Franklin County Children Services
2014 1.9 Mill Renewal Levy with .4 Mill Increase Proposal

HSLRC Meeting Minutes
April 10, 2014

The Human Services Levy Review Committee (HSLRC) meeting was called to order by Jesse Hemphill on Thursday, April 10, 2014 @ 3:10 pm.

ROLL CALL

HSLRC members present: James Bowman, Jesse Hemphill, Denise Bronson, Jean Carter Ryan, Ken Wilson, and Nathan Wymer.

HSLRC members absent: Jerry Friedman.

A committee quorum was present.

Office of Management and Budget (OMB): Heidi Hallas Warren, Zak Talarek, and Justin Nahvi.

WELCOME AND INTRODUCTION

Mr. Hemphill placed a motion on the floor to approve the minutes from the March 20, 2014 meeting. Ms. Carter Ryan moved for the approval of the minutes and Mr. Wymer second. This motion was approved by all members present.

COMMITTEE DISCUSSION

Mr. Hemphill stated that the next item of business is to review the FCCS responses to the committee's questions.

Ms. Hallas Warren asked the committee if there were any questions or concerns regarding the responses received from FCCS. She stated that FCCS did provide more information by zip code, alternative response versus traditional, how they target by using zip codes and length of stay data by type of placement.

Dr. Bronson stated that she still has concerns with the response received regarding the inverse relationship between the number of kids in placement and children in poverty. She's looking for FCCS to look into other factors that go into the cost of providing services to children and wishes the agency would articulate their rationale better. She then stated that at this point, she's not sure how much the committee should continue to ask the same questions.

Mr. Wymer then asked the committee if it would make sense to have the agency come back and have a dialog in order to ensure everyone's working together. Possibly have agencies present in the beginning and then bring them back to provide additional dialog to ensure the committee is working with the agency, opposed to simply going back and forth.

Ms. Carter Ryan added that she began writing a list that could act as a template to guide agencies through the items the committee will look for to assist them with their presentation.

Mr. Wymer added that maybe in addition to the template, a conversation prior to the agency presentation would ensure they're aware of what the committee is looking for to assist in the review.

Dr. Bronson added that a lot of this refers back to the previous levy and where the agency was then versus where they are now. She stated that having a conversation with the agency opposed to going back and forth might be a more gentle approach.

Mr. Hemphill then asked if inviting FCCS to the next meeting scheduled for May 1st would allow the agency to be prepared.

Ms. Hallas Warren then asked the committee if they would be comfortable with adding a meeting prior to the scheduled May 1st meeting. The committee agreed to add a meeting with the agency from 3:00-5:00 on either April 22nd or April 24th to ensure the process is completed by June.

She then stated that in looking through some of the old levy files from the early 2000's, she found a pre-review checklist that was given to agencies before their presentation. She will provide this list to the committee so that it can be revised. In general, agencies typically follow the same process as the previous levy cycle.

Mr. Hemphill added that it would be a good idea to combine the old checklist with the new list that Ms. Carter Ryan has put together.

Dr. Bronson and Mr. Wymer stated that it would be helpful to bring in all the directors for an open discussion about the levy review process. Maybe a good time would be at the end of this levy review.

Ms. Hallas Warren suggested a post review wrap-up where the checklist is put together.

Mr. Hemphill then asked which agency is next for the levy review process.

Ms. Hallas Warren and Mr. Talarek responded by stating that the upcoming levy reviews will be for ADAMH, followed by Office on Aging, Developmental Disabilities and then Children Services will be back because their other levy expires in 2019.

Ms. Carter Ryan then asked what the committee should focus on accomplishing in the current meeting.

Ms. Hallas Warren stated that this meeting the committee should be discussing the timeframe of projections. With this being a 10 year levy, and the agency has another levy in 5 years, should the projections really be 10 years out for the 3 month cash balance, or is the committee more comfortable looking at 5 years and maintaining a cash balance. Then the agency will go back through the process again in 5 years and you can see what actually has happened.

In reviewing the packet, it doesn't appear that the general budget assumptions will change besides projections. So, the committee may want to begin looking to see if there's anything they're not comfortable with such as 3% annual salary increases or any other items the committee would like to discuss with the agency when they come or in building the committee's model.

In reference to projections, FCCS is taking a percentage of the population growth and applying it to build out the final cost driver of average monthly children in paid care. In using this same ratio each year, it's simply population growth that goes all the way across the projections. There was no consideration in the out years for changes in the system or anything new that would change dollars. Everything is simply based on more children in the population.

According to Ms. Hallas Warren, another question from the committee was if the agency is looking at length of stay. In reviewing their responses, length of stay has decreased with alternative response and prevention programming. The agency stated that state law determines who goes in or out of alternative response. Other counties have a higher alternative response rate. Lucas County has a similar case mix and is reporting a 70% response rate.

As far as the projections and historical actuals, 10 years is a long time and systems change. When this levy was passed back in 2004, the agency stated they would be at $300 million dollars annual operating, but they're currently at $180 million. So, the committee will need to decide if you want to look at the 10 year or 5 year for the 3 month cash balance.

Mr. Bowman asked why the projected operating expenses in the 2009 levy were so much higher than what actually happened.

Ms. Hallas Warren responded by stating that the state implemented alternative response, which currently handles about 50% of their cases. These cases don't go through a traditional system at a higher cost. The previous projections included a higher number of children needing paid care.

Mr. Wilson added that there's a 3 to 1 cost differential between alternative response and paid placement. Each time a child is in alternative response or the number of days a child is in custody, the greater the ratio is to alternative response versus one of the other alternatives for an average stay.

He then reminded the committee that during the previous levy process, the agency was encouraged to take a more conservative approach just in case there was a change in state law related to the pilot project and to ensure they had sufficient funds in order to maintain operations. This allowed them to have funding necessary to purchase a building and have a healthier cash balance than anticipated.

The committee agreed that a 5 year projection would be more reasonable for the 3 month cash balance.

Dr. Bronson stated that one of the other agencies in a previous levy had projected out the 10 years, but included a break where the next levy was coming. So, they did a dotted line projection that allowed them to adjust as needed to account for changes.

Ms. Hallas Warren added that in the historical levy reports, it appears that the committee recommended the next levy amount that the agency should need. Within the current request, the agency references back to the committee recommendation of 2.5 mills and that they are now only seeking 2.3 mills based on circumstances over the past five years.

The committee discussed that it was built into the model, but there wasn't a direct opinion issued related to the next levy. It's simply what was included into the long term projections.

Ms. Hallas Warren stated that she would look at some hard numbers in the 5 year range versus the 10 year range and determine the ending cash balance, so that they can adjust at the next levy.

Dr. Bronson questions what's coming down the pike in terms of services and if there will be any innovative services that could account for increased spending. She then stated that there has to be a plan over the course of the levy to build better and newer services.

Ms. Carter Ryan added that this goes back to what the agency is actually doing to drive numbers down, so that there's less abuse and neglect to children. The focus should be to really try to fix the problem.

Dr. Bronson and Ms. Hallas Warren discussed how the information in the levy request is disconnected and doesn't flow into their projections or budget. Dr. Bronson stated that based on the historical record; there have been some key things that have happened since 1994. The question is how have these impacted services. A time series analysis looking at when key pieces of legislation came in, changes to state funding and alternative response may provide a clearer picture of the historical patterns and the implications of key service delivery.

Ms. Hallas Warren reminded the committee that the agency mentioned pending legislation during their presentation, but doesn't have it in their report. There could be federal legislation on providing services for children in the transitional ages of 19-21 where the agency currently assists with some services opposed to maintaining them in the caseload at full level.This would require a larger financial obligation. If this was added to the rationale, it might help make their case and allow the committee to better understand.

Ms. Hallas Warren asked the committee what information they'd like for FCCS to bring to the next meeting so that she can ensure they're prepared.

Mr. Wymer stated that one of the things he'd like the agency to discuss at the meeting would be prevention. The agency should discuss what they're doing on the front end and determine the best practices. The numbers provided talk about the number of children served, but doesn't capture the impact.

Ms. Hallas Warren stated that the CFSR's should have been included in the report because they're collecting data and working on it. This captures critical information on abuse and how long children are in the system. For some reason, only a small portion of this was shared with the committee, but it should have been included with the request. The model assumes there will be no improvement or that the children will get permanent placement sooner. This is all a part of the federal measures they're required to track. As an agency, there should be a goal to decrease these rates and therefore have a cost savings.

Mr. Bowman then asked for more information on the performance measures.

Ms. Hallas Warren responded that this information was provided in the last HSLRC packet.

Dr. Bronson then asked if the missing information is the connection between services and the projected outcomes opposed to basing projections on the number of children in the county. The numbers are driven by this information, yet it doesn't take the services into account. The conversation should be about what the services are doing that would impact the number of children served, length of time they're served, and the cost to serve them. Projecting on just the number of poor children in the county doesn't take any of that into account. Perhaps, this will give a better reflection of programming costs. It comes down to the discomfort of not having this type of information. This information has been provided during all of the other levies. There were many discussions on anticipating changes to funding. The number of children is a piece, but shouldn't be the only driver. FCCS should be prepared to talk about how those services in their budget are connected.

Ms. Hallas Warren stated that OMB tried to research other models being used based on the Committee's request. They found that Lucas and Summit Counties don't forecast and simply live within their budget. They may forecast but can't potentially serve everyone, it's more political. They plan according to the dollars they actually have and focus more on what levy amount can be passed in the community and how those funds can best be used to serve the children. Athens County examines caseload impact with program outcomes and programmatic changes, so they are looking at what's coming.

Mr. Bowman stated that in looking at the historical expenditures, the agency appears to be spending at a managed number or there is some unspoken cap or form of metric.

Mr. Wilson stated that the agency could come to the same number at any given year by managing their budget. An example would be managing vacancies that may allow them to increase technological investments or have more of an alternative response philosophy that allows them to move money to flex their budget in certain areas. In looking at their approved budget, the expenditures could be flat, but internally they could've made different management choices.

Mr. Talarek added that it could also be that alternative response or some of the changes happened at the same time the caseloads were dropping. There was also an administration inflation (salaries, healthcare), which seemed to offset the decline in placement the last 8-10 years.

Mr. Wilson explained that there's a certain understanding of how much there's available to spend when making decisions. He gave the example of providing salary or contract increases. If an agency can't absorb providing a 3% increase, there may only be a 1.5% increase, no increase the next year, but then the decision may be made that funding has been constrained to the point that now a 4% increase is justifiable.

Ms. Hallas Warren added that the FCCS Board is presented with a budget annually, they go through their review process, and then it's given to OMB for review. In the past couple of years, the budget has been brought down a little to be more realistic with actuals to ensure there's not more in the budget than they actually need. The county budget was previously setup where materials and services were all on one budget line. So, dollars used for personal computers and placement were all on the same roll up. However, there was a new social service object codes implemented this past year to help separate out things such as admin cost, rent, and copiers, etc. The agency is now required to come to OMB in order to move those funds between Materials & Services and Social Services.
Mr. Talarek added that this is a cleaner way for both the committee and the public to know what social services are being provided versus administrative or other materials and services.

Ms. Hallas Warren then provided the explanations received from surrounding counties.

- Cuyahoga County - no response was received
- Hamilton County - forecast trends using physical and drug abuse rates.
- Montgomery County - uses trends in population such as intake, open cases and foster care, but is more short term management practice, opposed to a levy function.
- Public Children Services Association of Ohio referred OMB to Roger Ward at the Ohio Department of Job and Family Services. Mr. Ward developed a 3 year trend system that was posted online back in 2008-2009. It was an initial trend analysis that factored in things that were coming down from the state for each county. It's still out there, but has not been updated. He stated that the number of investigations can definitely be influenced by the unemployment and poverty rate issue. When this was reviewed back in 2008 & 2009, there was a lag of about 6 months, so it's not necessarily 1 to 1. When forecasting ongoing cases, it was suggested to look at the number of investigations, the severity level of the investigation, how many cases use alternative response and if they're going to ramp up implementation or increase that percentage going forward. Also, the historical portion of investigations transferred to ongoing and the future policies on which cases are transferred. He really emphasized that any forecasting should be combined with an expert opinion, so it's not just looking at the numbers and the data. It's also looking at pending legislation and what the agency is going to be focusing on as an agency. So, there are different ways out there, it's just not listed in this current model. Unfortunately, we didn't find a formula that's being used out in the field. Those things that tend to link to FCCS increased need, doesn't necessarily have available data going forward. We could possibly find a correlation between poverty and the number of investigations, but we couldn't find anyone that projects poverty rates going out.
- Moody's provides median income which has an inverse relationship with poverty, so this could probably be worked backwards. Other numbers are available through them for purchase such as unemployment and affordable housing that could be linked to family stress. Other than that, there's really not much data out there to build a model.

Mr. Talarek added that another state uses the Markov Chain which looks at intake and outtake rates to model historically by month and project forward.

Ms. Hallas Warren stated that OMB is willing to look into researching what the impact would be by looking at historical data and thinking about services or initiatives coming down from the state or federal government. However, FCCS has all the knowledge and information to do this.

Mr. Wymer asked that OMB have a conversation with FCCS prior to the next meeting so that they're prepared to have dialog.

Mr. Wilson stated that he would like to ask FCCS what a model would look like that includes other factors such as annual completed investigations that resulted in placement. It was previously stated that the worst outcomes are with paid placement. As a committee, we have an responsibility to endorse a model that has outcome measures attached to it. The expectation given under current law and the number of children helped by alternative response mixed with change is that we would move toward a modest number. There should be a goal that reflects an increase in paid placement.

Dr. Bronson stated that FCCS are the experts and they should be providing the number.

Mr. Wilson state OMB previously asked the agency if they reached their peak as it relates to AR. Is this the highest Franklin County can arrive at given our demographics and population?There also has to be a driver for turnover rate. The average case worker tenure is 11 months. He'd like to know what's driving that. What can the committee do during this levy to change this trend? A large chunk of the budget goes out to providers, but the caseworker piece is still very important.

Ms. Hallas Warren stated that maybe an issue to tackle would be experienced versus non experienced caseworkers. She would think that the more experienced workers would filter more out to prevention services, and how does this translate. Where do the cases end up and does it bring down the cost? She then asked if case workers fresh out of training would take the safest choice, which would be paid placement?

Mr. Wymer stated that if FCCS is aware of the average tenure, there are probably exit surveys being done so they would have to know more info than just tenure.

Dr. Bronson stated that child welfare can be highly stressful, there are a lot of factors that go into the culture and climate of the agency, the level of supervision, etc. The university has a program called the University Partnership Program, which is training social workers to work in child welfare with the idea that there's upfront training and that you hire individuals with the knowledge of what they're getting into.

There's a good body of literature that says if you can keep people in employment for two years, they're likely to make a career out of it. So, what resources do you invest in that first 2 years to give them the support and supervision to allow them to continue? If in their budgeting they target the turnover rate, there must be a goal to decrease the number of people leaving. It's extremely costly to train a child welfare worker.

Ms. Hallas Warren will ensure she shares this information with FCCS to see if they can put something together so that the committee can see what it looks like. She then stated that at this point, she's hearing that the committee hopes that by meeting with the agency, the result will be a joint model that everyone's comfortable with.

Mr. Wilson asked that OMB is engaged in the creation of the new model, but would prefer that FCCS use their expertise. At some point, it's important that the agency has a fundamental understanding that the committee at this point is not sold on simply looking at population and the number of investigations and assuming that we can't change our fate.

Mr. Wymer asked if Community Research Partners could assist.

Mr. Wilson stated that Hamilton County reached out to two management consultants to assist with compiling data and assist with the review process.

Mr. Hemphill questioned what type of assistance is provided and if it's under contract or on a volunteer basis.

Ms. Hallas Warren responded by stating that the experts are hired in other counties to review what the agency has provided and actually goes into the agency and reviews their books. This report is then given to the committee who then makes recommendations based on the finding. Since the FCCS levy review is crunched for time, this maybe something that can be utilized in the future.

Dr. Bronson believes that FCCS has the expertise to do this and that it's a matter of being clear on what we need and how the model can be developed to provide a broader picture.

Ms. Hallas Warren stated that the agency reiterates that they believe in this model, so as a committee how would you like to deliver the message that this model isn't working for them?

Dr. Bronson asked that OMB verifies if the model will still hold if looking at 5 years opposed to 10 years.

Mr. Bowman added that if a higher level of alternative response is less costly, to have the agency do a stress test of their model to reflect current level of AR, if it grows 30% per year, etc. This will show different outcomes for expenditures.

Mr. Wilson stated that the only thing that would change this is if the numbers went up, which means there were more kids projected in the system each year versus what has been presented. If AR goes up, the cost would go down.

Mr. Talarek then added that if they use the existing forecast as the baseline and assume population and say if you go 1 percentage point per year, which equals 50-60% at the end of 10 years, this would show an impact. It should show what the percent impact would be in AR.

Dr. Bronson stated that this type of information would be very informative. She then stated that in the previous levy request, AR was going to be the main driver of costs, now they're talking about the number of children that will be in the system longer that could be a big cost driver. It may boil down to a handful of factors, but there could be a few different models put together that include a best and worst case scenario or even a goal. This might show a clearer picture of how some of the other factors could impact the model they're working with, opposed to going back and creating a whole new model. This on top of the new 5 year projection may provide the clear picture the committee is seeking.

Dr. Bronson stated that FCCS should be tuned into developments that are on the horizon such as major policy or programming changes that could have an impact. The last round, AR was on the horizon, the pilot counties were being started and this was part of the projection.

Ms. Hallas Warren began to discuss the budget assumptions that were in FCCS' levy request. For the revenue assumption, she looked at their request that was built into the budget model, and found that it was reasonable. We still need to see how much they actually need. The expenditure assumptions are rolled up into different categories for their board then is deconstructed for the standard county process. The first line with staff, labor and benefits includes personnel and personal service contracts (nurses, therapists, psychiatrist, etc.) that are on their payroll and have a contract. Training is also included which should be in materials and services. They applied a generic 3% growth which seems high for staff cost, but if you include benefits and are talking about a 1-2% raise and 6% annual healthcare, it might net. For placement and managed care cost they took the percent growth in placement, which is the basic change in population rate that they applied to 2014 and went forward plus the consumer price index. So, basically how much it would cost to maintain current service level with growth in contracts at the CPI plus any additional kids that would come into the system. The supportive and prevention services listed are Alternative Response but also for the families of kids in placement. They apply 2.72% annually.

Dr. Bronson asked if there were contract services.

Ms. Hallas Warren confirmed that these are contract services to agencies such as non-profit partners for support services, appliances and furniture or rent assistance. The administrative cost are the cost associated to operate their facility at 1.5% annually that includes paper, treasurer fees, and capital expenses that may include building rehab, furniture, fixtures, software and licenses, etc. There is no detail for this category in the request. When reviewing the budget, the starting point was $580,000 and simply increased it 0.85% annually. There's not a detailed list for anticipated spending, and it's much higher based on the recent building purchase and some items purchased for that facility. Historically, this has been $250,000, so this number appears to be doubled.

Mr. Wilson noted that the one-time expenditures associated with the East Main Street building should be pulled out of the base in terms of long-term projections.

Mr. Talarek added that potentially some of the administrative cost in the baseline are 2013 number that need flushed out, as going through the OMB forecast because there were some building expenses that weren't capitalized that they were expensing. So, they were hitting the levy fund and being treated as administrative expenses, so this needs flushed as well to ensure we get the one-time cost from 2013 that were built into the forecast pulled out.

Ms. Hallas Warren confirmed that the next meeting will include asking FCCS to come back and have a dialog about the model, outcomes and programs. She'll follow-up with them to ensure they have the committee questions and general theme of what the committee is looking for in terms of prevention front end best practice, what that means for outcomes, and if there are new programs that would have an impact overall linking programs and services to projection numbers within the budget. Also, maybe considering a time series and introducing other factors discussed. Finally, what it would look like with the alternative response rate going up at best case scenario and agency initiatives for staff to address the turnover rate and the impact on the budget.

She then confirmed that the committee would not be seeking a draft report on the 25th, she will plan for the first draft to be available on May 16th.

Dr. Bronson then asked if this is enough time to do the different models the committee is asking to see.

Mr. Talarek responded that instead of doing a full model, it might be simpler to show a 1% shift from paid placement to AR and show the savings. If it's 50% now, it would be 1% of placement cost versus 1% of the current AR and then see the difference. That would be your savings cost if you were able to shift 1 percentage point. OMB could attempt, but it's preferred that the agency does this because there may be some additional expenses unknown to OMB. With this scenario, you could say if you add 1% per year to reach 60% in 10 years, likewise if you increase 2% per year, you could reach 60% in 5 years. This would ultimately optimistic, the 1% increase would be reasonable based on where they've been the past 5 years. Then looking at population as the pessimistic and then the last would be if the feds came down and said you had to serve ages 19-21, what do you expect those costs to be? This would probably begin in 2015 or 2016 and would be fixed based on the small age population you would only have three years and cap out at that point. So, hopefully this is how they'd look at it to see what's a 1 percentage point shift, what's the delta, what's the delta if you have to cover that, so that they don't have to go through the whole model and then play around with how that impacts the cash balance based on current scenario and where we want to be at the end of 5 years when looking at the 3 months cash balance.

Mr. Wilson stated that another important point is that we're looking at 2019 and where their cash is based on the agreed to minimum standard and not ignoring the fact that the 3.1 levy will be expiring.

CLOSING REMARKS

Mr. Hemphill placed a motion on the floor to adjourn, Dr. Bronson moved and Mr. Wilson second. The meeting was adjourned at 4:50 pm.

The next meeting will be held at 3:00 PM on either April 22 or April 24. A meeting invite will be forwarded once confirmation is received from FCCS. The meeting will be held at 373 South High St, 26th Floor in the West Conference Room.