

**Franklin County Children Services  
2014 1.9 Mill Renewal Levy with .4 Mill Increase Proposal**

**HSLRC Meeting Minutes  
June 19, 2014**

The Human Services Levy Review Committee (HSLRC) meeting was called to order by Chair Jesse Hemphill on Thursday, June 19, 2014 @ 3:10 pm.

**ROLL CALL**

HSLRC members present: Jesse Hemphill, Jerry Friedman, Denise Bronson, Jean Carter Ryan, Jim Bowman and Ken Wilson.

HSLRC members absent: Nathan Wymer.

A committee quorum was present.

Office of Management and Budget (OMB): Heidi Hallas Warren and Justin Nahvi.

**WELCOME AND INTRODUCTION**

Mr. Hemphill placed a motion on the floor to approve the June 5th meeting minutes. The motion was moved by Dr. Bronson and seconded by Ms. Carter Ryan. The motion was approved.

**COMMITTEE DISCUSSION**

Mr. Hemphill stated that the next item of business is to discuss the response letter received from FCCS.

Ms. Hallas Warren discussed FCCS's response to the report. One of the issues was related to the recommendation to develop a mental health component to address the waitlist and the cost. The agency feels that this is a duplication of services provided by ADAMH. She explained that previous conversations with FCCS is that the reason they contract with private providers is due to the waitlist.

Dr. Bronson added that the recommendation was not to setup their own mental health system and that clarification should be provided.

Ms. Carter Ryan added that the paragraph does not recommend this and that the agency may have simply interpreted the recommendation wrong.

Mr. Bowman stated that the sentence should be removed from the report because the point is to explore opportunities for third party payments.

Ms. Carter Ryan asked if the response letter is a formal part of the report.

Ms. Hallas Warren responded by stating that it would be up to the committee to decide if the letter should be formally placed into the report, since the letter is addressed to the committee.

Ms. Carter Ryan stated that it would be confusing to include the letter because the agency has misunderstood some of the points. She added that it would be misleading and confusing at this point to include the letter without further explanation.

Ms. Hallas Warren stated that she has a concern with timing since the report has to go to print in order to make the timeline.

Dr. Bronson stated that the letter should be treated as an informal response to the report.

Ms. Hallas Warren then discussed the next item listed in the response letter regarding the revenue scenarios. The OMB footnote explaining the one-time revenue amount that occurs each year. It was significantly higher than any of the previous years and increased OMB estimates.

Mr. Friedman asked if this is formula driven.

Ms. Hallas Warren responded by stating that the money is put up in order to match money from the Feds and then you go back to see how much was actually utilized. It is then cleaned up as actuals come through.

Dr. Bronson recommended updating the language provided in the footnote to say that it includes a significantly larger revenue in the amount of \$2.2 Million for 2014.

The committee agreed to update the language provided in the footnote. The footnote will be revised to read 2014 includes larger than anticipated revenue.

Mr. Friedman asked if the agency has a projection in terms of what they are looking at for this line in future years.

Ms. Hallas Warren referred to the response letter where it states that the consortium of waiver counties project county's costs conservatively. So, this is why it was put into the budget. This reference will be revised per the committee's request. She then explained that the agency had concerns with OMB's forecasting. Initially, the agency came in with the 2014 budgeted amount as the 2014 projected actuals. This was significantly higher than where 2013 ended. OMB worked with the agency to incorporate 3 months of data and historical actuals. The one-time dollars related to the building purchase were also removed. The agency states that between May 2013 and May 2014, there was a 2.8% growth. OMB went through these numbers and came up with a difference of 3.14% on actuals between 2013 and 2014 due to the cost allocation plan payment of almost \$1 Million being paid in May opposed to September in the previous year, and the managed care performance bonus of \$500,000. After backing these two items out, there was actually a 0.95% growth through May. The OMB recommendation is about a 1.9% growth for the total year. The OMB assumptions include placement cost and new per diem rates. Since it will only be for half a year, 1.5% was used opposed to the full 3%. Also, the labor agreement recently passed and was retroactive back to February 1<sup>st</sup> for 70% of staff. OMB went back through all the numbers through June 18, 2014 and came in just under previous projections based on actuals to date.

Mr. Nahvi added that the forecast shows about \$174 Million spent this year and based on most recent payroll as of the June 13<sup>th</sup> pay, the agency will spend \$172 Million this year including the wage increase.

Mr. Wilson added this is true unless there is another one time cost that the committee is unaware of. He suggested that the committee follow-up with the agency to ensure there is not a multi-million dollar capital expense approaching.

Mr. Friedman stated that the reason to detail the committee analysis is because the agency does not seem to understand that their way of budgeting has flaws in it.

Mr. Wilson then stated that the committee made strong efforts in the report to state that AR was not the only approach that would reduce costs and that it would be AR along with other tools and the agency's expertise that could achieve savings.

Dr. Bronson agreed with Mr. Wilson and stated that she feels the committee should spell out the calculations/assumptions and provide an explanation of why it differs from the agency to assist with any questions raised down the road.

Ms. Hallas Warren added that projecting is an art and is full of unknowns. OMB simply looked at trends and what occurred during the first half of the year.

Mr. Bowman added that at this point you pretty much know what is going to happen in 2014. Unless, there is an unanticipated one-time expense during the second half of the year.

Mr. Nahvi stated that after further review this morning, the forecast and model is still being presented at \$174 Million even though after the second half of the year it may only be \$172 Million.

Dr. Bronson stated that the committee has asked the agency if they anticipate any changes or things that would have an impact on services or costs. There have been no big ticket items mentioned.

Ms. Hallas Warren stated that she will email the points on why the assumptions are different and offer FCCS the opportunity to share if there are any known one-times.

Dr. Bronson stated that given the timeline, the agency should be given a firm date to respond.

Ms. Hallas Warren then asked if the committee has formally decided if the letter should be handled as a formal response and included in the appendix or referenced in the report.

Dr. Bronson stated that she wonders if the agency is thinking that the letter is formal and would be included.

Ms. Carter Ryan stated that she believes this is why it was written this way. Otherwise, the agency would have responded via phone or email.

Mr. Bowman stated that he feels that the letter is formal.

After discussion, the committee agreed that the response letter and other information received from the agency during the process are a part of the minutes and available if needed.

Mr. Friedman added that the Government Accountability Office report typically places responses in the back. However, he does not believe that the committee has that obligation. It could cause a problem, because the committee feels the response is wrong, so if the report is changed, the response letter then appears to come out of left field.

Dr. Bronson added that there has been a chance for this dialog and there have been several discussions with the agency. She then stated that the opportunity for feedback passed when the committee entered into the report stage. It is important to document the way the projections were done by the committee because the agency may choose to make their objections public. So, it would be nice to have a document ready to be safe.

Mr. Hemphill stated that the agency response letter and the committee response should be a part of the minutes and rest there.

The committee agreed.

Mr. Bowman recommended that the email response be short and sweet to simply thank them for the letter and acknowledge the minor changes.

Ms. Carter Ryan then stated that she thought there would be more of a formal response provided to advise the agency that the committee took the response seriously, reviewed the numbers again and are moving forward.

Mr. Friedman stated that the numbers should speak for themselves.

Mr. Bowman then asked how often budget reviews are completed.

Ms. Hallas Warren responded by stating that quarterly reviews are completed to look at expenses to date.

Mr. Wilson added that it is important to thank FCCS for the letter and note that the HSLRC and OMB have reviewed the letter and the committee remains confident that the forecast of 1.9% is reasonable and close by stating if there are any one-time expenditures that have not been discussed with the committee, please inform us so that OMB can take those into consideration.

Dr. Bronson asked what would happen if the agency comes back with a big one-time expense. At this point, if there was something on the horizon, the committee should be aware of it by now.

Ms. Hallas Warren confirmed the language of the email that will be sent to FCCS in response to the letter received.

Ms. Carter Ryan reminded the committee of the discussion to add the misunderstanding of the duplication of services with ADAMH in the response.

Dr. Bronson suggested removing the last two sentences and encouraged the agency to explore other options.

Mr. Friedman stated that he would be okay with simply stating explore other third party payers.

The committee agreed to strike the last two sentences and advise FCCS in the email response.

Mr. Bowman requested that the committee suggestion on third party payers be emphasized.

Ms. Hallas Warren asked the committee if there were any other suggested changes to the report.

Mr. Hemphill placed a motion on the floor to approve the report in its final form. Dr. Bronson moved and Jerry Friedman seconded. The motion was passed.

Ms. Hallas Warren went back through the timeline with the committee and explained what would occur during Briefing and General Session. She then asked the committee if they would like to receive a printed or electronic copy of the final report. The committee agreed to receive electronic versions of the report.

The committee then discussed which members were available to attend the Briefing and General Session dates provided.

Ms. Hallas Warren stated that she would prepare a brief synopsis to speak at Briefing.

Dr. Bronson asked how long Briefing would be.

Mr. Wilson replied that a normal Briefing lasts approximately an hour but this item could be moved up to the first half hour in respect of everyone's time.

Ms. Hallas Warren then stated that the last item she would like to discuss is the follow-up meeting to discuss the levy request process and expectations. She will work on combining the list provided by Jean

Carter Ryan and the old list that was used in the mid-2000s. She then asked the committee when they would prefer to hold the follow-up meeting.

Ms. Carter Ryan stated that the meeting should be held sooner than later to ensure the items are still fresh in everyone's mind.

The committee agreed that September would be a good time to follow-up.

### **CLOSING REMARKS**

Mr. Hemphill placed a motion on the floor to adjourn, Ms. Carter Ryan moved and Mr. Wilson seconded. The meeting was adjourned at 4:03 pm.