

Minutes
Erie County Fiscal Stability Authority
Finance Committee
March 2, 2007

Note: the following is a draft copy of minutes of a meeting of the finance committee of the Erie County Fiscal Stability Authority (“ECFSA”), which was held March 2, 2007. These minutes will not become final until approved at a subsequent meeting of ECFSA finance committee, and may be amended before approval

Directors Present: Joseph Goodell, Chair; Ken Kruly, Vice Chair; and John Johnson, Director

Others Present: Kenneth Vetter, Executive Director

Chair Goodell called the meeting of the Erie County Fiscal Stability Authority (“ECFSA”) Finance Committee to order at 1:00 p.m. Notice of the meeting had previously been distributed to all Directors and announced to the public and press.

Chair Goodell: “Good afternoon everyone. I would like to bring the meeting to order. This is the Finance Committee of the Erie County Fiscal Stability Authority. We are here to finish discussions and to vote on the four efficiency grant items. We will be voting today on how to recommend to the board the manner in which these will be treated.”

“The first order of business is to approve the minutes of the January 5, 2007 Finance Committee meeting. You all have received that in your meeting package. Could I get a motion to approve those minutes?”

Director Kruly moved approval of the minutes, seconded by Director Johnson, and unanimously approved.

Chair Goodell: “Before us we have four requests for efficiency grants. The first one is Parenting Plus Outreach Program”

Parenting Plus Outreach Program (PPOP)

Chair Goodell: “This is a request for funds to put back into operation a program the County had whereby nurses visited the homes of very young mothers others to help them understand what their responsibilities are and how they take care for their children and themselves.”

Executive Director Vetter: “This item was brought forward by Legislator Weinstein and is something that the Committee should consider seriously. In discussions with the Legislature and Commissioner Weiner, this was an item that was included as a request in the 2007 budget but never made it into the budget as recommended by the Erie County Department of Health. I believe that there are a couple of issues that need to be addressed on the item and will be discussed further.”

“One, it seems that in theory the program can provide the necessary services. According to Dr. Weinstein the reduction in service provision is about 7 to 1 ratio. The second piece, I believe, and maybe Director Johnson can speak to this more distinctly, is that there may be a parallel State program or a program that can provide some funding on an ongoing basis. The third issue would be that Legislator Weinstein could look at this program in the context of Social Services and Health programs in the Erie County and discuss with the commissioners of those particular departments: Social Services Commissioner Weiner and Health Commissioner Billitier, to find out how they can fit in the grouping of services that the County already provides.”

Director Johnson: “Mr. Chairman I believe the Executive Director has accurately covered the potential outcomes of this program. It is one that I would say would run parallel with what New York State has in place right now. There will be some competitive procurement activities coming up very very soon in what we call “*Help the Families of New York.*” There is a great deal of success with this kind of strategy. I believe the residents of Erie County will benefit. I would strongly encourage our support for the program.”

Director Kruly: “Mr. Weinstein made a good argument in favor of this program but what concerned me was the fact the Administration and the Legislature have not had an opportunity to review this before we act. This step is important because of the potential long term consequences. I think the Board should seek their comments before we proceed.”

Chair Goodell: “I think those are two good qualifications. I have strong feelings about this type of project. Approving this could get us into the position of funding this long term, assuming the Executive and the Legislature do not approve it ongoing. I want to state strongly that this is not the type of thing that the ECFSA wants to get into for these efficiency grants. The ECFSA would expect the County to pick it up and we expect assurances that this will be the case. If funded it should be considered as a partial year bridge.”

“Could I get a motion from the Committee to recommend to the Board that this is a worthwhile project but would like to see it presented with the endorsement of the Executive and the Legislature with a statement that this is recognized as a partial year bridge. “

Director Kruly moved encouragement to seek further approval from the Executive and the Legislature, seconded by Director Johnson, and unanimously approved.

STAR Program Mailing

Chair Goodell: “The second item that was proposed by Dr. Weinstein was to request that we fund a mailing to support a resolution sponsored by Legislators Mill, Loughran and Weinstein. These would be petitions that go to the State Legislature. We think it is a noble cause but the \$99.45 is really below what feel we can approve, but we encourage Dr. Weinstein to go forward with it.”

Executive Director Vetter: “If I could, in a technical respect, in the guideline that we have established for efficiency grants, one of the guidelines indicates that there is a cost-saving measure. Granted this is noble cause and could potentially bring \$25 million to Erie County, in terms of meeting the technical requirements of efficiency grants that have been put into the guidelines, this is a potential revenue generator down the road but it would not fulfill any type of requirement as being a cost saving measure.”

Chair Goodell: “Thank you for the clarification, Executive Director Vetter. Are we of a consensus that we encourage Dr. Weinstein and his cohorts in this?”

All are in favor of encouraging Dr. Weinstein.

Enterprise Integrated Case Management System

Chair Goodell: “The third item is the Enterprise Integrated Case Management System. Director Johnson, perhaps you could describe this and what some of your thinking is on how we should approach this.”

Director Johnson: “The proposals to seek efficiency grant funds in order to support the Enterprise Integrated Case Management System is a noble proposal. Right now, across this state, the vast majority of human services are operating with their own information technology mainframes and it is costing the tax payers an enormous amount of

money to support separate and independent mainframes in trying to design good human service delivery. The proposal put forth by Commissioner Weiner, I do believe could help bring about some efficiencies in the overall operations of human service delivery in Erie County. The dollar request of \$4.4 million is something that I would not encourage the control board to fund fully. Instead the Board should realize some up-front efficiencies moving forward on a pilot basis. That means the first phase, some efficiency grant money could be used to fund the program, but second and of equal importance, the opportunity to see some significant savings. The efficiency brought about from that first phase would be monitored and assessed. I think we should continue to be supportive. The County should make sure that they are interfacing with other units of government IT operations such as the State of NY Welfare Management System, the Child Welfare Protective Systems, etc. There are others within NY Health Department as well as with the Department of Labor, so that is the reason why I would recommend going forward on a dollar by dollar basis instead of the \$4.4 million up front.

Chair Goodell: “This problem exists across the State from what I understand and the up-front expenditure as noted here is a big one. I would encourage the group to see if they could work together, with say, Monroe County, to share the up-front cost of programming computers and developing flowcharts so that the up-front costs could be significantly reduced. I propose we recommend to the Board that we see wisdom in this and recognize its importance and would hope that the group reconsiders some of Director Johnson’s insights and mine.”

“Could I get a motion to that effect?”

Director Johnson moved encouragement to research further, seconded by Director Kruly, and unanimously approved.

Performance Based Budgeting

Chair Goodell: “The fourth item on our agenda is a request for \$500,000 to employ a consultant to move forward in making changes in Erie County’s budgeting and financial reporting system. One of the changes made to the County Charter which was recently approved requires the County to move towards a program accounting system rather than the line item accounting system that is in effect now. The idea is that everybody; the Executive, the Legislature, the news media, etc., would be in a position to see progress is truly being made and that the program is living up to the standards being

set. I think this is a very noble cause also and addresses some of the things that I miss when I look at these financial statements compared to what I was doing in the world of industry.”

Director Kruly

“As I have said previously stated, this is not a reflection on the current administration. However, anything that is done between now and the end of the year will have to be adopted by the next Administration. I think they ought to have a say in how that is developed. The second thing is that the Government Accounting Standards Board (GASB) is in the process of developing a program called Service Efforts and Achievements (SEA). The SEA Program will set up guidelines for performance measurements monitoring items in governments throughout the State. They don’t know where that is going yet and certainly we don’t but if the County were to move ahead now they may or may not be in sync with the GASB regulations if and when they are developed. I think that a little bit of time spent on reviewing this wouldn’t be bad and the Charter will have to figure out how it approaches that. I think we should get a little further into the research before we jump into it.”

Director Johnson:

“I agree with Director Kruly’s comments.”

Chair Goodell:

“In listening to the two different presentations regarding this project, I believe that everyone involved is under-estimating the complexities and difficulties inherent with this. Those difficulties come during the implementation, and the trick is, unless you are trying to run two separate accounting systems, which I don’t think is the right idea, is that you must remove the old accounting system before you start another. This is very difficult because nobody who is using these systems wants to change. There would be the old system managed and operated through pieces of paper passed around; this is not a reflection of County policies but a reflection of employees in the business world as well. The position of changing the system is a very difficult and costly undertaking. Along that line I think there are about a dozen places in the US where this type of system is now operating. It seems to me that individuals who are responsible for the implementation, keeping in mind Director Kruly’s observation, the implementers visit perhaps at least half of those places where it is supposedly working.”

“The response from the Executive yesterday justifying the need to hire a consultant was to understand what was good and what was bad and how to understand some of the problems of the program. I think it is one program that should not have a consultant implement because it is so important when it comes to making

things work. A consultant just can not bring back the essence of what is good and what direction an organization should take. Many would say that it is wrong and bring back what the definition of wrong is as well. It is my strong feeling that individuals from the Executive, Legislature and the Comptroller's office spend some time visiting locations to understand this because it is not a simple thing to do and can go horribly horribly wrong and become very costly. I would suggest that we ask the Executive to go back and take a good look at these things in terms of timing because there are a few things that can be done considering a change in staffing. All of these issues should be addressed more carefully. Is there a sense of the group that this is the ways to go?"

Director Johnson: "I concur but am concerned with the turnkey mentality that exists in a project like this and having a consultant come in and say "here are your problems" and "this is what you must do and fix it". The approach is engaging existing County employees, in particular senior level employees, to take a look at operations in other units of government in the State of New York or other areas. Then, if you are going to engage in getting a consultant, the employees that are involved would be better prepared to control the operations with the consultant's suggestions."

Chair Goodell: "Excellent, excellent. I agree with that. We agree that our suggestion to the Board should be through observations made here. If we all concur with that we will make the recommendations in that fashion. Are there any other items to come before the Finance Committee?"

Executive Director Vetter: "There are no other items Mr. Chairman. I would suggest that we adjourn the meeting."

Chair Goodell: "We will adjourn the meeting. Could I get a motion to adjourn?"

Director Johnson moved to adjourn, seconded by Director Kruly, and unanimously approved.

Respectfully submitted, based on transcription by others present, and on presence as a member of the audience.

Stanley Jay Keysa
Secretary

Date: August 14, 2007