

Mr. Chea provided details of the reports. Details of the MAI report include:

- ADAP Plus was enhanced by $561,885, which was less than the previous year due to the fact that no funds had been allocated to the service category in the original spending plan.
- Transitional Care Coordination has one contract, which received a one-time enhancement of $114,413.
- Under-spending on Medical Case Management (MCM) improved from FY 2011, going from 23% to 11%.
- Housing received a small enhancement.

- Overall under-spending in MAI was only $133,379 (1%), a record low level. *[Note: Since the meeting occurred, the amount has been revised to $347,690]*

Details of the Base report include:

- ADAP was enhanced by $4.2M, which includes the restoration of the upfront reduction, FY 2011 carry-over and further enhancements per the reprogramming plan.
- MCM contracts were reduced, including many permanent take-downs, resulting in $2.9M unspent.
- Some Mental Health (MH) programs continue to have difficulty finding clients that were not insured. MH programs have been adjusted accordingly for FY 2013 renewal.
- The uncommitted funds in Harm Reduction (HRR) were due to the changes in the service model due to HRSA rules on allowable services (mainly, fewer low-threshold services) as well as contract terminations and contracts negotiated for less than their allocations. Take-downs in HRR were somewhat offset by enhancements to some over-performing contracts.
- Take-downs in Emergency Rental Assistance were due to shortages in external case management services experienced by the program. Case management is a requirement for Emergency Rental Assistance clients.
- Spending in the Housing Placement Assistance category is skewed by the significant underperformance of one contractor, whose award has been reduced in the current year. Also, changes in HASA meant it took longer to find apartments, thus a lower number of clients and less reimbursement.
- High under-spending in Outreach to Youth pointed out the need to revise the service model, which was done for FY 2013, to concentrate more on outreach.
- Outpatient Medical Care was 100% unspent, as described at the previous FC meeting.
- The higher amount of carry-over last year ($2.626M, compared to $699K in FY 2011) will work to the EMA's advantage by assuring the restoration of the upfront reduction to ADAP this year.

Committee members discussed the possibility of including notes along with the report that summarize the reasons for uncommitted funds and take-downs by service category.

Mr. Petro reviewed the Tri-county (TC) close-out report. Overall, 100% of funds were committed and 9% ($532,389) unspent. In Food & Nutrition and MCM, under-spending was high because three contractors did not submit required audits, and therefore forfeited six months of reimbursement. Two of these were hospitals that went bankrupt. In Housing, under-spending was due to clients being moved onto HOPWA funded programs.

The FY 2013 Tri-county spending plan calls for the use of the TC portion of program carry-over to be used to offset the reduction in the award. This will be presented to the EC and PC for approval later this month.

Mr. Kaloo presented graphs showing under-spending trends over six years in Base and MAI categories. General trends show a consistent decrease in under-spending rates.

III. Assessment of the Administrative Mechanism

Mr. Cordero reviewed the checklist summarizing the work of the Finance Committee to fulfill the legislative requirement to assess the administrative mechanism on the timely allocation of Part A funds. Findings included that FY 2012 contracts were executed and renewed on a timely basis; subcontractors were paid in a timely manner; expenditures by service category were reported quarterly to the FC, EC and PC; spending rates remained high; and modifications to the spending plan were reported by service category to the FC, EC and PC.

There was some discussion about the possibility of getting aggregate numbers of subcontractors who were paid within 30-45 days of all required reports/invoices being submitted to PHS. There was a consensus that information on how many subcontractors submitted all required reports by the end of each month was not useful for the Committee.

The Committee discussed the recommendation in the HRSA Site Visit Report that the Council consider using an outside consultant to conduct the assessment of the administrative mechanism. There was a consensus that, given the Finance Committee's intensive oversight, and the need to reduce administrative expenditures, that there was no need to hire an outside consultant.

IV. Other Business

Ms. Gilborn raised the issue of the FY 2013 reprogramming plan, given the larger than usual carry-over. As the carry-over is expected to be used to help restore the upfront reduction to ADAP, she asked if it is necessary to modify the reprogramming plan language, which currently allocates the first $2.7M of FY 2013 accruals to ADAP. There was a consensus that the carry-over will work in tandem with FY 2013 accruals to restore ADAP, after which accruals should be used for program enhancements.

The next meeting will take place on August 1st by conference call to discuss the FY 2013 first quarter commitment and expenditure reports.

There being no further business, the meeting was adjourned.