

**Local Government Advisory Committee
Room 473, Human Services Building, Salem
December 13, 2002
Minutes**

Contents:

- Introductions/Approval of Minutes
 - Department Report
 - Principles Discussion
 - Development of principles for the Human Services System
 - Process by which the principles are translated into budget concepts
 - Process by which DHS and its partners can review past decisions, assumptions, and mandates, and devise alternative approaches
 - Implementing budget reductions
- Mission and vision statements as proposed by Ben Boswell
- County Contracts and Performance Contracts Update
 - Organizational Reports

Attending

Cindy Becker	DHS – Chief Administrative Officer, Administrative Services
Ben Boswell	Wallowa County Commissioner
Ann Brand	DHS – Health Services
Larry Cole	League of Oregon Cities
Jean Cowan	Lincoln County Commissioner
Claudia Dissel	Transition Team for Health and Human Services
Ron Dodge	Polk County Commissioner
George Dunford	DHS – Assistant Director, Finance and Policy Analysis
Vic Falgout	Douglas County Juvenile Department
Gina Firman	Association of Oregon Community Mental Health Programs
Irene Fischer-Davidson	Clackamas County Human Services
Ramona Foley	DHS – Assistant Director, Children, Adults and Families
David Foster	Oregon Housing and Community Services
Gordon Fultz	Association of Oregon Counties
Robert Furlow	Douglas County Health and Social Services
Sharon Guidera	Association of Mental Health Program Directors
John Hartner	Oregon Association of Community Corrections Directors
Shirley Iverson	DHS – Deputy Assistant Director, Community Human Services
Chris Johnson	Yamhill County Health and Human Services

Lisa Joyce	DHS – Legislative and Intergovernmental Relations Manager, Director’s Office
Barry Kast	DHS – Assistant Director, Health Services
Sue Kupillas	Jackson County Board of Commissioners
Mike Lamon	DHS – Administrative Services
Linda Modrell	Benton County Board of Commissioners
Bill Nickleberry	DHS – Administrative Services
Gillian Nicolaides	Douglas County Commission on Children and Families
Anne Peltier	Conference of Local Health Officials
James Toews	DHS – Deputy Assistant Director, Seniors and People with Disabilities
Bill Wagner	Cascades West Council of Governments

Minutes: Dena Comer, DHS – Director’s Office Administration and staff to LGAC

INTRODUCTIONS/APPROVAL OF MINUTES

Meeting called to order by Sue Kupillas, and roundtable introductions were made. Minutes from the November 8 meeting were approved.

- Moved, seconded, passed: November 8, 2002 meeting minutes approved.

DEPARTMENT REPORT

Handout #1: DHS’ Share of December Revenue, Forecast Shortfall by Division

Cindy Becker announced Bobby Mink’s retirement, effective December 31, 2002. His retirement will be an incredible loss to both the Department and the State of Oregon, and he will be deeply missed. Mink’s successor is unknown at this time.

Becker continued by announcing Gary Weeks’ return to Oregon, as the newly appointed Chief Operations Officer to Governor-Elect Kulongoski. All state agencies will report to Weeks. She explained other changes in state leadership, to include the Department of Administrative Services (DAS), the final structure of which is still to be determined. Mike Greenfield will leave DAS to become the deputy for the Department of Education. Amidst the various changes in state leadership, DHS will continue to move forward with everything it has begun, including reorganization.

Becker distributed DHS’ latest share of cuts resulting from the negative December revenue forecast, which is \$28 million of the \$112 million in total reductions all agencies are taking (handout #1). This \$28 million is in addition to the actions of the November E-Board. Becker outlined the actions of this E-Board, where reductions were taken from the \$88 million budget solution, rather than utilizing all of the \$23 million set aside for rebalance. Due to the constraints of HB 5100, dollars could not be returned to correct the \$88 million, as the E-Board’s actions now created an \$18 million hole. Reductions taken

in rebalance are permanent, and cannot be returned with the passing of January's ballot measure.

The \$28 million outlined in handout #1 are also permanent reductions, by appropriation. Programs cannot be eliminated by these cuts, only reduced. This is different than with the \$88 million in cuts, in which programs can be eliminated. DHS may take the option to move some cuts from the \$88 million to the \$28 million group. Anything taken from the \$88 million will have to be backfilled.

Becker explained that there will be a January E-Board, and the Governor has full authority to make these \$28 million cuts. The Legislature can make decisions during the next full session, where they could decide to change the cuts from appropriation to agency. DHS would then still be obligated to take the \$88 million in reductions, however, it would have some latitude to take them within the department. Additionally, two more forecasts will be released, in March and in May, which will impact the '01-'03 biennium.

Departmental reductions due to DAS today will be posted to DHS' website. The actual Administrative Rule, after DAS and the Governor's office approves them, will not be official until January 1, 2003. Lisa Joyce explained that DHS will notify its partners of any changes to the reductions as soon as they are known.

George Dunford explained that the HB 5100 cuts are relatively static, with the exception of seniors and Staley. The HB 5100 list is the only one dependent on the election, and this list will be kept separate on DHS' website. If the January ballot measure fails, approximately \$800 million in total funds will come off the '03-'05 budget, translating to approximately \$400 General Funds. There will be additional reductions in '03-'05, in order to correct the \$1.7 billion overall state budget problem.

Jean Cowan emphasized the importance of understanding the impact of reductions on the local providers and delivery system. Officials in direct contact with the public must be able to explain these impacts, so people can make knowledgeable decisions as they vote on such items as Ballot Measure 28.

Gordon Fultz suggested addressing the Governor's transition team regarding a review of the assumptions the entire delivery system is based on. Kupillas concurred, adding the need for knowing who should be at the table.

Kupillas shared a concern expressed to her by Representative Susan Morgan, regarding DHS' keeping personnel at the risk of program delivery. Becker explained that most of the Department's dollars go to programs. As programs are cut, so is their staff. While most of these positions are in the field, central office staff is also being reduced.

Becker reported that the Department has met with DAS and the Department of Justice (DOJ) regarding the current HB 5100 cuts, and will be meeting again this morning to discuss how to address the Staley situation.

Chris Johnson suggested addressing the federal government regarding mental health programs and the Oregon Health Plan (OHP), and basing eligibility on level of disability, rather than on financial eligibility.

Group concerns included the ability to maintain service levels in this reduction environment, and the suggestion of returning mental health authority to the state. Counties are concerned about taking the liability for mental health without the actual funding, and this discussion is happening locally.

Becker reported that two areas DHS will focus on include the flexibility to find reductions within the Department, to avoid cutting services to the most vulnerable people. The other area is developing a system where it is easier to administer less funding.

PRINCIPLES DISCUSSION/GOVERNOR'S TRANSITION TEAM

Handout #2: DHS Vision & Mission Statements

- **Governor's Transition Team**

Claudia Dissel, a volunteer with the Transition Team for Health and Human Services introduced herself and explained her role in keeping communications open between the Department, its partners, and the Governor. Additionally, she provided the names and duties of the volunteer team members:

Maragaret Bax: Nursing Shortage and the Developmentally Disabled
shortbax@ipns.com, (503) 282-5275

Bill June: Seniors
wjune8611@aol.com, (503) 228-6816

Mary Hoyt: Mental Health and Addiction
marfran41@aol.com, (503) 581-5066

Mary Louise McClintock: Child Welfare and Juvenile Delinquency
balmcc@teleport.com, (503) 284-5028

Ted Coonfield: Welfare and Poverty
tcoonfield@attbi.com, (503) 768-3903

Janice Yaden, Team Leader: Budget and Health
janiceyaden@yahoo.com, (503) 348-5992 cell

Dissel will be available for suggestions, not complaints, by phone, **(503) 235-9572**, or e-mail, cdissel@aol.com. She welcomed information from the group, and explained that the team is looking for solutions, and for methods of communication that have worked well in the past, with DHS as well as other agencies. The deadline for providing this information is Wednesday, December 18, with a possible extension through Tuesday, December 24.

Dissel queried the group on their advisory activities, and asked whether or not this type of committee exists for other agencies. Response from the group included how its members are geographically represented, and what they do with respect to local delivery systems, which include cities as well as counties.

Cowan explained a disconnect between what is discussed in the advisory groups and what the Governor's Office is doing, and suggested Governor's representation at these meetings. The combined experience at this table, with a broad range of issues, would be extremely valuable to the Governor's Office. Ben Boswell concurred, suggesting that a liaison be established between the Governor's Office and the various advisory committees, so that the good work done there is not lost. Robert Furlow emphasized the need for the Legislature, the Governor's Office, local policy makers and all state agencies to work toward a joint scenario, so that budget packages do not become "dead on arrival."

Becker explained there are 115 advisory committees to the Department, but LGAC is the only one dedicated to the partnership in administering human services. Local governments are not only providers, but hold a unique and important role. Problematic for DHS is that at times there is a lid on what it can share with our partners, at least for a certain period of time. During this time, the Department receives information from the Governor's Office, and is instructed to not share the information with its partners and providers. It places the Department in a difficult position as it strives to build a partnership with local government.

Additional concerns included examples of local groups working long hours to establish a set of priorities, only to find that the Governor's Office has established a different set. John Hartner added the need for trust and flexibility at the Department and local levels, especially in this budget environment, in order to best serve those who are most vulnerable. Cowan concurred, explaining that local governments are willing to be accountable if given the flexibility. Until trust can be built internally, it cannot be built with the public.

Kupillas explained the networks available to public representatives such as herself, particularly with the media. This could be a useful tool for the Governor's Office to take advantage of. Dissel reemphasized the importance in informing her of existing, effective methods of communication.

Kupillas added that Governor Kitzhaber would occasionally take trips throughout the state, accompanied by legislators, inviting local officials to meet and discuss issues. These proved to be effective communication forums to share the public interests. She closed the discussion by asking the group to utilize the contact information to inform Dissel of additional suggestions, and advised the group to use her telephone number within regular business hours.

- **Mission and vision statements proposed by Ben Boswell**

Boswell referred to the vision and mission statements as listed on handout #2. He explained that the framework is necessary in order to get things done, and added that time is of the essence for the next budget cycle. He suggested the statements should be established through a facilitated process.

Kupillas recommended a facilitated, two-hour meeting on the issue, to be held on January 10, following the next LGAC meeting. At Ramona Foley's suggestion, members of two statutorily required welfare and child welfare advisory groups should attend. Among other ideas from the group, Boswell suggested including a Human Services Summit, where white papers could be written.

Becker explained the two budgets that will be released from the Governor's Office, the first going to print in late December, and the next in March, providing an opportunity to present the ideas being discussed at this time.

Joyce reported on her appearance before the Criminal Justice Commission on December 10. Cowan suggested including AOC representation for a joint public safety and human services perspective on legislative issues.

Kupillas closed the discussion by inviting anyone with additional meeting ideas to notify Joyce. More details will be discussed at the next Executive Committee meeting.

- **Action:** Joyce will arrange a facilitated meeting for January 10, and will get details to group members as soon as possible. Dissel will invite a representative of the Governor's Office to attend.

COUNTY CONTRACTS AND PERFORMANCE CONTRACTS UPDATE

Handout#3: August 28, 2001 Memo from Cindy Becker, and Attachments

Handout #4: DHS Quarterly Results, April-June 2002

Kupillas introduced Bill Nickleberry, of DHS' Contracts and Procurement, Administrative Services. Becker commented on the Department's terrific efforts this past year in the area of contracting, following a budget note from the 2001 session.

Nickleberry explained the need to clean up existing contract problems between state and local governments. He distributed handout #3 and provided a brief overview of the documents, and introduced Mike Lamon, also of Contracts and Procurement.

Lamon reviewed the highlights of the County Contracts Task Force, and their achievements this past year. He added that the task force was able to provide a much better product due to the presence of counties and providers throughout the process. Additionally, Lamon reported on the April creation of the Performance-Based Contracts group, a pilot in response to the budget note. Becker explained that even though the budget note didn't indicate such a pilot, DHS prefers to address this process as a partnership. This first year is a learning year, in an effort to do this the best way possible.

Becker explained that the Legislature has not been involved in the process, rather than in asking DHS to carry it forward. Joyce is working with legislative members, who will be putting together a legislative issues conference. The conference may include such topics performance measures and contracting. If the legislature will give DHS the opportunity, there may be forums to discuss this.

Lamon explained the continuing process of reviewing the standard county contract form, which has developed into a flexible and modular design. Additionally, there are performance measures for pilot participants, as well as a plan for grouping services under the county contracts, and a forum through which DHS and its local providers can work through contractual problems. Nickleberry and Lamon will present a condensed version of today's presentation to DHS' Cabinet, and if all components are approved, the next step will be getting the contracts out on time.

Becker added that DHS is required to have the contracts out by July 1, which may be one-year contracts. DHS is attempting to change the way it approaches this, and in so doing will meet its requirements. This does not mean they cannot be changed in the second year.

Fultz suggested that flexibility be built into the contracts, as much is subject to funding. Nickleberry replied that this will be addressed, as staff is prepared to make changes to the contracts as needed.

ORGANIZATION REPORTS

Falgout reported that the Juvenile Department Directors are not pursuing any financial matters, only clean-up issues, the work of which has been going on for some time. A major issue is dealing with 18 year-olds being supervised in the system, as well as educational issues in detention centers. Another issue is revisiting a "second look" for youth who have been convicted as Measure 11 offenders.

Harter reported that if Ballot Measure 28 doesn't pass, the impact on community corrections involves a reduction of \$7 million from the field. Additionally, there is the potential release of 3000 inmates from the penitentiary system. The E-Board actions, however, which limit the drug and alcohol and mental health treatment, are likely to have more of an impact on local communities than the failure of the ballot measure.

Anne Peltier reported on the Conference of Local Health Officials' (CLHO) priority to preserve the public health system from further cuts. Another priority is to preserve the food inspection program at the local level, as they work on the 10 essential services. The next step will be to negotiate with the Oregon Restaurant Association. Additionally, the counties are working to establish smallpox vaccination plans. With respect to bioterrorism and emergency plans, they have ten months to complete it and be ready. CLHO is also working on overall public health standards as well as a consolidated effort against West Nile virus. Another project is the continuation of the family planning waiver.

Gina Firman reported that the Association of Oregon Community Mental Health Programs (AOCMHP) is focusing on educating legislators and county commissioners on the impacts of reductions on local communities. Additionally, there will be discussion at Barry Kast's Health Services meeting today regarding the 30 percent reduction to 24/7 crisis coverage. Firman will e-mail the resulting information to LGAC after the meeting.

On behalf of Sharon Guidera, Firman reported that the Association of Mental Health Program Directors is concerned about recent correspondence relating to personnel cuts, and how they translate to union requirements at the local level. Joyce responded that a group internal to DHS is working to develop a matrix addressing this issue.

OTHER ITEMS

Handout#5: Proposed Format for DHS Ways and Means Presentation Documents - 2003 Legislative Session (Draft)

Handout#6: 2001-2003 Revenue, Expenditure & Program Summary

Handout#7: Membership Representation, Revised 12/02

Handout#8: HIPAA Alert No. 4, November 2002

Handout #9: Packet of 11 Newspaper Articles, of Interest to LGAC

Cowan referred to the Ways and Means draft document (handout #5), and asked the group to provide any information to Joyce.

No discussion of handouts #6-9 occurred. Copies were distributed to group members as informational only.

FUTURE AGENDA ITEMS

The actual agenda is dependent upon the LGAC Executive Committee meeting.

NEXT MEETING

Date: January 10, 2003*
Time: 9:00 AM – Noon
Location: Room 473, Human Services Building

****The regular meeting will be followed by a facilitated session:***

Principles of Partnership in Budget Building
Time: 1:15-3:30, January 10, 2003
Location: Rooms 137 A-D, Human Services Building

If you would like copies of the handouts, contact:

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Approved minutes are available on the LGAC web page: <http://www.hr.state.or.us/lgac>

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