

**MINUTES OF THE INFORMAL MEETING OF THE JOHNSON COUNTY
BOARD OF SUPERVISORS:
JANUARY 31, 2011**

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Chairperson Harney called the Johnson County Board of Supervisors to order in the Johnson County Administration Building at 9:00 a.m. Members present were: Pat Harney, Terrence Neuzil, Janelle Rettig, and Rod Sullivan; absent: Sally Stutsman.

**DEPARTMENT BUDGETS
Mental Health/Disability Services (46)**

Mental Health/Disability Services (MH/DS) Director Kris Artley said she compiled some information into a document for the Board so they could see what is impacting the MH/DS budget for FY12. This document lists the tentative numbers proposed for the FY12 budget. Some of those numbers may be subject to change after this current meeting. The mentally ill population receives almost 10% of the expenditures associated with the services portion of the budget, the chronically mentally ill population receives almost 33% of the expenditures associated with services, the intellectually disabled population receives almost 52% of the expenditures associated with services, and the developmentally disabled population receives almost 6% of the expenditures associated with services. Artley said the services portion comprises 76% of the MH/DS budget.

Artley said a task force within MH/DS made a list of potential current and future options. The items printed in red on the document are projects the task force would like the Board to decide upon. Harney asked if risk pool funds are normally available to MH/DS. Artley said this is a very interesting year. Historically, a certain percentage of allowed growth dollars are apportioned to the risk pool. House File 45 is currently proposing that \$20 million go into the risk pool and the other \$5 million go to offset Medicaid expenses. Initially, MH/DS had interpreted that all \$25 million was going to go into the risk pool. However, MH/DS recently received Governor Terry Branstad's budget, and it has no reference to allowed growth dollars. Artley said Branstad is stating that flat revenues will be budgeted for the next two years. This is similar to the education system. The risk pool has been pulled out of that in the past. It has been extremely challenging for Counties to secure those dollars because there are many obstacles involved in accessing the money. This requires a tremendous amount of work on the part of Auditor's Offices.

Artley said the State is now considering only allowing Counties with waiting lists to apply for risk pool funds in FY12. She needed clarification as to whether the State would look at the ending fund cash balance or look at whether the County was fully encumbered

based on accruals. She said Iowa Department of Human Services Consultant Julie Jetter told them it was based on accruals. If the County projects out to FY12, they will probably be eligible to start that waiting list sometime at the end of FY11. She suggested that the County do this, because the County would then have eligibility by July 1, 2011, for whatever money the State may put into the risk pool. Until the legislature makes this decision, MH/DS does not know what will happen.

Harney said he spoke with County Auditor Tom Slockett who said the State is recommending the counties send in a flat budget. He said Slockett said the House did approve \$25 million for some line items, but they do not know where those funds are going. Artley said the House did approve this money. The House is working on House File 45, but she is sure many modifications will be made to it.

Sullivan said he would like to have another meeting of the MH/DS Planning Council (Planning Council), run these suggestions by the Planning Council, and advertise the meeting well so people can come and give input. The Planning Council would then make a recommendation to the Board. He thinks that would be a better public process. Although the Board needs to determine a number for the budget, these items do not start to affect the County until FY12. Artley agreed. Sullivan said they do have a little bit of time. He thinks it would be wise in terms of process to bring in as many people as possible and try to get something recommended to the Board a few months before July 1, 2011.

Rettig said there has been no budget amendment, so she asked if Artley re-estimated the numbers for FY11 when creating the FY12 budget document. Artley said yes. Rettig said the Board has not actually made a budget amendment. Artley agreed. Rettig said she thinks this situation is too urgent to be postponed until July 1, 2011. In these re-estimated numbers for FY11, which have not been adopted by the Board, there is approximately \$2.5 million less revenue than expected. Although Artley reduced expenditures by about \$300,000, there is still \$2.2 million coming out of reserves in FY11 to make up the difference. There are five months until FY12 begins on July 1, 2011. If the County does not want the cuts to be as dire in FY12, Rettig said it makes sense to make some immediate changes. Artley said the items printed in red on the document are some things MH/DS could do. Rettig said that would be different than Sullivan's suggestion of waiting until July 1, 2011. She thinks they have to do something now to make FY12 less painful. Sullivan modified his comments and said they could have the Planning Council meet sooner, but he still likes the idea of having that group make the recommendation. Realistically, something could be in place for March 1, 2011.

Artley said there are some things in the current budget that can be reduced, eliminated, or modified based on the Board's decisions. One example of this is the fact that MH/DS is going into freeze mode. They are eliminating all open positions, and MH/DS Financial and Statistical Supervisor Deborah Guard is working on the numbers to modify the FY11 budget as well as the FY12 budget. Rettig asked which positions are open in MH/DS. Artley said there is one case manager position open and one clerk I position open. Rettig asked if the clerk I position was vacated or if it was a new position.

Artley said the clerk I position just was not filled. Rettig said both of those positions were new positions that have not been filled. Artley said the clerk I position has been in the department for several years, but the name of the position changed.

Artley said MH/DS has been working with Aspect, previously known as Quilogy, Inc., and the Community Services Network (CSN) to develop a program to assist MH/DS with billing for targeted case management. Neither entity currently has a software product ready. Aspect is going to keep costing the County a considerable amount of money based on the County's agreement with Polk County. The Board entered into this agreement with Polk County several years ago. Sullivan said that was before he was a Supervisor. Artley said it is a difficult decision to make because if MH/DS pulls away from Aspect, they are held to working with CSN. This is fine, but CSN does not want to take Johnson County on until after they have the programs for smaller counties up and running. This will take at least another year. MH/DS would be holding their breath and hoping that the current management information system (MIS) remained sufficient for that time. Currently, there is not a billing protocol from either entity to use for case management with the new rules and regulations.

Artley said if the County terminated the agreement with Aspect and ceased paying them, the County could save quite a bit of money. Sullivan asked how much money it would save. Artley said MH/DS just received a bill from Aspect for \$35,000 for work on a case management module, but there is no product. She added another \$150,000 to the budget for FY12 because Aspect is working, but she does not know how quickly they can create a product. Harney said he thought Artley told him at a liaison meeting that it was important to have Aspect's software for billing. Artley said it is important for MH/DS to have that, but there are two entities working on this software, and no one has finalized a product. If MH/DS goes with the CSN, which is through the Iowa State Association of Counties (ISAC), they will be apportioned a product related to their contribution to the system in the future. That has not been determined. It is her understanding that ISAC was scheduled to meet on January 28, 2011, to determine what the assessments would be for Counties going into the future.

Artley said because the Supported Training and Access to Resources (STAR) program works so closely with the homeless and due to programming by the Fairweather Lodge, MH/DS may be able to eliminate the Homeless Outreach Grant for FY12. This is a nominal grant of \$10,000. The task force also recommended that MH/DS review the expenditures from the MH/DS budget that support the Jail Alternatives Program. The Jail Alternatives Program takes 5% of the MH/DS administrative budget. Neuzil asked where that money would come from, because that program has been a priority for MH/DS. He asked if they are looking at eliminating that program.

Artley said she hopes MH/DS would be able to do something other than eliminate the Jail Alternatives Program. Her philosophical problem is that a lot of the program's work focuses on substance abuse or chemical dependency, yet all of the funding come from MH/DS. Neuzil said MH/DS is the department that runs the program. Artley asked if there is a substance abuse budget, per se. Neuzil said there is some substance abuse

funding that the County provides through the Mid-Eastern Council on Chemical Abuse (MECCA) within Social Services. If the Jail Alternatives Program is under MH/DS, then it should comply with MH/DS. If work is happening with MH/DS funding, that department should have control of it.

Rettig asked if the total amount of Jail Alternatives funding coming out of the MH/DS budget is \$13,838. Artley said no. With everything added together, the funding for the Jail Alternatives Program is \$170,890. Rettig said OK. Neuzil said that is the total budget, and it is all being funded by MH/DS. Artley agreed. She said the majority of that funding is for benefits, expenses, and payroll, and there is a nominal amount for training and mileage. Rettig said the County does not receive any outside funding streams for that; it is all paid for with County dollars. Artley agreed.

Artley said one option is to make sure that all qualified staff becomes revenue generating employees. This would pull away some of the hours from what the Jail Alternatives Program is currently doing. Sullivan said in other words, employees would each carry a small case load. Artley agreed. She said this is another option to consider. Neuzil said that has been a pretty important program that was requested by the community after the jail vote failed. The Board prioritized it under MH/DS, and he would like to continue to keep the program under MH/DS because it is for mental health services. Sullivan said he thinks the decision to eliminate the open positions is an easy one, but he would be more comfortable making the decision to cut other items if such suggestions are first run through the filter of the public and the Planning Council.

Artley said she is assuming that Budget Coordinator Rich Claiborne's form to the State needs to be filled. Sullivan said that is another issue. Artley said they need to discuss all the incidentals. Sullivan said they will get to that. Some of these decisions probably need to be made. However, Sullivan does not think the Board should make these decisions at the current meeting, particularly if there is any kind of disagreement. He noted that one Supervisor is not even present at the current meeting. He thinks the charge of this meeting is to provide Claiborne with something he can send to the State. They need to figure out where to go from here.

Neuzil said he thinks Sullivan's and Rettig's points are well taken in regard to the timing of this. In essence, forwarding these recommendations does not necessarily mean that this decision making is set in stone. He thinks the Planning Council needs to be well aware of what is going on. If Artley is suggesting that the Sheriff's Office and Attorney's Office take money out of their budgets for the Jail Alternatives Program, then those departments may want to be a part of that decision. The Iowa Legislature and Governor Branstad have put the County in a difficult situation, and year after year they continue to do so. Right now, the Board is at least trying to submit a balanced budget. He asked where they are at in relation to the bottom line of this budget. Sullivan said it is hard to put a number on risk pool funds, but these other items only total between \$400,000 and \$450,000. Artley said many of these other options will have to be reviewed, and that will be a very formal process involving the task force and bringing it to the Planning Council as Sullivan suggested.

Harney asked Claiborne what changes the Board has to make. They essentially have to come up with a flat line budget, but he thinks the details concerning what should be cut and from where needs to be decided by the Planning Council. Claiborne said the State form needs to be done and ready to publish by February 10, 2011, so there is still some time. If they want to file this budget with a hole in it, they can. Neuzil and Rettig said they are not interested in that. Claiborne said they could increase the revenue portion of the budget and amend the budget at a later time when things are straightened out.

Sullivan said he has been a Supervisor for six years, and during that time the State has threatened bigger cuts than were actually forthcoming at least four times. There is always a certain amount of backfilling. His thought was for the Board to send in a budget that incorporates income numbers from the State that are higher than anticipated. They would add enough to make it \$0, because Claiborne cannot submit a negative number. They would do this with the understanding that the County knows what the difference is and that they will probably have to make cuts. If the State comes up with another \$1 million, then that may amount to \$1 million in cuts the County does not actually have to make. This would at least let Claiborne send in a budget that is at \$0 and not negative. If they could put in higher than anticipated revenues, they could still prepare for cuts in the event that the revenue does not come.

Artley said there are three options concerning revenue codes, including allowable growth, community services allocation, and the risk pool. Sullivan asked if Artley means there are three budget lines. Artley said there are three charted account lines that they could put money into. Rettig asked for clarification of what those three lines are. Artley pointed out the three lines on the budget document. Rettig said all three of those lines are budgeted at \$0. Artley agreed. Neuzil asked what the trend from the State has been in previous years concerning those lines. Artley said MH/DS has received State funding from community services allocation and allowed growth. She said it will be a blessing if the Legislature appropriates allowed growth. Sullivan asked what the current gap is. Artley said they will reduce it, but it is currently \$2.7 million. Claiborne said the gap is at exactly \$2,740,278. Artley said they will reduce that. In a sense, that gap is the stimulus funds that replaced dollars for the last two years. Sullivan said his idea was that the County would be projecting an extra \$2 million in revenue that may not come. The County would then need to cut accordingly.

Harney said the Board knew the stimulus funds were gone; they discussed that during the FY11 budgeting process. Neuzil said that this is not something they did not anticipate happening in Johnson County. They anticipate that there will be significant cuts to MH/DS services statewide if the State is unable to fund those services. It should be well known that there is a certain amount of money that Johnson County taxes for, and that number has been frozen since 1996. If the County only has a certain amount of money with which to fund MH/DS and the State comes up \$2 million short in funding, it means the County will have \$2 million less in services. The State controls the majority of the purse strings. If the State gives the County less money, there will be fewer services.

Neuzil said he thinks Sullivan's idea is a reasonable thing to look at. He suggested looking at trends to see what the State has backfilled in the past. It is important to communicate to the community that there will be significant changes to how the County is able to deliver services if the State is unable to come up with the funding to provide for those services. Artley agreed. Neuzil said the County is waiting to hear from the Legislature. Harney said he found the legislative meeting on January 29, 2011, very eye opening due to the fact that there are many budget cuts, but the Governor's budget is \$1 billion more than it was in the previous fiscal year. That is the bottom line, and Counties are left to make budget cuts.

Artley said in January 2010, former Governor Chet Culver made 10% reductions across the board for the Department of Human Services, and that impacted MH/DS more than 10%. It was her understanding that a significant surplus resulted from those cuts. She asked where those dollars went. Sullivan said they are sitting in the bank. Rettig said she thinks this is a good thing; the State has more money in the bank than it has ever had in its history. The State is actually very financially solvent and is one of the best States in country in this regard. Rettig said that somehow means the State has to cut all services and then cut taxes in addition. The plan is to cut everything to the bone and have leftover money so that taxes can be cut. Artley said it feels like a good percentage of that cut was on the backs of people with disabilities, and that is incongruous in her mind. Sullivan said that is part of the problem. This budget has built-in tax cuts that are not currently in place. If those cuts were not so dramatic, there would be more money, but that is what is on the table.

Rettig said it is good for everyone to discuss their feelings about what is happening at the State level, but she thinks they have to assume that what they know now is going to happen at the local level. Regarding Sullivan's suggestion, she thinks things will get worse before they get better. She does not necessarily believe there will be backfilling, and even if she did believe this, \$25 million is not enough money to go around to each County in the State. Rettig said MH/DS in Johnson County is \$2.7 million short of being at \$0 in the bank at the end of FY12. She thinks they are going to have to implement some of the suggestions of the task force. She asked how many Counties' budget shortfalls could be solved with \$25 million. Rettig said she thinks MH/DS will have to do some of the things on the list of cost saving options; Artley has projected some very significant increases in different lines of the FY12 budget.

Artley said anything on her budget highlighted in light blue indicates items affected by American Recovery and Reinvestment Act dollars. The affected items are predominantly those related to intellectual disability. This was very difficult to calculate. Historically, the County has paid nearly 38% of the non-Federal share for all of the waiver services. That amount is going up. When MH/DS began working on this budget in November 2010, they only had adjustments for the last two quarters of FY11. However, the State then informed MH/DS that the County will be charged an additional 10% for the first quarter of FY12 and an additional 12% for the remaining three quarters

of FY12. MH/DS' obligation is increasing significantly, and that is the reason for the increase in many of those line items.

Harney asked how they will reach the point that Claiborne needs them to be at for this current meeting. Rettig said they can reach that point by putting numbers into the revenue portion of the form that they do not believe will be true. She has a little bit of a problem with doing that unless they do it in the same way for the expenses portion. She thinks the State will come up with some money, but she thinks the County needs to put some money in revenues and take some money out of expenses. Some of the highlighted line items have significant increases, and Rettig said she is curious if they can plug in the lower numbers from FY11 and have a freeze on those items. She understands that Sullivan is saying the County needs a bigger buy-in. Artley said the highlighted items are mandated waiver services, and the County does not have a choice but to budget for those items. Sullivan said the County might end up having to cut other things, anyway. Artley said MH/DS would have to cut optional services, and that is what they would have to take back to the Planning Council. Rettig said OK.

Sullivan said as long as the County is honest about the fact that they are submitting something while knowing that the revenue is overinflated and that they will have to cut expenses, he thinks they can let Claiborne get on with his work. The Board and Artley will know they have a lot of work to do fairly quickly. He said they have the ability to have a budget amendment. Rettig said they could institute some of these recommendations from the task force now and have four and a half months of savings from it. Artley said an example of this is the recommendation to eliminate all exceptions-to-policy. Rettig agreed. If they can do some of these reductions now, it will ease the pain in FY12. She thinks it is a given that MH/DS cannot hire any new staff in the remainder of FY11 or in FY12. Artley said she hopes the Board will support MH/DS if they have to rewrite some job descriptions because of this. Rettig said she knows there will also be some maternity leaves in MH/DS in the near future.

Sullivan said the most frustrating thing for him with the MH/DS budget is the breakdown of the administrative budget to the services budget. He said 24% of the budget going to the administrative budget is too high, and most of that is controlled by the State. If the State would loosen some regulations and let case managers do less paper pushing and more case management, it would help with that issue. Artley said the case managers are not included in that administrative cost. The administrative costs include supervisors, billing, Jail Alternatives Program staff, and operational expenses. Sullivan said if the County had a more reasonable expectation of what a case manager is supposed to do, they could carry 50 cases instead of 30 cases, but the State will not bend on that. The State is driving that administrative budget. Sullivan said the billing hassles should be able to be addressed with less people, but the State has made it more expensive due to the system they have created.

Rettig said she is prepared to eliminate all open MH/DS positions right now and assume they will not be hired in FY12. She is not sure about eliminating the Homeless Outreach Grant, but the grant is only for \$10,000 so it will not fix a big part of the

problem. Rettig said the grant was already given for FY11, and the County would not be able to rescind that, so it is not an immediate issue. Rettig said she agrees with Neuzil that the Jail Alternatives Program is a high priority for the County, but she is curious whether any of the funding for it should be coming from substance abuse monies. She said Social Services Coordinator Amy Correia had put in a decrease to MECCA and wanted to absorb that decrease in Social Services. The Board has also agreed up to this point to fund a position they have never funded before. That position is a sexual assault nurse. Rettig asked if the Board did not agree upon that. Sullivan said he thinks the Board removed that position from the budget. Neuzil agreed.

Sullivan said the money budgeted to MECCA out of the Social Services budget is for prevention. The Board gives direct service money to MECCA, and they have taken this from the General Supplemental Fund in the past. He does not remember how much that amount is, but he thinks it is around \$300,000. Neuzil agreed. Rettig said she is still not sure that the Board would come up with significant new dollars from somewhere else other than MH/DS. She thinks the Jail Alternatives Program is a high priority, and it would be helpful if the Board found some substance abuse dollars to put into the program because it is not just an MH/DS issue. She thinks the Board probably needs to eliminate all exceptions-to-policy in MH/DS regardless of any advice from anyone else. It seems like it is an easy decision to apply for the risk pool funds. She does not want to insert overestimated revenue without decreasing some expenditures to balance this budget. She thinks the Planning Council needs to meet soon to put these items in order of priority. Artley said that is what the task force is preparing to bring to the Planning Council. Sullivan said the County has done this before. Neuzil said the County has a mechanism in place. Sullivan said the County has a triage. He knows it is there.

Artley said when MH/DS previously did the re-write, they left it as open ended as possible. This is because they did not know what services may or may not be on the table at the time they would have to use the program. Their intent was to look at what services were optional at the time it was needed. Harney said perhaps some of the funding for the Jail Alternatives Program can be taken from somewhere else other than MH/DS, but then the Board is just adding money to the budget in a different location, unless they can take the funding from another program. He has concerns about raising taxes any more than they already are. The State is making the decision to make these cuts in this particular area. He knows they have added those in because the County is providing services for the Jail Alternatives Program.

Neuzil said there will be a lot of things on the table, and the Planning Council and the task force will help the Board identify what the County's mandated services are and prioritize the non-mandated services. They have to consider waiting lists. This is not anything the County did not expect. Artley said this is a statewide problem. There are some smaller counties that will be OK because they have had several people in the intermediate care facilities pass away. This means those Counties' budgets will be alright for another year. That does not help Johnson County's MH/DS budget. She said Linn County is in a more dire situation than Johnson County at this time, and Scott County had to cut some significant programming one year ago.

Neuzil asked if Linn County is going to submit a negative balance. Harney said no. He said Linn County was considering submitting a negative balance, but they recognized that it does not do anything because there will still be cuts at the State level. Harney said Linn County is working on their budget. Sullivan said Polk County has had a negative balance for longer than three years. Artley said Polk County is negative on the accrual and positive on the cash. She cannot figure out how they manage to do that, but they do. Harney said that was one of his concerns. If Johnson County submits a balanced budget, the State may think they do not need the money and may give extra funds to a negative budget such as Polk County. Sullivan said he knows Claiborne has been concerned because the County does not want to put their outside auditors in that position. He does not think it is good management to present a negative budget.

Artley said it would speak volumes to the Legislature if all Counties submitted a negative budget. Sullivan said the Legislature would then call the Counties on this; the County is not constitutionally able to do it. Artley agreed. Rettig said she skipped the software while going through Artley's list of potential reductions. She said that is because someone is just going to have to make the decision of which direction the County is going and who can provide the necessary software. It does not make sense to spend \$150,000 per year for software that is not serving the County's needs.

Rettig asked if the County would be without any software if they terminated the contract with Polk County. Artley said someday the County would get what they need; the necessary software just has not been created it. Rettig said she does not know much about this. Sullivan agreed. Rettig said she thinks the collective opinion of MH/DS is going to have to apply for this item. The County is paying money for something that is not giving them what they need, but they cannot buy what they need. She is not clear about what should be done. Artley said it is a tough decision. She would like input from the County Attorney concerning the agreement with Polk County and what Johnson County's options are. Sullivan said that is a good thing to do before the meeting with the Planning Council. Rettig asked who has a copy of the 28E Agreement. Artley said she has some information, and it was a 28E Agreement.

Neuzil asked if the agreement is generating revenue or if any other Counties are buying in on it. Artley said most Counties have opted out and are going with the CSN. Sullivan said there were a few years in which the County made money. Neuzil said it seems advantageous to go with CSN. He said he would communicate closely with ISAC Technology Project Manager Robin Harlow about this, as he has been well aware of the situation with CSN. Neuzil said he thinks they are done with their pilot programs. Artley said there are MH/DS employees that sit in on the ISAC meetings concerning CSN. Those meetings have been recently postponed because certain technicalities have not been fine tuned. Neuzil said he was a Supervisor that approved the project at the State level. It is positive to see that Johnson County is considering joining that program. Artley said they are considering doing this once the program is ready. She reiterated that CSN does not want to take on a county as large as Johnson County until the problems are fixed. Neuzil said Johnson County has not wanted to join CSN until those problems are

fixed. Artley said there has been a lot of testing and there are still a lot of issues, but that is normal. Neuzil said Johnson County has to have a program, too.

Artley said the second document she handed out to the Board details FY12 budget issues for MH/DS, and these are considerably different from the issues of past years. She is happy to address questions concerning these seven issues. Rettig said she is frustrated with the issue regarding name brand drugs. Patients cannot get in for an appointment, so no one can prescribe the generic drugs to them. There is no way to get a temporary prescription for them, and the generic medicine is just as good. Even if the person cannot get a full psychiatric appointment, the County cannot do anything to get the person a temporary prescription. Artley said as soon as the clients have their psychiatric appointments and a prescription in hand, MH/DS staff immediately work with them to get them on the prescription assistance programs. They can then receive their medication for free. MH/DS initially had the system set up so that they would honor the name brand drugs with formulary adjustments until that time, and that usually lasted for about one month. Due to the current lack of psychiatric hours available, that time period has started to extend.

Artley said she has been informed that University of Iowa Hospitals and Clinics (UIHC) will soon have a long waiting period similar to that of the Community Mental Health Center of Mid-Eastern Iowa. She said the Community Mental Health Center can currently get patients in for therapy immediately; the issue is getting an appointment to see a psychiatrist. If a client does not have a therapist at UIHC, it is very difficult to get therapy time. MH/DS would love to work with another provider if there was one available. Sullivan said there is not another county that has more availability than Johnson County. Half of the psychiatrists in the state live in Johnson County. Artley said it is very difficult.

Rettig asked if the Board is going to eliminate all exceptions-to-policy now or if they will wait for the Planning Council to make that recommendation. Sullivan said one can sometimes save money by recommending an exception. It goes against the language in the plan, but it actually is a cost saver. They have to look at each situation individually because there might be some exceptions-to-policy that the County would want to keep. There are other exceptions-to-policy that do cost the County more. He thinks they all have to be reviewed, but he would not recommend eliminating them all because he thinks some save money. He said that was part of the motivation for approving the exception.

Artley said there are times when clerical error occurs because something did not get charted into the MIS appropriately or in a timely fashion. MH/DS had a situation at the end of FY10 where one of the providers was working very diligently to get a client onto a waiver slot, because they thought the State was going to take over. The provider jumped through extra hoops, so MH/DS guaranteed them that if the client did not get Medicaid in a timely manner, MH/DS would pick up their full costs for those two months. The reason for that exception was because the provider was working so closely with MH/DS. Those situations are a little different, and they are decided on an individual basis. The majority of the exceptions-to-policy are requests for extra services for a variety of

reasons. She thinks there is verbiage in the MH/DS management plan that exceptions-to-policy are to be used to prevent life-threatening situations. MH/DS could tighten down on exceptions-to-policy without completely eliminating them. Sullivan agreed. He said Artley wants to reserve the right to have that ability for whatever reason, but MH/DS will probably not be able to spend much money that way.

Rettig said her opinion is that Artley needs to tighten down everything in the MH/DS FY12 budget that she can, and the County needs to get a broader buy-in for everything. She asked what the Board is directing Claiborne to do. Sullivan said Artley said the gap in the budget is lower than \$2.7 million now. Artley said MH/DS is working on making some adjustments. Sullivan said he does not know how much lower it will get, but he thinks they will still have to do what he previously suggested in terms of overestimating revenues.

Harney said Sullivan's suggestion is the best way to approach it because everybody is involved. He said the Board also needs to give Claiborne direction regarding where to make cuts to balance the budget. Rettig said Artley has nothing budgeted in the re-estimated amount for income allowable growth in FY11. Artley agreed. Rettig said that is one line in which the Board could increase income, but it may not happen. Artley said some Counties are doing that. At the regional meeting on January 28, 2011, several Counties said they know they will not get any community services dollars, but they budgeted for them anyway. Neuzil said Johnson County seriously does not know what will happen. The Iowa Legislature and the Governor say one thing, and they do another. They have done this often in recent years. Sullivan said this happens after County budgets are due. Neuzil said he thinks they intentionally wait to see what the Counties submit.

Rettig said Artley budgeted zero for both the allowable growth and community services allocation lines for the re-estimation of FY11 and for FY12. The County has never gotten revenue from the line item of allowable growth risk/pool allocation. They are making an assumption that the County would qualify for something. If they build those in to the re-estimated budget for FY11 and the FY12 budget, they still might not close the \$2.7 million gap. Rettig said they could close the gap if they inserted the numbers from FY10. Neuzil said that potentially is the trend the County needs to assume right now in order to submit the budget. Rettig said they also have to make the cuts in personnel, unless they are going to eliminate all exceptions-to-policy instead of proceeding with Sullivan's suggestion of simply tightening down on these. At this point, they are only eliminating two positions, and that cannot total more than \$100,000. That will not get the County very far. Neuzil said it will not make much of a difference until the Planning Council meets and the Board starts to put that plan in place.

Sullivan said the Board knows they will have to make deeper cuts. He thinks they need to plug income into those line items to balance the budget, let everyone know this has been done, recognize that they now need to make cuts amounting to a certain amount, and start doing this. Neuzil said if they can implement some of these cuts sooner, they will be in a bit of a better situation for FY12 and will have some additional flexibility.

This will only be a better situation if the State allows the County to use the dollars they have saved. The County only has a certain amount of money that they tax for, and the rest is the State's.

Artley said Claiborne gave her a higher dollar amount for the property tax collection because he said he rolls utility taxes up on his forms. That particular line is frozen at the 1996 rate for MH/DS. She did put some dollars back in the utility line item, but she does not know if she put enough in. Rettig said it is not that big of a deal because it only amounts to around \$30,000. Claiborne said if they use the trend and put the re-estimated FY11 allowable growth at \$1.3 million and the FY12 allowable growth at \$1.3 million, they will have almost completely closed the gap. He said the \$1.3 million will increase the beginning balance for FY12. If the County says it will be there for FY12, they have \$2.6 million taken care of.

Neuzil said he is not going to underestimate the potential that the Iowa Legislature will come through; they have done this in previous years. However, all he can do at this point is assume that those trends will continue. The County has to be prepared if those funds do not come through. Claiborne said he will increase that line item of allowable growth and maybe cut around \$100,000 from expenses. That gets the MH/DS budget to the point where it needs to be, and it is based on a trend. If it does not pan out, the County will have plenty of time to amend for it. Neuzil said it is up to the Iowa Legislature and the Governor to help fund the programs that the State of Iowa wanted to fund in the past.

Harney said he does not necessarily want to eliminate the two vacant positions in MH/DS, but he simply wants to freeze the hiring on them for now. Rettig said they will also remove the funding of those two positions from the budget, and that will affect the re-estimated FY11 budget and the FY12 budget. Artley agreed. Claiborne said that may make up the \$140,000 shortfall. Neuzil said it will be close to that amount. Claiborne asked if that is workable. Rettig said she does not know what else they would do, but she thinks they are going to need to cut something in the last four months of FY11. Even if the State helps fix some of this, she cannot imagine that they will get the County back to where they were. It would be a good thing if the County can make some cuts in the next four months that will ease the pain for FY12. Harney agreed. He said Artley needs to look at cutting areas that will be less difficult to cut and that will cause the least possible long term impact.

Claiborne said it would be great if he could receive the handful of line items that will be changed, the positions that will not be filled, the FY11 re-estimates, and the FY12 numbers by later today. Sullivan said they should come up with two or three different potential dates to hold an emergency Planning Council meeting. Artley asked if the FY11 re-estimate for allowable growth is \$1.3 million and if allowable growth for FY12 will be the same amount. Claiborne said yes. There will be a re-estimated decrease in salary and other individual line items. Artley agreed. She informed the Board that the State is telling MH/DS to use the new revenue codes in FY11, and they will have to do a cross walk for the rest of the chart of accounts. She said the Board will receive a copy of

that sheet. Claiborne said they are using the old system for the State form. Artley said she does not know what the State form looks like; she is relying on Claiborne for that. Claiborne said he does not understand why the State changes things in the middle of the budget process. Rettig said the Board did not fix anything, but they are moving forward and will get the Planning Council together to figure out the next steps. These next steps will include cuts, the waiting list, and not entirely good news across the board.

Rettig suggested holding the Planning Council meeting on a day when the Johnson County legislators can attend, so they will understand how difficult these cuts are. She said Johnson County's Legislators understand this. Neuzil said the Iowa City legislators understand. Rettig agreed. She said Johnson County now has four legislators who do not understand. Artley said there is a large learning curve, and there are many new people in the State government system. It is going to be challenging no matter what the County does.

Sullivan said the Planning Council meeting has the potential to be a long meeting. Neuzil asked if there is a subcommittee that will have some recommendations. Artley said the task force compiled the list of possible reductions presented to the Board today. Sullivan said he honestly does not think any legislators will come to this meeting, but the County can still invite them. The Board agreed to tentatively schedule the Planning Council Meeting for either February 22 or February 25, 2011.

FY 2012 COUNTY BUDGET

Claiborne said he passed out a version of the published form and how it ties through the working packet they have used during this budgeting process. The packet will change, and he will have the final version on February 2, 2011. Rettig said she has a question about this packet. A line on page one says net current property taxes would be \$42,336,000. She asked why that number is different than what is listed on page ten of the document Claiborne originally handed out. She said the number is not off by that much. Claiborne said if they add the delinquent penalties line item and the other line item to the net current property taxes, the total equals the number found on page ten of the document Rettig is referencing. Rettig said these additions would total the amount of \$43,457,000. Claiborne agreed.

Sullivan asked if the Budget Meeting scheduled for February 2, 2011, is basically the final budget meeting for the FY12 budgetary process. Johnson said yes.

Adjourned at 10:07 a.m.

Attest: Tom Slockett, Auditor
By Cynthia Courter, Recording Secretary