HIV Health & Human Services Planning Council of New York

Meeting of the

FINANCE COMMITTEE

September 12, 2007, 3:30-4:10pm
By Conference Call

M I N U T E S

Members in Attendance: Steve Hemraj, Sharen Duke, Maija Neville

Staff in Attendance: David Klotz, Jan Carl Park, Darryl Wong, Nina Rothschild; Jo Ann Hilger (DOHMH/Ryan White Services); Rachel Miller, Gucci Kaloo, Peter Chea (MHRA/HIV Care Services)

I. FY 2007 First Quarter Report

After introductions, the minutes of the June 6, 2007 conference call were approved with no changes.

Ms. Duke recommended moving the schedule of meetings later so that the committee can get data closer after the close of the quarter (e.g., 2nd quarter report in October). Ms. Hilger noted that Minority AIDS Initiative (MAI) quarters are now on a different schedule from Part A base funds, which complicates the schedule. The FC could review MAI reports as available (i.e., with a lag in reporting). It was agreed to hold the next meeting in early November, which will give MHRA enough time to prepare the 2nd quarter reports.

Ms. Miller introduced the FY 2007 first quarter report, which she noted were often not indicative of the full year because some agencies haven't completed contract negotiations. This year, there are an unusually large number of unexecuted contracts, and so spending is artificially low, but we are keeping a close eye out on those.

Mr. Kaloo explained that categories with continuing contracts (i.e., programs running as of March 1st) are spending at an improved rate over last year. For example, Emergency Rental Assistance has 63% unspent, compared to 77% at this time last year. This is the trend in all categories with continuing contracts. Other categories (e.g,. Mental Health, Harm Reduction, Maintenance in Care) had newly awarded contracts, and they make up the bulk of the $8.7M in uncommitted funds. As contracts are executed, that number will go down to zero. If contracts are negotiated at lower amounts, then the left over funds will be reprogrammed. Since the report was prepared, another $1.7M has been committed. Ms. Miller noted that, although these funds show up as "uncommitted", they are not Unobligated, but are committed to contracts.

In response to a question from Ms. Duke, it was explained that savings from delayed contracts were used to fund MAI contracts from March 1st to August 1st, but MAI will not "pay back" the base award, as per the Planning Council's decision.

Ms. Miller explained that the trend in spending for renewed contracts is due to the fact that there were a large number of new contracts in FY 2006, which are no longer in start-up, and so are spending more robustly. Also, there has been an on-going trend of improved spending over the years as contractors learn that MHRA will reduce their contracts by the amount of their early under-spending.

In response to a question from Mr. Park, Ms. Miller explained that we will not be able to draw conclusions on the fiscal impact of performance-based contracting until at least the 3rd quarter. Ms. Duke asked if it will be problematic for spending rates if programs can not meet their performance-based goals. Ms. Miller noted that programs will be able to do close-out modifications, but unspent base dollars will be reprogrammed. MHRA has told continuing base contractors that they will take down contracts on a pro-rated basis at the conclusion of their start-up (cost-reimbursed) period, but early performance will be considered in judging whether contractors will be able draw down remaining funds in future quarters (although that would mean performing well over 100% of contracted amounts). MHRA will look at fully ramped-up performance to judge expected spending.

Mr. Kaloo, in response to a question from Mr. Hemraj, said that we are on a good spending trend for continuing contracts. We also have plans in place to identify under-spending in order to take down funds for reprogramming. MHRA doesn't want to do performance-based take downs too soon in the year since programs may need time to understand and regularize their performance trends, but they are also sensitive to programs that will need enhancements as soon as possible. There is a staged approach to take-downs to benefit programs that can spend extra money. Mr. Hemraj noted that the Council has given the grantee the flexibility to move funds between categories to maximize spending. This, along with the reprogramming plan should enable the grantee to keep under-spending low.

Ms. Hilger noted the need to discuss having a separate MAI reprogramming plan, although some categories overlap (e.g., ADAP).

Ms. Miller encouraged Mr. Park and Ms. Hilger to ask HRSA to clarify the penalties for under-spending. Ms. Hilger noted that HRSA says that they have something prepared, but are waiting to release it until their project officers are trained.*

There being no further business, the meeting was adjourned.

*Note: HRSA released its guidance on under-spending on September 14th:

- We must separately track and report supplemental, formula, MAI and carryover funds and submit separate Financial Summary Reports for these awards.
- We have to project under-spending (unobligated) funds before the close of the year to submit an advance waiver to carryover these funds.
- We lose any supplemental under-spending.
- There are no penalties for unobligated formula grant funds up to 2% of the award.

- Unobligated formula grant funds in excess of 2% of the award will result in a corresponding reduction in grant funds beginning in the first full fiscal year after the information is available.
- Formula under-spending in 2007 would offset the 2009 award.
- In addition to a reduction in award funds, grantees with an unobligated balance greater than 2% of the formula award are not eligible to receive a supplemental grant award in the next full year following the submission of the information.