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

HSLRC Meeting Minutes
May 22, 2014

The Human Services Levy Review Committee (HSLRC) meeting was called to order by Chair Jesse Hemphill on Thursday, May 22, 2014 @ 3:15 pm.

ROLL CALL

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

HSLRC members absent: N/A

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 April 24th and May 1st meeting minutes. The motion was moved by Ken Wilson and second by Nathan Wymer. The motion passed.

COMMITTEE DISCUSSION

Mr. Hemphill provided a recap of the meeting he attended with FCCS and Franklin County staff to inform FCCS that the committee recommendation would be to proceed with the 1.9 mill renewal without the 0.4 mill increase. He stated that FCCS appeared receptive to this information and the committee could move forward with the report using a 5 year period for projections with consideration of additional budget at that time.

Ms. Hallas Warren then discussed the Dispatch article stating that FCCS will seek the lower levy amount. There is a FCCS Board Meeting scheduled next week with an action item to amend the request submitted to the Commissioners to be a straight renewal.

Mr. Hemphill stated that the timing of the article being released and the failure of the zoo levy added credence to the committee's position.

Dr. Bronson asked if there was any new information presented during the meeting with FCCS.

Mr. Hemphill responded that FCCS brought a counter proposal that included a few alternatives and possible miscommunication. However, given the zoo levy verdict and the outcome of our last HSLRC meeting, the additional alternatives were not entertained.

Mr. Wilson added that an outline was provided to FCCS staff during the meeting of all the points the committee decision was based on. Given the FCCS current fiscal condition, prior levy cycles, and working with their fiscal assumptions, after a 5 year period there would be sufficient to go into the next levy that expires in 2019.

Mr. Friedman asked who attended the meeting held with FCCS.

Mr. Wilson responded by stating that on behalf of FCCS, Shadya Yazback, Board Chair, Chip Spinning, Executive Director, and Anne O'Leary, Chief Legal Counsel were present. Mr. Wilson attended along with Erik Janas, Deputy County Administrator, Zak Talarek, Deputy Director and Jesse Hemphill, HSLRC Chair. He stated that FCCS staff was concerned about AR being over emphasized and the savings that could be associated with it that paid placements are leveling off.

Mr. Hemphill added that the correspondence shared with FCCS at the meeting documented the reasons for the committee decision. FCCS was advised that in reviewing the last two levy cycles, the expenditures were significantly overstated. Therefore, the committee would like to review at the halfway point.

Ms. Hallas Warren stated that the points listed in the outline became the report outline. After clean up and committee input, this will become the report.

Mr. Hemphill then asked about having benchmarks developed and included in the report to assist the agency going forward.

Ms. Hallas Warren stated that the FCCS Levy Request included a scenario with just a renewal and what it would look like. So, the first scenario is from their report and reflects a cash balance 5 years out. The HSLRC Scenario 1 includes OMB expenditure projections with 0.5 annual increase in the number of AR cases and what it would mean to other line items. OMB revenue assumptions are similar to FCCS numbers. OMB is a little more conservative in the out years due to the actual collections. Property tax collections are running at 98.4% of total and state reconciliation was just received, so that pushes them up slightly for 2014. Everything through April 2014 was included in the 2014 revenue and expenditure projection numbers.

She then discussed the expense assumptions with the committee. When looking at placement and managed care, FCCS took CPI plus the annual percent change in populations, 3% for staff and benefits, supportive services 2.72%, administrative 1.5%, capital expenses at 0.85%. OMB made adjustments based on a historical analysis of 5 years and actual expenditures. The 2014 expense projections are similar. However, there are differences when you go line by line. The Union Contract will be voted on soon and will impact the personnel projections. Placement and managed care contracts will increase 5%. OMB went through numbers to ensure they were correct since the agency will take a deep look at the recommendation. All of the one-time expenses related to the building purchase were backed out. The biggest difference was placement managed care and supportive services and prevention costs. The items built into the OMB Scenario 1 includes 0.5% annual increase to AR, 1% annual reduction in placement, and an increase in supportive services. The second scenario bends a little further with 1% AR increase and a 2% reduction in placement. The biggest driver in addition to placement is employee cost. The difference between the FCCS scenario and OMB scenario 1 is about $11.4 Million. The difference between OMB scenario 1 and scenario 2 was $13.6 Million over the 5 year period. All of these scenarios would allow the agency to meet the ending cash balance requirement. She then asked which scenario the committee felt more comfortable with to put as the formal recommendation.

Mr. Hemphill asked for the difference between scenario 1 & 2.

Ms. Hallas Warren responded that the difference is an annual 0.5% versus 1% increase in AR and the 1% versus a 2% annual decline in placement.

Mr. Wymer asked if these numbers would be shared with FCCS.

Ms. Hallas Warren responded by stating that the numbers are being shared with the committee first and if approved would be shared with the agency.

Mr. Wilson added that the FCCS Director requested a courtesy review of the report draft. Both he and Mr. Hemphill agreed to ensure nothing is included that misrepresents the agency or jeopardizes the renewal.
Mr. Wymer stated that there should be more collaboration in order to get there together.

Mr. Hemphill stated that sharing the draft and allowing them to provide input should accomplish the collaboration objective.

Mr. Wymer added the collaboration effort may be a draft before the draft to ensure that what is being proposed makes sense to the people that have to manage to it.

Mr. Hemphill responded that he would like to be careful and not open the door for the agency to try and change the committee’s decision at this point due to timing.

Mr. Wymer stated that the end goal is to ensure that the biggest impact and the right dollars are in place.

Mr. Hemphill stated that allowing the agency to provide input on the report draft should be enough collaboration.

Ms. Hallas Warren stated that since the agency scenario allows the agency to make it in 5 years, the additional items to be considered over the 5 years does not seem unreasonable to be implemented. The scenarios are only asking the agency to continue to reduce numbers, which they are capable of doing.

Mr. Wilson added that at this point the agency understands the renewal only decision and now the discussion is how the dollars are moved around within the 5 year period. Based on a conversation with the Board Chair, she has an understanding with where the committee is at this point and showed concern with the approach taken with the report. She was advised that the points discussed in the meeting held with the agency were simply points to justify where the committee and that the language in the report would not be a tone to reflect negatively on the agency.

Mr. Hemphill asked Mr. Wymer what other collaboration opportunities could be put on the table to move forward? Would providing the agency with an opportunity for feedback on the draft of the report be sufficient?

Mr. Wymer stated that sharing the outline or numbers provided today by OMB can be considered a draft before the draft and would ensure nothing is being missed and everyone is on the same page before we get further along. It is better to work collaboratively together from start to finish.

Mr. Bowman asked if OMB has a scenario built if the levy fails.

Ms. Hallas Warren responded by stating that the agency would have enough cash to last a full year and another chance to pass the levy.

Mr. Bowman then asked for the effective collective rate on the 1.9 mill.

Ms. Hallas Warren stated that this rate is 1.75.

Mr. Wilson asked what would happen if the committee focuses on the OMB scenario and have the agency use all tools such as AR, managed care or any other tools they have in order to manage and reach the set goal.

Dr. Bronson stated that the committee should take the FCCS scenario with projections on AR and supportive costs and work with that since they still arrive at the numbers needed without the increased millage. She stated that she is not comfortable with asking FCCS to increase AR or decrease placement and that this should rely on their staff since they are the experts.

Mr. Wymer and Dr. Bronson agreed that in other levy reviews recommendations were made that were under an agency's management control such as healthcare, salary increases or other items based on the environment at the time.

Mr. Friedman stated that FCCS staff are the ones that mentioned during a previous meeting that AR could be pushed to 60-65%. So, the agency has already acknowledged that there could be a wider group that could go through AR. If AR is topped out, then the agency must attempt the next best thing.

Mr. Wilson stated that you must use all of the tools available and as a committee see an effort to reduce placements and not simply accept 50% flat line.

Dr. Bronson and Mr. Wymer stated that this can be asked next time around. They will need to take all of the tools and opportunities show what is being done differently and make the biggest impact possible.

Mr. Wilson added that even without being the expert everyone is challenged every day in their occupations or walk of like. So, there should be a goal to say that you need a specified number of dollars to remain paying 50% of placement costs for the next 5 years and then 10 years. When operating like this, items that start off as 50% of your budget, can easily become 60% of your budget.

Mr. Wymer added that this comes down to being reactive opposed to proactive. So, the question would be what it he agency pro-actively doing to impact the bottom line.

Mr. Wilson stated that levy dollars should be going into a space that is more tightly aligned with reducing abuse and neglect.

Mr. Wymer then stated that we need to collaborate with FCCS to show them some of the line items discussed and determine other opportunities to tighten the belt on some of the administrative things and challenge the agency. This would allow for everyone to work better together and be smarter with the dollar.

Mr. Hemphill asked if the suggestion on the table is to quantify the projected revenue generated from a renewal of $1.9 mill and allow them to manage the expenses with suggested outcomes that we include in the report.

Ms. Hallas Warren stated that there is some concern with using FCCS expenses as is based on some of the line item detail. However, the total is not that much off.

Mr. Wymer added that items such as computer replacement should be looked at if it doesn't make sense if it is extreme and to possibly have the agency go back through with a fine tooth comb.

Mr. Wilson stated that based upon what we know, there are some things that we are aware of that has been pulled out. So, maybe the levy book scenario minus the items learned should be the recommendation. Items to pull out such as those associated with facility cost.

Ms. Hallas Warren confirmed that the committee's asking to make the income adjustments based on actual collection and then for the expenditure side, you would like OMB to take the FCCS scenario and back out the one-time materials and services and capital charges. She then asked if the committee would like to look at personnel and salary costs.

Mr. Wilson stated that if there is a signed contract before the report is finalized, then the number should reflect the signed contract. However, in the absence of a signed contract, advise the agency that the committee feels they are a little lite by not using ECI for personal services. As a recommendation, it should be stated that all efforts should be focused upon reducing placement by using best practices and all tools possible.

Mr. Bowman asked if the committee would like to set a target goal.

Mr. Friedman stated that part of the issue is communication. The agency has been in front of the committee twice and after looking over all the numbers, the committee is still not sold. Overall, the goal is to effectively communicate their mission to the public. In reference to long term sustainability, if AR is not the answer, than what is? The committee can suggest that FCCS works collaboratively with OMB and the committee in the interim to ensure in 4 ½ years more money is needed because it wasn't managed correctly.

Mr. Hemphill then asked about the pending union negotiations?

Ms. Hallas Warren stated that there is 3% built in based on ECI. However, it may be a little less based on other contracts across the county. This may be on the table at the FCCS Board Meeting being held next week.

After discussion, Mr. Hemphill stated that the initial suggestion was to compute the estimated revenue at a $1.9 Mill levy renewal and include suggestions in the levy report such as addressing staffing, using AR or other measures to allow them to contain costs, and allow them to come back to the committee to advise how they would achieve this outcome.

Ms. Hallas Warren stated that this would be done over the next 5 years. OMB would take the expense budget, reduce the one-times, review salaries based on negotiations, and touch base with the agency to discuss the tweaks to verify if they are appropriate without touching the placement or preventative service cost projections. A new scenario would be developed based on this and provided to the agency and bring to a vote at the next HSLRC meeting being held on June 5th.

Mr. Friedman asked if it would be appropriate to ask the agency if there is anything that could be added to the report that could assist them in terms of negotiations to take a position that increases in managed care should be at the CPI. It did not seem that the managed care places have a variety of other places to go. Is there something that could be included in the report to discuss restraining growth that could then be used by FCCS as they negotiate?

Ms. Hallas Warren stated that CPI is included in the FCCS model and she would ensure that it gets highlighted in the report.

Mr. Bowman asked if the goal could be to achieve a 2.5% increase and not to exceed a 2.9% increase in expenditures. This could be the commitment of the agency and the benchmarks established by the committee could assist in how they get there.

Dr. Bronson stated that she doesn't want to stretch the agency too far and would like them to continue to provide good services.

Mr. Wilson then asked the committee to confirm if the recommendation is for scenario 1 with a descriptive note that says to manage with a goal of keeping expenses over the next 5 years no greater than 2.5%.

Dr. Bronson stated that the goal should be no greater than 3%.

Mr. Wilson stated that if it is no greater than 3%, you are back at the FCCS scenario with the one-time costs backed out and dollars added back for personal services.

The committee discussion on what the growth cap should be.

Ms. Hallas Warren then stated that Franklin County is fortunate enough that if something new is needed, they can request additional money. Other counties are less fortunate and have to stretch dollars because voters are not approving any additional monies. We don't want to tax our voters so much that they start saying no and our voters are getting to the point where they are now saying no. So, now doing more things does not actually mean more money is needed.

Mr. Friedman stated that this could be a part of the levy campaign to let the community know they are doing everything they can to restrain growth.

Mr. Bowman stated that the agency should be prepared to explain what they are doing to restrain growth.

Mr. Hemphill stated that the committee still needs to develop the benchmarks to assist with monitoring performance for the next levy cycle.

Ms. Hallas Warren stated that the agency already has federal benchmarks called CFSR's. These measures are tracked by the agency and some of this information is included in the quarterly reporting submitted to OMB such as length of time in placement, reunification goals, etc.

Dr. Bronson explained that there are about 6-8 different CFSR's that each county is required to report to the state and it goes into a national database and is tracked. States can actually lose money if they don't meet these benchmarks statewide. The benchmarks are already set, so there is no additional information because this data is needed to report out.

Ms. Hallas Warren stated that she would pull the benchmarks and send them out to the committee for review to determine if this will be added to the process.

Mr. Friedman then asked if any of the federal standards address reductions in paid placements.

Dr. Bronson stated that this is part of the key measures to shorten stays, length of time out of home, success of reunifications, safety, etc.

Ms. Hallas Warren then further explained the CFSR's.

Ms. Carter Ryan asked if the national standards give an overall goal of reducing the number of children in the county that are neglected.

Dr. Bronson responded that the measures are not really geared toward prevention, yet is more concentrated on permanent placement and reducing cost.

Mr. Wilson stated that the CFSR's are good measures. However, he believes as a committee there should be some intelligent simple benchmarks in place such as an annual reduction in placement cost measured against peer metro counties.

The committee then further discussed prevention efforts and best practices that have better outcomes.

Mr. Friedman stated that a good recommendation would be for the agency to identify benchmark communities and look at best practices and raising performance.

Dr. Bronson agreed and stated that this would be a good innovative process to see what sets Franklin County apart in terms of efforts to improve situations for children and families.

The committee then commended the agency for keeping costs down.

Ms. Hallas Warren then stated that the agency was able to take advantage of the rapid decline in placement cost. This money was spent in other ways through administrative and a building purchase.

Mr. Wilson stated that there are no major capital projects scheduled over the next 5 years. Most recently, the agency had resources available and was able to pay $17 Million in cash on a building and still be in a sound place.

Dr. Bronson then explained that the recommendation is for the 5 years to play out to ensure better data is available to project on. At this point, there is nothing on the horizon to show a major event will occur. If 5 years out, there are better numbers to support cost going up, then it will be worked into the next levy request.

Mr. Wilson then asked for the consensus of the group in hopes of moving forward with the recommendation.

Mr. Wymer stated that he would like to ensure that the agency understands that status quo doesn't work and a proactive versus reactive approach is necessary.

Ms. Hallas Warren asked for clarification on which scenario to use.

Mr. Talarek stated that in looking at recommendation versus the scenario, the argument could be that Scenario 1 is status quo. With everything going on as is, this is how it would project out with no management in put or global change in the community. This is where we think it is, but the cap would be in the recommendation section. Reference that the current status quo the committee is estimating an average of 2.5% to 3% year over year. The goal should be through better management practices to have no more than 2% per year. With the exception that community issues will need to be addressed. The forecast would not necessarily be attached directly to the goal, but the recommendation could be to minimize the increase and find the initiatives to ensure it doesn't go above a certain threshold.

Mr. Wilson then added that OMB is able to use the levy plan as an effective tool going into the budget to measure their request against and to sound an alarm if the ending cash doesn't match up with the levy plan. There must be a tool in order to measure their annual expenditures until we reach 2019.

There was further discussion between Mr. Wilson and OMB regarding a possible expenditure or beginning cash target each year. In the past, there has always been a levy plan to point to in reference of how much cash should be spent that can be used as a guide.

Mr. Hemphill asked if the 2.5% is a max per year of expenditures when compared to the previous year.

Mr. Wilson stated that in theory this could be the approach but wouldn't allow any room for flexibility if they arrive right at this number each year.

Mr. Hemphill then asked if the committee is going with the revenue projection of a 1.9 renewal which is fixed, and go with the expenses using tools the agency has identified to reduce or maintain placement cost and other cost components that makeup the total cost with a set ceiling of 2.5, and allow the agency to manage the achievements of outcomes to show progress between now and the end of the 5 year levy cycle. A number of members indicated that they were in agreement.

Ms. Hallas Warren stated that during budgeting at the county, agencies are held by categories. When the budget is built and you take the assumptions in to account. This way would be an aggregate total, so if placement costs go down, what's in place to ensure the money isn't spent on an unnecessary items such as computers.

Dr. Bronson and Mr. Wymer agreed that spending should be the decision of the agency and stated that it's not the role of the HSLRC to micromanage. At the end of the day, the committee must have faith in the agency and their board should hold them accountable on spending.

Mr. Hemphill then asked when a draft of the report will be available.
Ms. Hallas Warren stated that a draft of the report will be provided on Friday, May 30th and the documents will be shared with FCCS after the committee has provided input.

Dr. Bronson asked Mr. Wilson if the agency appeared concerned regarding the tone of the report.

Mr. Wilson confirmed that the agency was concerned about the tone of the report and that his message to them has been that the committee has an obligation to make certain points but the intent of the committee is not to include anything that could be used against the agency because the committee wants to see the renewal to pass.

Dr. Bronson stated that she is hopeful providing the agency with a courtesy review of the report before it is public shows them that the committee truly is on their side.

Mr. Wymer then stated that he gets the impression that there could be better communication between FCCS and Franklin County staff. He believes that part of this could be that the FCCS Director is new to the process. However, going forward need to focus on how we can work together with agencies opposed to going back and forth.

Mr. Bowman stated that this provides the agency with an opportunity to make a positive statement of no increase in taxes, capping expenditures at 2.5% per year and report back on how the agency is improving their outcomes.

Dr. Bronson added that expenses have also been well managed over the past 5 years.

Ms. Hallas Warren verified if the committee would like to review the recommendation and forward comments for her to compile prior to the next meeting and use as the basis of the discussion. She added a meeting on June 19th from 3:00-5:00 if this time works for the committee for final wrap up.

The committee thanked Ms. Hallas Warren for her hard work.

CLOSING REMARKS

Mr. Hemphill placed a motion on the floor to adjourn, Mr. Wymer moved and Ms. Carter Ryan second. The meeting was adjourned at 4:58 pm.

The next meeting will be held at 3:00 PM on June 5th at 373 South High St, 26th Floor in the West Conference Room.