

# CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

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## MINUTES OF THE OCTOBER 18, 2004 MEETING

President, Lisa Dodge, called the Controlling Board meeting to order at 1:40 p.m. Serving on the Controlling Board were Senator Bill Harris, Representative Charles Calvert, Senator John Carey, Representative David Evans, Senator Tom Roberts and Representative Sylvester Patton.

The minutes of the September 27, 2004, meeting were distributed. A motion to approve the minutes was made by Senator Harris, seconded by Representative Calvert and approved by the Board members.

Attached is the October 18, 2004, meeting agenda. President Dodge said Items 17, DAS499-05 has been revised to change the amount to \$61,397.00. A motion for blanket approval of all items not held for questions was made by Representative Calvert and seconded by Senator Harris and approved by all Board members.

The following Items were discussed and acted upon as stated.

Item 8, MUN074-05 was held by Representative Calvert and Senator Roberts. Representative Calvert asked why the university agreed to pay more than the lower appraised value for the property. Robert Keller, University Architect, Miami University said the property was originally listed at \$695,000.00. The owners reduced the price to \$595,000.00, the university offered \$500,000.00 they counter-offered at \$550,000.00 and the university came back at \$520,000.00 and the owners agreed to that price. Representative Calvert asked whether the owners of the property are associated with the university in any way. Mr. Keller said no, they are not associated with the university. Senator Roberts asked what the DARS project is. Mr. Keller said the Degree Audit Reporting System (DARS) project is a separate auxiliary enterprise that develops and sells computer software used in tracking student progress toward a degree to universities throughout the country. Senator Roberts asked why it is necessary to buy the building now. Mr. Keller said the office space is necessary due to the expansion of the DARS project and the lack of suitable space on the campus. The item was approved without objection.

Item 16, DAS493-05 was held by Senator Carey and Senator Roberts. Senator Carey questioned the selection process for Watson Wyatt. Scott Johnson, Director, Department of Administrative Services said this selection process was done through a Request for Proposal with a number of criteria, one of which is the price. The other criteria have to do with the process that they are going to go through in order to evaluate this matter and specifically the means of validating the proposals that the department would receive from health care providers. The reason for selecting this vendor was this vendor's proposal of several new and unique ways of validating the proposals received for health care. We will now have a process that provides a great deal more assurance that what is being proposed in terms of health care is in fact what is going to be delivered and what we are going to pay for is what we get. Senator Roberts asked whether the department is working with new industry standards. Director Johnson said they believe that in the future when this is done, people will copy the requirements that the department is putting into the process. Senator Harris asked if another vendor scored similar to Watson Wyatt in the scoring process. Director Johnson said no, they all scored substantially lower than Watson Wyatt. Senator Harris asked whether this is the result of the additional criteria Watson Wyatt had developed and put in the bid that was not a part of the RFP. Director Johnson said yes. Senator Harris

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asked if there is a reason for such variation in the prices. Director Johnson said they are dealing with multi millions in health care costs and there were variations between \$11 million and \$4 million as to how much they thought they were going to save. Those amounts are significant, therefore we feel that we need this level of analysis to ensure that we know what we are getting. Senator Harris said the Board appreciates the leadership of the Director to get us to where we are. He pointed out that this was a very difficult issue, an issue that had lots of potential ramifications and through the Director's leadership he thinks they have come out with the best resolve of this for the state. The item was approved without objection.

Item 17, DAS499-05 was held by Senator Roberts and Representative Patton. Senator Roberts asked why the contract was decreased by \$21,000.00. Scott Johnson, Director, Department of Administrative Services said they are removing the strategic planning functions from the contract and eliminating their work in that area. Senator Roberts questioned whether there was a penalty for the mistakes Watson Wyatt made. Director Johnson said in this instance, what they were given was bad data. They analyzed bad data and the result of that was a bad conclusion. This instance showed us all we need to change procedures and we are making those changes. Representative Patton asked whether the department has concerns about previous contracts that may have received bad data and has gone undetected. Director Johnson said that's a possibility but the fact that they operated under the contract and received discounts and paid out information and made repayments he suspect it did not. Representative Patton asked whether the department is comfortable with removing this amount of work for the \$21,000.00 reduction in the contract. Director Johnson said yes they are because the department will be able to do some of it themselves and other information they will get in other ways. The item was approved without objection.

Item 18, DAS502-05 and item 19, DAS503-05 were held as a group by Representative Calvert. Representative Calvert asked if new contracts are in place since these contracts expired on June 30, 2004. Nancy Isom, Department of Administrative Services said one of the contracts expired on June 30, 2004 and one expires on June 30, 2005 so they have continued with the vendor subject to 2005. The one that expired on June 30, 2004 was competitively rebid and awarded to the same company. Representative Calvert asked why the contracts were not brought to the Controlling Board in June 2004. Ms. Isom said the vendor did not notify DRC of the overage until after June 30, 2004. DRC notified DAS of the overage in late July and the department missed making the deadline for the August and September meetings. Between that time, DRC notified DAS of another overage so the department determined it would be best to bring both requests to the Board together in October. Representative Calvert asked if the Board will we see another significant overage for the balance of 2005 for that contract. Stacey Stein, Contract Administrator, Department of Rehabilitation and Correction said the overage for that contract is the result of two factors. (1) The unanticipated expense for psychotropic medications that were used while they were bidding the psychiatric services contract and (2) contract language provides for the contractor to be responsible for the cost of inmate medical services up to \$15,000.00 per inmate, per incident and DRC is responsible for any amount that may exceed that. As this contract is in use until June 30, 2005, there is a possibility for an overage again of \$15,000.00 catastrophic limit. However, DRC has taken steps so that they will receive monthly reports in the Office of Correctional Health Care and the Office of Administration as a mechanism to track the spending that is a result of those overages. Senator Harris inquired about the legal obligation of the state for the overages. Ms. Isom said the Board approved the contract with the language requiring the department to pay for incidental overages that exceed \$15,000.00 and reimburse the vendor for the prescription

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overage outside of the cap on the formula that was used. This contract was originally approved by the Board effective in fiscal year 2000 and the renewals were approved by the Board as well. The item was approved without objection.

Item 39, EDU365-05 was held by Senator Harris. Senator Harris inquired about the Charter College and Apprenticeship Model. Donna Hanby, Department of Education said the Apprenticeship Model is a model where a candidate or teacher goes through a program on site at the school district rather than through a program at a university. There is still university faculty and they are at the school district. They can go through the program at a faster rate plus obtain their degree. The Charter College of Education is a new way of providing teachers in high needs areas such as science, mathematics, foreign language and special education. There are three Charter Colleges that are preparing teachers on site at the school. Senator Harris inquired about the three universities providing the training. Ms. Hanby said the three universities are Wright State University, the College of Mount St. Joseph and the Mahoning County ESC in collaboration with Youngstown State University. Senator Harris asked what would happen in the event the federal money doesn't continue to fund the programs. Susan Tavakolian, Department of Education said this is a one year grant and if the federal funds discontinue or are not extended by the federal government in FY0607, right now the department does not have plans to seek state funding for that program but would be looking for the colleges to extend the program. Senator Harris expressed his concern of entering into a program that has only one year of funding. The item was approved without objection.

Item 60, DRC580-05 was held by Senator Harris. Senator Harris asked if the department is comfortable that Hague Water Conditioning can provide the work at \$129,000.00. Stuart Hudson, Department of Rehabilitation and Correction said the department is confident that the vendor can satisfy the requirements of the contract. The Culligan bid came in at \$212,933.00, which represents something beyond what the department requested which was a basic system. Hague will provide basically a standard basic system the department can operate and feel safe that it is going to be a sound system to maintain. The item was approved without objection.

Item 61, DRC581-05 was held by Senator Carey. Senator Carey asked whether the department is doing anything to ensure that the selected vendor actually lives up to the contract and provides the services they are being paid to provide. Stacey Stein, Department of Rehabilitation and Correction said the department is also concerned about when they lose vendors mid-way through the contract period and have been working cooperatively with our vendors to let them know up front that when we award our bid our expectation is for this to be for the full term of the contract. Senator Carey asked whether the department has contacted Ohio Dental Association or some of the universities to perhaps look at some different ways to approach it other than the way we have approached it in the past. Ms. Stein said that they have contacted a few dental group sites and the Ohio State University to see if there is any interest there. The item was approved without objection.

President Dodge asked if there was a motion to waive the seven-day rule to add DAS505-05 to the agenda. Senator Harris moved and Representative Calvert seconded.

Item 70, DAS505-05. Christine Dictch, Deputy Director for Quality and Human Resources, Department of Transportation said on November 26, 2003, there was a landmark decision made in partnership with

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Ohio Civil Service Employees Association (OCSEA) and the Department of Transportation (ODOT) to create a new Highway Technician classification series. As part of that series a Memorandum of Understanding was generated, ratified and enacted. It created as part of the new classification series, an entire training program that involves 44 different courses to allow the highway maintenance workers and construction workers to become much more flexible in terms of the workforce and jobs that they do for ODOT and to provide a career ladder for those particular employees. With the first level of courses, Highway Technician Level I, there are 17 courses that are involved and half of those courses have a prerequisite of a basic math course that needs to be taught. It is imperative that they pass the basic math course in order to be able to take the subsequent courses in Level I.

Senator Harris asked how the remedial course would be administered. Ms. Dictch said a mobile training unit with 13 student workstations and one instructor workstation will be used to supply math classes, preparing employees in all 88 counties across the state of Ohio to take the pre-math course. These preparatory courses are the result of a survey that indicated the need for current employees to receive additional training before they could fulfill the minimum qualifications of the new class structure. Senator Harris asked if there was any consideration given to structuring the basic math course through the Internet and using laptops or computers that are available at the district offices to take the courses after hours. Ms. Dictch said they did consider using computers and video conferencing. Not every course allows for being able to do a video conferencing. Some courses are so difficult and they are limiting the class sizes to a maximum of 30 to 35 persons per class to be able to have the interaction between the instructor and the trainees. Senator Carey asked why the request is an add-on for today's meeting. Rick Frank, Legislative Liaison, Department of Administrative Services said the request was originally submitted for the next Controlling Board meeting. However, they were in communication with ODOT and had some confusion as to when they needed the request to be heard. ODOT requested to have the request moved to today's meeting as an emergency add-on item due to timing and trying to get all their classes and all of their people trained. President Dodge asked whether there has been similar efforts that have been undertaken by ODOT before and are there other states that do similar things. Ms. Dictch said the state of Wisconsin has done something similar but not to the same degree as Ohio. The item was approved without objection.

With no further business before the board, the meeting was adjourned at 3:15 p.m.

Respectfully submitted,

Francene Johnson  
Controlling Board Executive Secretary

***10/18/04 Minutes approved by the Board:***

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