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Jeffrey J. McBee  
Director

Monroe County Commission on Aging  
Special Meeting  
August 24, 2011  
Commission on Aging Conference Room

Chairman Martin Kaufman called the meeting to order at 1:09 p.m.

**Members present:** Noel Dentner, Richard Gunn, Aleta Jackson, Martin Kaufman, Pam LaPan, Charles Londo, Cynthia McIlvain, Cheryl Rivard, and Paul Simonton

**Members excused:** None

Chairman Martin Kaufman led the Pledge of Allegiance and silent prayer.

**Approval of the Agenda:**

Noel Dentner made a motion to approve the August 24, 2011 Special Meeting Agenda as presented. Supported by Pam LaPan. **Motion carried**

**Public Time:**

There was no public present.

**Old Business:** None

**New Business:**

**A. Fee for Service vs. Line Item Transfer Budgeting**

***Fee for Service***

- Basic premise: A unit rate is set for how much the Commission on Aging pays a provider for one unit of service.
  - Examples:
    - a) \$13.61 for a one-way trip for transportation
    - b) \$6.04 for an activity at senior center's

In Fee for Service, once a unit rate is set, each individual service provider's budgets are irrelevant. The Commission would simply pay the provider the agreed upon unit rate for each service they provide until they reach the amount of funding designated for the program.

***How are unit rates set?***

- Ideally, unit rates would be set by competition (the agency that can provide the lowest rate receive the funds). This does not work in the Commissions' situation because they do not have a competitive environment.
- Right now unit rates are simply set by dividing the amount of funds the provider is requesting by the number of units they anticipate providing. This does not necessarily represent a realistic value of what a unit of service is worth.
- The Commission could use the unit rates indicated by the providers as a starting point and adjust as needed.





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- Service areas with multiple providers (i.e. senior centers, transportation, and home care) could be averaged to determine a starting point for a maximum unit rate in that service area.

Once the unit rate is set, the designated funding for each provider would be divided by the rate to determine how many units of service the Commission would be able to purchase for the year.

### ***Line Item Budgeting***

- Basic premise: Each provider would outline a detailed budget of how they will spend every penny the Commission allocates to them.
  - Examples of line items:
    - a) Director's salary: \$42,459.02 per year
    - b) Office supplies: \$1,532.22

If a provider goes over in a certain line item, they must come before the Commission and request the funds be transferred from a different line item ("line item transfer"), request more funds, or absorb the costs from another funding source.

### ***An example of why Fee for Service and Line Item Transfer Budgeting do not work together***

The Commission has a unit rate contract of \$1.79 per hour of service with a provider for a program up to \$120,222.00. The provider also has a line item budget in place for the program. The provider eliminated a position in the program (which is a line item) and there were still funds available in that line item.

- Under Fee for Service, the provider is still eligible to receive \$1.79 per unit up to \$120,222.00.
- Under Line Item Budgeting, the provider must request to have the funds for the eliminated position transferred. If the request is denied, those funds are no longer designated for the providers use.

### ***Other considerations***

- Under Fee for Service, providers are rewarded for efficiency and penalized for inefficiency. If they can reduce their costs below the unit rate, the savings stay with the agency. If their costs surpass the unit rate, they must absorb the additional costs.
- Under Line Item Budgeting, efficiency is not directly related to funding. The primary focus is on accountability of how funds are spent.

The Commission discussed the differences and came to the consensus to contract with individual providers to purchase a "limited number of units of service" at an "established unit rate per unit" at a cost not to exceed a "maximum dollar amount" for the year.





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## B. Budget Hearing Follow-ups

### • *Monroe Center for Healthy Aging*

Sandie Pierce, Executive Director, Monroe Senior Citizens Center, requested the Commissions consideration to designate \$294,000.00 to provide 36,000 units of service, at \$8.05 per unit for calendar year 2012 at the August 11, 2011 budget hearing.

Ms. Pierce presented the Commission with the centers total salaries, fringes, total discretionary fringe, and percent of the discretionary fringe along with the Michigan State pay scale comparison chart representing the difference of the center staff salaries vs. the average State pay scale.

In addition, Ms. Pierce presented the centers activity Units of Service list they use to count one per senior.

Ms. Pierce commented that she could reduce the centers 2012 budget by \$9,052.10 in FICA.

### • *Monroe County Senior Legal Services*

Larry VanWasshenova, Director, Monroe County Senior Legal Services, requested the Commissions consideration to designate \$245,500.00 to provide 3,510 units of service, at \$69.94 per unit for calendar year 2012 at the August 11, 2011 budget hearing.

Mr. VanWasshenova presented the Commission with Legal Services Geographic Breakdown where they served clients from January 1, 2010 – December 31, 2010 as well as a pie chart depicting the poverty level and age range of the clients they served during that timeframe.

Mr. VanWasshenova stated that due to the time it takes to generate the information on outstanding cases they could only provided half of them by this meeting and the remaining half he will send to Mr. McBee once they are complete.

Mr. VanWasshenova commented that the State of Michigan is also concerned with the timeframe of open cases, which they follow.

### **Commission Members' Report:**

No member reported.

### **Adjournment:**

Noel Dentner made a motion to adjourn. Supported by Paul Simonton. **Motion carried.** Meeting adjourned at 4:31 p.m.

The next regular board meeting will be held on Wednesday, September 14, 2011 at 1:00 p.m. at the Frenchtown Senior Citizens Center, 2786 Vivian Road, Monroe, MI 48162

Vicky L. Terrasi, Recording Secretary

