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

HSLRC Meeting Minutes
March 20, 2014

The Human Services Levy Review Committee (HSLRC) meeting was called to order by Jesse Hemphill on Thursday, March 20, 2014 @ 3:14 pm.

ROLL CALL

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

HSLRC members absent: James Bowman.

A committee quorum was present.

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

WELCOME AND INTRODUCTION

Jesse Hemphill stated that the next item on the agenda would be to approve the minutes from the March 12, 2014 meeting. Denise Bronson asked for a correction on page 7 from her name to Jean Carter Ryan.

Mr. Hemphill placed a motion to approve the minutes pending this one revision. Motion was approved by all members present.

COMMITTEE DISCUSSION

Mr. Hemphill then asked Heidi Hallas Warren to lead the discussion of the HB59 Rollback Impact on levies.

Ms. Hallas Warren stated that she wanted to inform the committee of changes that occurred last year that impact all of the levies going forward. The rollback of 10% for residential and 2.5% for owner occupied will no longer be paid for by the state. The payment responsibly will transfer over to the homeowner if a levy is replaced or if it's a new levy. The state will maintain the 12.5% pickup on renewals only. This is one of the reasons why FCCS is asking for the renewal plus increase, versus a replacement plus increase. When doing a replacement, you gain dollars for a new property valuation, but as explained during the FCCS presentation, the net impact wasn't enough to impact homeowners. The agency has to request a little more in millage, but it will still cost less to taxpayers because the state will continue to pick up the rollback on the original renewal amount of 1.9.

Ms. Hallas Warren continued by explaining that with the 1.9 renewal portion, the state will continue to pick that up and the homeowners will pay the 12.5% that the state previously picked up. So the state maintains the original when you keep it as a renewal.

Mr. Hemphill asked Ms. Hallas Warren to clarify if the 0.4 is the additional.

Ms. Hallas Warren responded by stating that you would have the rate of the 0.4 at 100% to the homeowner. The state will not pick up the 12.5% that they traditionally picked up. However, they will continue to pick up the 12.5% on the 1.9, when issued as a renewal.

Mr. Hemphill asked if this is true for all future levies and if this is the first one that's affected by this change.

Ms. Hallas Warren responded that this is due to the changes in the law and this is the first levy OMB/Committee is looking at since the change.

Nathan Wymer asked what this is equal to a homeowner on $100,000.

Ms. Hallas Warren indicated that it would be an additional $14 per year for a total cost of $67.65. Using the renewal model versus the replacement saves the homeowner approximately $10 per year.

Dr. Bronson questioned when FCCS mentioned that they ran the numbers and they didn't come out right, if there was a target they were trying to arrive at or if there was some predetermined point.

Ms. Hallas Warren stated that their predetermined point was taking them to the 3 months cash balance at the end of the 10 years. She referred the committee to the back of the levy book that showed the five different scenarios of how they would meet the cash balance. The only change in the scenarios is the millage level.

Ken Wilson added that the agency was looking at keeping the 3 month cash balance for 10 years, even though they'd be back in 5 years.

Ms. Hallas Warren added that the assumption is that they would maintain the 3 month balance throughout the 10 year levy assuming a replacement in 5 years. Using this assumption, the homeowner would then lose the rollback on the replacement of the 3.1 levy. Traditionally, the agency looked at different numbers and didn't just assume there would be a replacement. This is something that the committee may want to discuss going forward, if 10 years is the most prudent way to budget out due to the changes. With the last levy, they planned for an increase to 2.5, and now they're asking for 2.3. So, part of our discussion should be are we going to accept this assumption, and use that for the entire 10 years.

Ms. Hallas Warren then walked the committee through the FCCS responses to the seven (7) questions forwarded to them from the March 12th meeting. In reference to the question related to partnerships with other agencies, FCCS provided a list of coordinated cross systems and asked the committee if they had follow-up questions.

Mr. Wymer asked if the court dictates which are in FCCS custody

Ms. Hallas Warren responded by stating that the court is the ultimate authority on assigning custody. With the new structure of front door business, there may be a little more leeway if the investigation doesn't require a removal.

Dr. Bronson added that this is intended to be a different path, so that they don't come into the system and get supportive services, rather than going through the investigative route. This is suppose to reduce the burden on the agency and allow them to make referrals out to other community agencies to provide whatever support is needed in order to keep that family together.

Ms. Hallas Warren added that she has found from working on their budget that a lot of these partnerships are contracts that FCCS is paying for. Although there are times where there's a match of money with ADAMH or BDD. However, most of the time, FCCS is actually paying. With a lot of the services, if put through the ADAMH system, there's a wait to get a parent counseling. Therefore, if you don't want to remove a child from a home and they need immediate intervention, the agency is then paying private contractors to provide services.

Mr. Hemphill asked if what the committee sees as a partnership is actually a contractual relationship for a fee.

Heidi confirmed and added that this is not always the case, but often requires some sort of funding from FCCS.

Ms. Carter Ryan added that there's a concern that there is not a duplication of services and that the right people are involved at the right time. She questions if this has truly been answered and that it sounds like there are relationships with other agencies, but she's not sure how much more information is needed.

Dr. Bronson added that thinking back to the last review, there was a push toward reducing the cost of out of home care. So, those costs were going down, and overall the costs were going down because they were being transitioned into these more contract relationships with other agencies that would provide the supportive services. This was not a model that was driving up costs; it was flattening or going down. Somewhere between that review and this review, the story has changed. The story being painted now is that there are more kids, more need, and we are now back on a more expensive route, even though we have so many kids going into these alternative services that should be less costly, even if the agency is paying for the out of home placement. Somewhere in this presentation, this story had changed. Out of all of the social services that the committee reviews, this is the one that you would like to see go out of business ultimately if everything were fine. No matter what, all the other social services are going to be there, (aging, mental health, developmental disabilities, etc.). With child abuse and neglect, if everyone's doing their job correctly, we should see fewer families, more prevention and supportive services.

Ms. Hallas Warren discussed that the most difficult part of the population are the teenagers, which require the most expensive services. In general, as the population numbers grow, the cost goes up. In reviewing the budget, these numbers have been flat for some time. Alternative response has been able to get the "easy" cases of the caseload. However, the agency still has more complex cases that are more costly.

Dr. Bronson stated that if this information was provided by the agency, that could be a helpful piece to include. She questioned if this means those kids are getting a greater amount of mental health care or more involved in the court system. They list those systems, and they say instead of being involved in just one system, they're involved in multiple systems, but it seems a bit vague.

Mr. Friedman stated that it's really about risk stratification. You have a population, how do you stratify the risk across and then how do you apply resources based on the intensity of the risk. The question would be the AR diversion static, is it a fixed point in the risk profile or as you get experienced, do you begin to move up into the higher risk families and create a diversion path there. That's the only way you would get any change. He stated that he's not certain FCCS explained the cost differential very well. Is there a tiered cost structure that you could apply to the bottom, middle and upper quarter in terms of the cost and length of stay or longevity?

Dr. Bronson added that she knows there is more engagement with the kids whose families are going down the investigative route. There would be more agency activity and resources needed. It would be more costly. That part makes sense.

Ms. Hallas Warren referred the committee to page 33 to charts that explain the case mix and the narrative on page 32. FCCS did provide the cost comparison of 3 to 1 for budgetary purposes. This group is growing, so it's an important point to make. However, she feels it should be a stronger message. She will go back to the agency and ask for more detail.

Mr. Hemphill stated that one of the things the committee spent a lot of time on with the last levy cycle was the estimation of case load, number of kids in total and case per counselor or case manager. When looking at the chart on page 33, it appears to be identifying the different levels (red is residential care, green is group home). He's looking for the total number of kids in the population to be served this cycle versus last cycle, and if there are more kids, then this would be one of the reasons for the increase in cost.

Mr. Friedman added that an ongoing issue is that a lot of the numbers in terms of change is in percentage opposed to numbers. So, when talking about children in custody increasing in cost, they've diverted a lot of people from custody. The numbers are actually smaller, even though it may be a higher percentage.

Ms. Hallas Warren referred the committee to figure 6 on page 33 to the number that reflects a decline in the total. The agency is stating that those kids at the higher level is increasing, so it's not a 1 to 1 reduction in cost. The question would be does this then translate into projecting increasing numbers going forward.

Mr. Friedman then questioned if the charts on page 33 should include in roads into the blue area. Is there a way to reduce the numbers in foster homes? This would depend on the break point and who's deemed eligible for alternative response and whether or not it's fixed or based on experience. He then asked if there's any federal dollars that come in.

Ms. Hallas Warren advised that federal funds are the second largest funding source and referred the committee to page 36 & 37 of the levy book that shows the breakdown of funds that includes dollars from the Title IV-E Program. These dollars are based on certain criteria.

Mr. Friedman asked if the IV-E program has matching dollars, a non-federal match that the county or state has to put up?

Ms. Hallas Warren said that she believes this is a straight amount per child based on a formula. However, she will research and get back to the committee. She added that there are one or two competitive grants received for research purposes to find out a new model or best practice that does not cover every day services.

Mr. Hemphill then asked if this is classified as one of the components of the miscellaneous funds.

Ms. Hallas Warren responded that this would actually fall under the federal funds or 24% of income. The bulk comes from the IV-E program based on the number of kids they have, there's also a 5 year federal grant recently received.

Mr. Hemphill asked for the source of items under miscellaneous funds.

Ms. Hallas Warren responded by stating that one of the items under miscellaneous is child support. If the agency has custody of the child and someone is responsible for paying child support, the money is funneled to FCCS for the cost of care.

Mr. Wilson explained that there's an MOU that FCCS has with CSEA to draw those dollars.

Ms. Hallas Warren then stated that another item under the miscellaneous would be any surplus items sold.

Mr. Friedman asked if there was a known reason as to why the all the funds dropped in 2011 & 2012.

Ms. Hallas Warren stated that the funding formula was redone during the recession. Ohio has one of the lowest state funded child support systems. The entitlement dollars dropped due to the decreasing number of children in custody determined to be eligible for IV-E.

Mr. Friedman then referenced back to the senior levy where they were contracting with agencies and the performance wasn't actually tied to the delivery of services directly to the folks. He questioned if the providers of mental health services are able to bill third parties even though they have a contract for services?

Ms. Hallas Warren responded that this should not be the case, but she would follow up.

Mr. Friedman asked how are the supportive services contracts are constructed?

Ms. Hallas Warren believes these are not prorated or per child, most contracts are a lump sum, however she would go back to the agency and ask.

Mr. Friedman added that may be the issue and there should be some type of requirement of the contracting agency to pursue third party liability and offset the amount that is being contracted for. In the FCCS response, they talk about Medicaid expansion, but they don't talk about insurance expansion and there will be a number of families that get above Medicaid eligibility who will be getting insurance through the exchange. Is some of this covered? They try to minimize the fact and stated that 1% of the budget goes to these services, but if it's buried in the contract rate, it wouldn't be a separate payment. It would be part of the lump sum and wouldn't be considered an add-on for that purpose.

Mr. Friedman asked that Ms. Hallas Warren verify how the contracts operate, if they are paying salary, or dedicated personnel, how are they monitoring that the personnel are providing services solely to the individual, and is there any coverage of third party eligibility as a way to offset some of the cost.

Ms. Hallas Warren confirmed that Jerry was seeking to know the nature of the contract and how they're monitored. Or, if there's third party liability, does the agency retain that, or does it return to FCCS.

Mr. Hemphill asked where the case load was associated with the 5 or 10 year forecast. Where are the projections that they are building this budget on?

Ms. Hallas Warren referred the committee to page 29 which reflects the assumption that there's a correlation between the number of kids in the county and the number of investigations received. They're stating that the trend since 1994 is that there are 38 investigations per every 1,000 children in the county. So, they're using the population and stating that as it grows, 38 out of every 1,000 will come to them as an investigation. She then referred them to the FCCS key indicators of projected services levels paper received in their packet. This shows the agency is stating that they will serve 3.8% of the population, then 18.56% of those will become an open on-going case that will require additional services. On average, this translates into 1.8 kids per case multiplied by the number of ongoing cases to determine the total number of children they will service. This becomes the cost driver for placement.

There was then a discussion where both Zak Talarek and Ms. Hallas Warren provided explanations of the annual open and ongoing cases. The annual rate is translated into the average monthly case load to average kids in custody, or in home with their family or with relatives. These are compared to children in paid care, which is 50% of their budget.

Ms. Hallas Warren then referred them to their packet that provided drivers used for projections. The first would be the number of investigations, of those investigations, how many are opened for ongoing. Then, what's the average monthly caseload and how many does the agency actually have custody of. These are the more costly services and are outside of the family with foster care, residential care, and group home. From there, it's how many are in these types of paid care, which is 50% of the budget. The model is looking at all these numbers; they're all being increased by population. So, of the children in custody, 81% of them will be in paid care every year. So, if you start by adjusting the first number by population and then keep every other number the same, the result is that everything is being increased by population only. This is part of the question of why is only population being used as the driver. The agency stated that they looked at poverty and it didn't align with their numbers served, so when they go to predict the paid care, they're taking that 2013 budget for paid care and multiplying it by the percent increase that they're projecting based on population and multiplied by the consumer price index (CPI). So, assuming that services remain the same, it will have a cost increase built on projected growth. Pages 29-32 of the levy report all describe the increase based on population.

Mr. Wilson stated that this is a difficult concept to only use population data as a driver. He hears that the agency is stating that they've used a more sophisticated analysis last time, and it didn't work. However, he believes that this means you look for potential deficiencies in the model you previously used, and take another try at it, opposed to scaling all the way back to this simplistic approach.

Mr. Hemphill then asked what the agency used last time besides using the population of kids served.

Ms. Hallas Warren stated the agency used a trend analysis that included mathematically based trends based on historical trends. So, they used numbers only, with no other variables introduced.

Mr. Talarek added that one reference was that they considered the impact of the recession and that it would drive numbers up in the early years of the levy, so that would have a slight increase with the assumption that poverty would drive the case load, but then after 2011, the historical trend would reappear and you'd see a downward trend with the numbers.

Ms. Hallas Warren stated that OMB doesn't have the historical worksheets containing numbers used for prior levies, so they've been trying to work backwards and it appears to be a basic mathematical trend analysis with an upper and lower range. It appears that the agency under projected the upfront numbers (investigations) and over projected the actual number of kids in the average monthly custody caseloads. Paid care, which is the biggest cost driver, was over projected. At this time, it appears that the agency is pretty stuck on population being the driver.

Mr. Wilson added that maybe OMB should research if there are any other best practices out there by calling 3-5 counties of our similar size and talking with their child welfare professionals to see which models they use to project future demand for services.

Ms. Bronson stated that this research has historically been done by the agency.

Ms. Hallas Warren responded by stating that she did some research on the federal website and didn't see anything, but would follow-up with calls to similar counties as requested.

Mr. Wilson added that if OMB finds out there is another method out there that makes sense, OMB would ask that FCCS plug in this model to see the data.

Ms. Bronson added that she would like to see FCCS provide a stronger rationale for the model used. If they looked at other drivers, what were they? This may be helpful to the committee to understand the agency's way of thinking.

Mr. Hemphill then asked to be excused from the meeting and wanted to verify the next meeting.

Ms. Hallas Warren advised that the next meeting will be held on April 10^{th} at 3:00 PM.

Mr. Friedman stated that the state might be a good source to determine if Franklin County looks like an outlier relative to some of the other counties and the different ways they've seen other counties projecting that or is there a methodology at the state level since they're a significant contributor in terms of dollars.

Ms. Hallas Warren stated that they do have to aggregate data statewide and report to the feds and that she will call their staff to follow-up. She stated that unfortunately there's no pre-alternative response data in FCCS response.

Denise added that CFSR does go back and should have pre-alternative response data and that she may have access to CFSR database.

Ms. Hallas Warren then continued to go through FCCS responses.

Jerry had questions on page 18 where it states that there's an inverse relationship between children living in poverty. He then asked if the committee could get a ranking of the calls coming in by zip code that have been opened for investigation by alternative response or traditional services.

Ms. Hallas Warren stated that she believes the agency is simply looking at the fact that population has gone up as well as their investigations.

Mr. Talarek added that FCCS is looking at ratios of certain numbers and because poverty went up, that ratio in column E went down and that this is why it's inverse, yet it should be a more flat analysis. They could have simply stated that everything is based on population with the cost driver being paid placement.

Dr. Bronson stated that looking at these numbers provided just doesn't make sense and the table provided should tell the message, and they just don't.

Mr. Talarek added that the analysis on the stats is focused on the number of investigations, not the number of children in custody or paid care, which is truly the cost driver. The argument should be more investigations equal more paid care. However, it seems they're going reverse by looking at investigations first and working down. When it should be presented as, here's our data on paid care and custody, what are the factors that impact it, and which could be investigations. Through research, as poverty increases, there will be more stress on the family, and more people in paid care. The argument should then be that more people call in, which equals more investigations, which increases custody and paid care.

Ms. Hallas Warren and Mr. Friedman discussed that maybe looking at drivers that put stress on a family such as unemployment data or things such as poverty, foreclosure, bankruptcies, etc. could provide the needed data. Ideally, investigations shouldn't be the starting point. Ms. Hallas Warren agrees that the more children you have will result in an increased number of investigations, which would increase the children you have in custody. However, there has to be more to the story since the numbers historically would have gone up along with the population. Yet, when AR was implemented, the numbers actually dropped. The middle point of the data set should be the starting point. The driver should be how many kids are actually coming in and becoming open cases.

Mr. Wilson then asked what the chart would look like if you replaced the rate of child welfare investigations with the rate of children in paid placement per 1,000 children.

Mr. Wymer added how do you define success? At the end of the day, how do you truly know if you're making a difference?

Dr. Bronson stated that there are measures of child well being and child safety.

Mr. Friedman asked what the potential outcomes of an investigation are and that if there is a possibility that the case is closed after an investigation with no findings.

Dr. Bronson stated that it depends on how you define investigation because an assessment determines if it requires an alternative response or actually needs an investigation. Ohio has embraced alternative response as a new direction in child welfare services.

Mr. Wilson added that under the last levy, there was the pilot project and we wanted to ensure the agency had significant resources if the rug was pulled from under alternative response and had to go back to a traditional model of safety first, take no risk, and take the child out of the home. In many ways, it's a blurred line between the services that JFS might provide a family through PRC and services FCCS offers under alternative response. He stated that one of the true measures of success would be shortening the amount of time a child is in paid placement and getting them back into a stable environment. FCCS stated that the longer a child is in their system, the worst the outcome.

Dr. Bronson stated that there are times when some kids just can't stay in the home. The goal should be to shorten the amount of time kids are in a transitional placement.

Ms. Hallas Warren added that one measure is in their response packet on page 8-10 regarding federal standards and where they are and how it compares to large counties.

Mr. Wilson stated the agency talked about the impact of readmission where a child is out of the system and has to come back into the system.

Dr. Bronson added that if a child returns to care within 12 months it's not counted as a successful reunification.

Ms. Hallas Warren will go back through the responses to see if these answers have already been provided or if it's a part of their budget information.

Dr. Bronson wants the agency to understand that the committee is trying to understand the projections and the cost that they're projecting out over the life of the levy. How that's breaking out in terms of kids in paid placement, how long they're in paid placement and how that plays into long term projections of costs. We've been hearing over the past couple of levies that as kids are moving out of paid placements into AR or kinship care, the big driver in the past were out of home placement, as those numbers decrease, how does that then connect to these projections?

Ms. Hallas Warren stated that the next question in FCCS responses was related to the managed care contracts and how the rates are set to ensure that the services are being provided in a cost effective manner. There's also an appendix reiterating how the projections were down, and mirrors info in the report.

Mr. Wilson asked when they built in the percentage increases that they were allowed on contracts, are there inflationary or CPI factors used? What are they using to determine the growth over time for their model?

Ms. Hallas Warren and Mr. Talarek stated that in reference to paid care, it's the model based on population increase plus CPI. Supportive and prevention services are 2.72% and can be found on pages 43 & 44 of levy book.

Ms. Hallas Warren hopes that the committee can get a handle on the projections and discuss during the next meeting since its 50% of the budget and look at the other assumptions. She provided the operating historical actuals to help explain what they have been spending and how the revenues look. In the next meeting, she'd like to discuss projections and address any concerns. The historical expenses are pretty flat; the East Main location was purchased for $17 million and is not included. Revenue is still exceeding total expenses to date. The ending cash balance at the end of 2013 was a little over $123 million. At this point, they haven't needed to use the alternative response "just in case" money. Part of the model is how much of that should they use to move forward and how much additional will be needed to move forward. At some point, it will go up as cost increases. The next sheet provides expenses on an annual basis and provides some history and includes some trends. The levy we're reviewing started in 2004, so this provides a 10 year period of the current levy that's expiring.

Overall, the 2014 approved budget was up 2.9% due to an increase in paid placement. There was a slight bump in 2009-2010 for recovery act dollars due to fed dollars received. Ms. Hallas Warren also provided tables with raw data and percent changes for the projections instead of narrative for a quick look. The agency's projections basically state that there is no room for improvement and that it will be growth based on kids in the county.

Mr. Wilson stated that FCCS stated that there was a 3 to1 cost difference between alternative response and intensive options for paid placement and managed care.

Ms. Hallas Warren and Mr. Talarek stated that as of October 2013, the average daily rates are as follows: $69.67 for foster care, $274.80 for group home and $268.90 for certified residential. So, essentially foster home to group home is 4 to 1, and alternative response is 3 to 1, so a third of that would be $23 for the average daily rate for an alternative response child in agency care versus $69 for foster care and $274 for group home.

Ms. Hallas Warren indicated that there are a total of 16 additional questions the committee has requested during this meeting so these will be sent over to FCCS.

Ms. Hallas Warren stated that the two major things that the group will need to focus on will be to determine what the key indicator projection model looks like since it's the 50% budget driver, so hopefully additional options will be available by the next meeting. The other item is to view budget assumptions used to do their budget model and determine if we agree with what they're using to move forward, so that the group can build our model. These are located in the back of the levy book in the fiscal section.

CLOSING REMARKS

Ms. Hallas Warren asked the committee to forward any additional questions to her prior to the next meeting.

Ms. Hallas Warren placed a motion on the floor to adjourn, Dr. Bronson moved and Ms. Carter Ryan second. The meeting was adjourned at 5:09 pm.

The next meeting will be held on Thursday, April 10, 2014 at 3:00 PM:
373 South High St, 26th Floor, West Conference Room