

**2010
FCCS****Levy
Review
Committee****Report**

On March 30, 1999, the Franklin County Board of Commissioners passed Resolution No. 311-99 creating the Human Services Levy Review Committee consisting of seven (7) members to fulfill the following charge: (see Appendix A)

- Review social service levy requests
- Evaluate potential levy impact on service population, other social service providers, and the community
- Evaluate agency program performance to voted levy objectives
- Conduct ongoing financial reviews of levy funded social service agencies
- Provide recommendations regarding proposed millage amounts and the timing of levy requests

Current Committee members appointed by the Franklin County Board of Commissioners are:

1. Jesse M. Hemphill, CPA, President and CEO
Hemphill & Associates, Inc. – **Chairman, Human Services Levy Review Committee**
2. James A. Bowman, President and CEO
National Affordable Housing Trust
3. Denise Bronson, Ph.D.
Professor, The Ohio State University
4. Jerome E. Friedman, Associate Vice President of Health Sciences
The Ohio State University
5. Dr. Marvin G. Gutter, Ph.D., CPA, Director of Finance
Ohio Tobacco Prevention Foundation
6. Kenneth Wilson, MPA, Director
Franklin County Office of Management and Budget
7. Nathan P. Wymer, Government Relations Director
Nationwide

The seven member committee is staffed by:

***Hope Foster, MBA
Sr. Performance Analyst, II***

***Steve Mansfield, Ph.D.
Sr. Policy and Management Analyst***

Franklin County Office of Management and Budget (OMB)

**2010
FCCS**

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Review
Committee**

Report

The Human Services Levy Review Committee evaluates levy requests from both a financial and programmatic perspective to assure that information provided by human services agencies that seek levy-approved funding have demonstrated prudent program and financial planning.

Committee staff collaborates with the various agencies to compile and analyze the data presented to committee members. Committee staff also prepares issue-oriented analyses and presents their findings to committee members.

Committee staff collaborates with Franklin County Children Services (FCCS), the Franklin County Board of Mental Retardation and Developmental Disabilities (FCBMRDD), the Alcohol, Drug Addiction and Mental Health Board (ADAMH) Board, and the Franklin County Senior Options Program (FCSO) to submit Financial and Program information for the Levy Review Committee's consideration and to provide regular updates to the Levy Review Committee. This approach ensures the Levy Review Committee can knowledgeably evaluate levy request, which facilitates their evaluation of future funding requests.

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B - Resolution No. 1254-00, appointment of Jesse Hemphill	
C - Resolution No. 307-05, appointment of Nathan Wymer	
D - Resolution No. 64-06, appointment of Ken Wilson	
E - Resolution No. 728-06, appointment of James Bowman	
F - Resolution No. 88-07, appointment of Jerome Friedman	
G - Franklin County Children Services request to the Board of Commissioners to approve a 3.10 mill levy for the November 3, 2009 general election with supporting documentation	
H - Franklin County Board of Commissioners letter asking the Human Services Levy Review Committee to review the Children Services levy request and provide recommendations	

EXECUTIVE SUMMARY

The Franklin County Board of Commissioners, as a taxing authority for the County, received a request from Children Services on March 31, 2009. The request was to place a county-wide property tax levy of 3.10 mills on the November 3, 2009 ballot. This request includes a ten year replacement of the 3.15 mill levy expiring December 31, 2009 (see appendix B).

On behalf of the Board of Commissioners, Commissioner Paula Brooks (President) forwarded the Children Services request to the Human Services Levy Review Committee Co-Chairmen, Marvin Gutter and Jesse Hemphill. The Commissioners asked the committee to review the request and to advise them of the Committee's recommendations (see appendix C).

In evaluating the Children Services request, the Human Services Levy Review Committee spent a significant amount of time reviewing the programmatic aspects of the agency, availability of services, and demand for services in the future as well as performing an in-depth financial analysis.

Current Needs, Services, and Voted Millage:

Current Needs:

Children Services currently serves over 28,000 children under the age of 18. Many of these children have physical, emotional and behavioral challenges. With the passage of the 3.10 mill replacement levy, Children Services will be able to do the following:

- Maximize reimbursements and minimize expenses as appropriate, so that levy dollars can stretch as far as possible while maintaining the quality of services in providing safety, permanency, and well-being for every child.
- Integrate Statewide Automated Child Welfare Information Systems (SACWIS) into the operations and work flows, which will minimize errors and backlogs.
- Upgrade the 205 N. Hamilton Rd (east side region location) which is currently on the second floor of an automobile transmission shop. This location is no longer appropriate for families and children due to issues associated with the building's industrial uses.

Current Services:

Children Services is committed to achieving full compliance with the federal government's Child and Family Service Review (CFSR) system. These national child welfare standards focus on permanency in four areas of importance for children under custody:

1. Timeliness and permanency of reunification
2. Timeliness of adoptions
3. Placement stability
4. Permanency for children in foster care for long periods of time

Using the CFSR system has enabled Children Services to recognize dual purposes for child welfare, which should focus not solely on safety, but also quality casework to protect children by strengthening families.

Children Services understands that children are best served in their own homes and with their own families where supportive services can help parents resolve issues and continue to protect and care for their own children.

Children Services programs are organized as follows:

- **Safety**
 - Protection Assessment and Crisis Intervention
 - Child Protection and Family Services

- **Placement**
 - Child Assessment and Placement
 - Foster Home

- **Permanency**
 - Adoption Services
 - Emancipation Services

- **Well Being**
 - Children Enrichment

Voted Millage:

Children Services programs and services are supported in part by property taxes that are approved by the public as voted millage. Two levies are in effect today.

Voted Levy	Year Established	Type	Amt. of Collection *
3.15	1999	10-year	\$590,000,000
1.90	2004	10-year	\$450,000,000

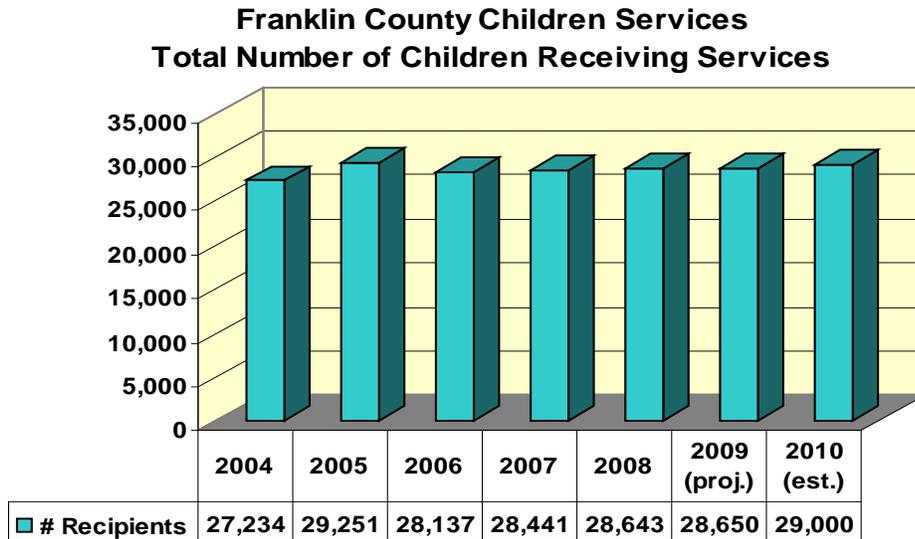
*Children Services levy collection estimates above are for tax year 2008, which are collected in 2009.

The recommendation also considers what the effect of the phase out of Tangible Personal Property Tax (TPPT) will have on available revenue (see table on page 8).

Children Services Request:

Children Services submitted a “Replacement Levy Request” on March 31, 2009 to the Human Services Levy Review Committee. Children Services asked to establish a 3.10 mill 10-year levy. The Executive Director of Children Services stated the proposed replacement levy would allow Children Services to:

- Continue to provide quality services to over 28,000 children and families, without major modifications to service delivery.
- Provide funding that will continue work with a focus on protecting children by strengthening families with flexible service approaches, and thus limit the involvement of families with the child welfare system.



Human Services Levy Review Committee's Recommendation:

Based on the Committee's review of Children Services programmatic, managerial and financial areas as presented in the "Replacement Levy Proposal Fact Book" the Committee recommends replacement of the expiring 3.15 mill levy. It is the recommendation of the Human Services Levy Review Committee that the Franklin County Commissioners support Children Services request to place a 3.10 mill, 10-year levy on the November 3, 2009 ballot. This is recommended to be effective for tax collections beginning January 1, 2010.

This recommendation is supported by the following:

1. Currently Children Services has two levies (the expiring 3.15 and the 1.90 mill), they provide \$117 million in annual receipts and services 28,643 children. The number of Franklin County children and families who will require services provided by Children Services is projected to be 29,000 by 2010, an increase of 1.25%. The Human Services Levy Review Committee's recommendation will provide an incremental \$25 million per year starting in 2010 and an incremental \$23 million starting in 2015 (assuming passage of the 3.10 replacement with reduction levy in 2009 and 2.50 replacement with increase levy in 2014).
2. This Recommendation recognizes the impact that the alternative response and the front door policy will have on children served, and although it is expected that caseloads will

decrease by 2% annually, Children Services is still receiving the same number of referrals.

3. The Human Services Levy Review Committee determined the 3.15 mill levy could be replaced with a smaller voted millage of 3.10 mills because the revenue produced by a new levy would be based upon the 2009 real estate valuation. The proposed levy will produce \$84.7 million annually beginning in 2010, combined with the current 1.90 mill existing levy which will produce approximately \$45 million annually through 2014.
4. The Tangible Personal Property Tax has been a source of revenue for Children Services programs and services. However, this tax is being phased-out starting in 2011. These revenue reductions, as indicated in the table below, are taken into consideration in the recommended levy.

Children Services Levy Dollars Lost Due to TPPT Phase-out	
2011	\$5,761,380
2012	\$4,592,084
2013	\$3,782,087
2014	\$2,972,090
2015	\$2,162,092
2016	\$1,352,095
2017	\$542,098
2018	\$91,400
TOTAL	\$21,255,326

The Agency

Children Services is a public agency mandated by law to provide protection and care for the county's abused and neglected children, and for some older youth with physical, mental and behavioral challenges. Children Services' role is defined by state and federal statutes which state that safety of children is paramount, that foster care is a temporary setting, that permanency efforts should begin immediately after the agency receives custody of a child, and that there are exceptions to the requirement of reasonable efforts to reunite child and parent.

Children Services is an agency of county government, with an appointed Board and with funding sources outside of the county's general fund. However, the agency is responsible and responsive to the Franklin County Board of Commissioners in a number of ways. The Office of Management and Budget (OMB) reviews the operating budget each year and the Board of Commissioners approves the budget and has final authority on labor contracts, lease agreements, and sets guidelines for county operations that the agency must follow.

In addition, Children Services authorizes spending and pays bills by following the requirements of the County Auditor's office, consults with the County Prosecutor's office when necessary, which is the legal representative for the agency.

The Children Services Board provides leadership, experience, commitment and expertise to assure that the agency is financially responsible and programmatically effective. The Board establishes policy, hires the Executive Director, who is responsible for agency operations, and approves contracts and agreements as required by law.

The 11-member volunteer Board governs Children Services. Ten members are appointed by the Franklin County Board of Commissioners and one serves as chair of the agency's Citizen Advisory Committee.

Children Services earned re-accreditation from the Council on Accreditation (COA) in November 2008. COA is an international, not-for-profit organization that works collaboratively with public and private human service organizations to establish both administrative and service delivery standards for best practices. To earn accreditation from COA, an organization conducts a rigorous self-study every four years. Then a team of COA reviewers conducts an on-site visit to determine the extent to which standards are met.

Of the 88 public children services agencies in Ohio, only 17 have received COA accreditation, and Children Services was one of Ohio's first public child welfare agencies to earn this elite accreditation more than 25 years ago.

Redirection of Organizational Focus

The new philosophy:

In 2007, Eric Fenner began as Executive Director of Children Services with a vision of refocusing the agency's priorities and shifting its practice model to: **Protecting Children by Strengthening Families**. The significant shift of policy represented by this phase is the focus on families. Children Services is moving into an approach where their work is certainly child focused, but also family centered. In order to be successful in their attempts to maintain children with their families, the families need to be strengthened to be successful and avoid or limit involvement with the child welfare system. Children Services values every child in the community and advocates for each child's safety, permanency and well being. Children who are on the agency caseload receive services and opportunities to help them grow and develop.

Looking back and planning forward:

Looking back, the agency's former model is very different than the practice model in place today. In the past the primary focus was child protection, with less consideration given to the family or the trauma associated with separation from the family. In order to protect the child, removal from the home was not discouraged and children were placed first, with an emphasis on reunification with the parent following the placement. Now the practice is to provide whatever services are needed to allow children to safely remain with parents whenever possible, and only place children away from family when clearly necessary for their safety.

The old practice model concentrated largely on internal operations, relying primarily on the services provided by the staff of Children Services. The new model takes more advantage of services provided by a variety of community agencies with a wide range of expertise and evidence-based programs. The partnerships of the past were largely centered on placement services and shared funding to provide those services. Many of the new partnerships are focused on preventing placement and helping families to better care for their children while remaining intact. In addition, the agency has expanded its partnerships with entities that share a common value around the safety of children and youth, for example, the recent partnership with the City of Columbus related to the summer curfew initiative.

Today, Children Services prides itself on improving relationships with community providers. The availability and effectiveness of the services partners provide coupled with hard work from agency staff has improved upfront help to families that has produced better results for children and families, and a long – term cost savings for county taxpayers. Some details of the benefits include the following:

- The number of children who are being removed from parental care and placed in the agency's custody is at a 13 year low. Children Services' current caseload as of April 30, 2009 was 4,630 children, of which 1,850 or 40% are currently in paid, out-of-home care placement. The reduction in the caseload is due, in part, to the increased emphasis and provision of 'front-door' services that reduce the need to open as many cases; it is also a reflection of the implementation of state-mandated Comprehensive

Assessment and Planning Model – Interim Solution (CAPMIS) investigation protocols which have reduced case openings.

- With the mandate changed from, “protection through placement” to “protecting children by strengthening families” Children Services has seen a reduction in caseloads. Even though Children Services is still receiving the same number of referrals, fewer cases are being opened for on-going services. Historically, Children Services opened approximately 230 cases a month, now they are opening about 190 cases monthly and this number continues to decline.

Alternative Response: A New Approach to Family Engagement

The Supreme Court of Ohio and the Ohio Department of Job and Family Services, with support from the AIM team (American Humane Association, Institute of Applied Research and Minnesota leaders), implemented a pilot alternative response project in 10 counties. In Fall 2007, the pilot counties were selected and began the design phase of an alternative response system to accepted reports of alleged child maltreatment. The American Humane Association leads the AIM team in assisting pilot counties in the creation and establishment of their alternative response systems.

Traditionally, child welfare agencies have responded to allegations of child abuse and neglect by investigating the report, determining whether maltreatment has occurred or if the child is at risk, and putting an appropriate intervention in place. Many states and localities are moving to a more family-centered approach called alternative response, differential response, or multiple response.

In these models, the focus is on assessing the strengths and needs of the family and child while ensuring the child's safety, usually without requiring a determination regarding maltreatment. Families may receive services through diversion to community agencies.

With the completion of the design phase, the AIM team helped prepare the counties for implementation through trainings with community stakeholders and agency workers and supervisors. As of July 1, 2008, Clark, Fairfield, Franklin, Greene, Guernsey, Licking, Lucas, Ross, Trumbull and Tuscarawas counties entered the second phase of the project, to implement alternative response. As part of the pilot project, data will be collected for 18 months (July 2008-December 2009) on a variety of issues, including child safety, services, family involvement and participation, and workers’ reaction to the approach.

At the conclusion of the pilot project, the AIM team will provide the State with evaluation findings and recommendations. The State will use this information to determine whether or not to proceed with statewide implementation of alternative response systems in all 88 Ohio counties.

This is a very exciting endeavor for the 10 pilot counties, the State of Ohio and anyone interested in the lives of families served by the child welfare system.

Front-door policy

Children Services has “strengthened the front door” by providing alternative services to reduce the unnecessary entry of children and families into the child welfare system. By linking families immediately to community-based care, formal interventions are reserved for those families requiring that level of intervention.

While federal law establishes that a child’s safety is paramount, Children Services must protect children in a manner that does not violate the constitutional rights of parents. Honoring families extends to ensuring that the agency is able to appropriately balance a child’s safety with a family’s right to be free from unreasonable governmental interference.

Most importantly, Children Services has not, and will never compromise on the safety of children that come to its attention. Safety of children remains the essence of the agency’s existence. The agency believes that children are safest when the agency can build on the protective capacities that exist within families to protect their children. When successful, Children Services can protect the child by strengthening the family and reducing recidivism. This approach represents the future of child protective services.

Every effort is made to work with families to resolve their issues while the children remain in the home. If this cannot be done, due to child safety issues, Children Services places children in out-of-home care, following a decision made by the Juvenile Court. When a child must be placed away from home, the agency seeks the least restrictive placement possible – with immediate family members or other kin, or in foster homes within a reasonable distance for the parents to visit. When specialized placement services in treatment foster care or residential treatment facilities are necessary, Children Services finds the appropriate placement to meet the child’s individual needs. The goal for children in placement is for them to return home safely whenever possible. When the child cannot return to its family, Children Services seeks an adoptive home or makes other permanent plans, such as the emancipation of older youth.

Children Services Values Partnerships

One of Children Services’ guiding principles states, “We Value Partnerships,” which simply means that the agency recognizes the importance of working collaboratively with community partners to serve children and families. It is the agency’s belief that in order to ensure that children are safe, the collective efforts of community-based provider agencies, community systems like schools and mental health boards and the citizenry are required.

Children Services has formalized partnerships with many community service providers in an effort to establish an infrastructure that will accomplish this task. Consider, for instance, the following examples:

- Children Services has developed a partnership with the county **ADAMH Board**, formally referred to as “The Integrated System of Care.” This collaboration is designed to ensure that capacity exists within the community to provide mental health services to children and their families in their own homes and communities. One of the goals of the collaboration is to eliminate (whenever possible) the need to send children outside of the county to receive the

necessary residential and/or foster care services required to meet their mental health needs.

- The agency has partnered with Wendy's International, Inc. to provide targeted recruitment services for children with special needs to ensure that every child has a forever home. ***The Wendy's Wonderful Kids Program*** provides two full-time staff who worked with Children Services to find homes for children who are difficult to place.
- When any child comes into the custody of Children Services, the agency is responsible for the entire well-being of that child. The Partnership for Academic Student Success (PASS) is a program that helps the agency to promote the academic achievement and personal development of children in its custody. PASS is administered through a contract with the ***Educational Service Center of Central Ohio (ESCCO)***, which pairs an education specialist with middle school and high school students in agency custody. These specialists meet weekly with students and arrange services such as tutoring, preparation classes for SAT and job-interview training, which can help students meet educational and employment goals. Currently, PASS is supporting educational success for middle and high school students who attend South-Western City Schools and six Columbus City Schools.
- Children Services is a partner in the ***Center for Child and Family Advocacy*** located at Nationwide Children's Hospital. This center provides a "one-stop" approach to service delivery for children who are victims of serious physical and sexual abuse. This partnership includes the County Prosecutor, Columbus Police, Choices, and the ADAMH Board. This collaboration reduces significantly the number of times a child must retell the story of abuse. A forensic interviewer gathers the information and the systems collaborate to ensure safety of the child and proper prosecution of the abuser when appropriate.
- Children Services collaborates with the ***Franklin County Juvenile Court, the county prosecutor, local law enforcement agencies, hospitals, the county humane society and Columbus City Schools*** on the investigation of child abuse and neglect. A memorandum of understanding has been executed by all parties that clearly delineates the responsibilities of each organization with respect to its duties under the Ohio Revised Code.
- Children Services has partnered with the ***ADAMH Board and North Central Mental Health*** to provide transitional services to adolescents with serious mental health diagnoses who are aging out of the child welfare system. This collaboration also includes the purchase of transitional housing for this very challenging population.
- The agency has partnered with the ***Franklin County Juvenile Court and the ADAMH Board*** to purchase the services of family functional therapy and multi-systemic therapy teams to serve adolescents in the community as an alternative to residential care.
- Children Services is currently working with ***Nationwide Children's Hospital*** to provide a Foster Care Clinic that will provide both physical and mental health

services to children in its care. The goal is to have this clinic operational by the summer of 2009.

- Based on the principle that children do better in families surrounded by a caring community, Children Services has partnered with local settlement houses since 2000 in collaboration called ***Family to Family***. A program begun by the Casey Foundation, Family to Family is designed to provide neighborhood-based services to troubled families and to provide foster homes (when necessary) in the neighborhoods where the children live. Currently, Children Services has Family to Family contracts with St. Stephen's Community House, Central Community House, Neighborhood House, Gladden Community House and Southside Settlement House.

These are just a few of the many collaborations and partnerships in which Children Services has engaged to better serve children and families. It has utilized provider forums to communicate agency needs to community-based providers and allow for the healthy exchange of ideas and the sharing of concerns. Children Services has focused on building community capacity for evidence-based and evidence-informed programs and services to better meet the needs of families locally and reduce the need for families to travel across town for services.

As Franklin County continues to grow and become more diverse, Children Services will continue to reach out to diverse communities and continue to partner with groups that could be potential foster care parents and increase the number of adoptions.

Children Services Accomplishments

- In 1999, the Children Services Board requested that the Franklin County Board of Commissioners place a 10-year 3.15 mill levy on the November ballot. The agency made a commitment to provide high quality services to the children and families of Franklin County without coming back to voters until 2009.
- Children Services has developed a system of producing reports on a quarterly basis that include performance and unit cost data that staff can use in assessing outcomes and in decision-making that improved the effectiveness of services and the efficiency of agency operations.
- In 1999, the Human Services Levy Review committee recommended that Children Services place more stringent requirements on contract providers. To date, Children Services has incorporated performance-based contracting for all services. Performance-based contracting allows Children Services to evaluate purchased services utilizing something other than price as outcome measurement which has created best practice child welfare standards for Franklin County. Performance data has also been a valuable tool in preparing Children Services employees with the right tools to work with a diverse population.

- Through successful partnerships, Children Services has been able to invest time and resources in evaluating other funding sources, subsidies and interagency service agreements as part of revenue enhancement.
- Children Services has made use of Ohio's Kinship Permanency Incentive Program (KPI), which provides a program of support to kinship families including tutoring, camping and other activities for children and their families. KPI is a state initiative that provides kinship families with cash payments of \$3,500 over a three-year period. To provide additional help, Children Services has expanded that program by offering matching funds to further assist kinship families who apply for and receive state assistance. Families are eligible for Children Services matching funds (\$500 at each six-month interval, not to exceed \$2,500) at redetermination for the state KPI program.

Human Services Levy Review Committee's Process

The goal of the levy review is to fully understand the request, validate the needs expressed by Children Services, and validate the financial, consumer, and community impact of the proposed service levels.

Committee staff began this levy review with the formation of a Levy Review Plan that identified the initial scope of the review through objectives. Each objective also included sub-objectives. The main objectives were as follows:

- What circumstances have led to Children Services' current levy request?
- What are the levy options?
- Does Children Services' ten-year forecast reasonably and logically project future revenues to provide reasonable assurance of accuracy?
- Does Children Services' ten-year forecast reasonably and logically project expenditures to provide a reasonable assurance of accuracy?
- Will resources be sufficient to support Children Services through the life of the levy?
- What will the passing of the levy accomplish?

After reviewing Children Services presentation and written levy request, the Human Services Levy Review Committee and its staff formulated a series of follow-up questions for Children Services. Subsequent meetings and Children Services responses produced additional questions, which in turn produced key issues identified by both the Committee and staff. Children Services was given the opportunity to address these key issues as well as address additional questions from the Human Services Levy Review Committee.

As a result of this process, the levy review involved significant information sharing between the Human Services Levy Review Committee, Committee staff, the County Administrator, the Deputy County Administrator and management from Children Services. Individuals were involved in periodic meetings throughout the process to discuss key issues impacting selected areas, and proposed recommendations.

OPERATIONAL ISSUES AND RECOMMENDATIONS

Issue 1 – A 90-day cash reserves is recommended for Children Services

Children Services presented a financial plan that estimated a cash balance of \$51.2 million as of December 31, 2019, which represents 81 days of spending reserves. Children Services' fiscal staff believes an 81 spending reserves would be sufficient, due to the challenging economic times, it is better to pass a lower levy request with tighter assumption parameters, than to fail with a higher levy request which embedded better contingency protections for potential shortfalls in revenues or larger increases in expenses.

Franklin County Children Services Estimated Cash Position

Year	Revenues	Expenses	Over (Under) Revenue/Expenses	Ending Cash December 31
2010	\$196,031,708	\$184,597,810	\$11,433,898	\$62,935,176
2011	\$195,613,179	\$189,212,755	\$6,400,424	\$69,335,600
2012	\$194,910,230	\$193,943,074	\$967,156	\$70,302,756
2013	\$194,826,121	\$198,791,651	(\$3,965,530)	\$66,337,226
2014	\$194,775,787	\$203,761,442	(\$8,985,655)	\$57,351,571
2015	\$217,784,021	\$208,855,478	\$8,928,543	\$66,280,114
2016	\$218,258,693	\$214,076,865	\$4,181,828	\$70,461,942
2017	\$217,828,451	\$219,428,786	(\$1,600,335)	\$68,861,607
2018	\$218,104,625	\$224,914,506	(\$6,809,881)	\$62,051,726
2019	\$219,730,455	\$230,537,369	(\$10,806,914)	\$51,244,812
Grand Totals 2010-2019	\$2,067,863,270	\$2,068,119,736	(\$256,466)	

Notes/Assumptions

(1) Estimates used for 2009-2019

(2) Estimated ending cash as of 12/31/19 is \$51,244,814 which should be sufficient not to need advance prior to March 2020 tax collections.

Human Services Levy Review Committee Response Recommendation 1: A 90-day cash reserves is recommended for Children Services

The Committee has recommended that Children Services end the requested levy cycle with a \$63.9 million cash reserve, which is equivalent to 90 days of expenditures. The committee believes that a 90 day cash reserves will enable Children Services to have some flexibility in meeting emerging unmet needs through 2019.

In summary, the Committee and levy staff spent a significant amount of time studying the 10-year levy projection outlined in the Replacement Levy Proposed Fact Book. After meeting with Children Services, over the course of several weeks, it was agreed that Children Services would adopt the Recommended Fiscal Report on page 24. The Committee was concerned that the original levy plan submitted by Children Services would not have the capacity to absorb the long-term expenditure increases in the operational areas such as healthcare and managed care.

Issue 2 – Alternative Response enrollment updates on a quarterly basis.

Children Services is a part of a state-wide pilot "Alternative Response" (AR) project along with nine other Ohio county children service agencies. Children Services believes that using the AR model versus the traditional investigative approach has been beneficial in the way of building stronger collaborative connections among the child protective agency, community agencies, and families to identify issues and meet families' needs using available supports and services. Research has shown that the AR model has increased child safety, increased family involvement, and produced greater satisfaction. Families are more involved in the decision-making process from the beginning. If all parties agree that the AR model is appropriate for their particular case, then the caseworker has the responsibility to engage the family in an assessment process that identifies its needs and concerns. With this approach, there is no determination as to whether or not a parent is guilty of abuse or neglect, but a partnership is established.

An evaluation of the AR model is expected to be available in early 2010. That evaluative data will provide comparisons between Children Services and the other pilot counties. The major comparisons will focus on differences in outcomes and activities between families served via the collaborative AR model and the traditional investigatory approach. When the pilot phase terminates later this year, Children Services plans on expanding to serve more families; over time, this should decrease the number of traditional case openings; Children Services projects four to five percent fewer case openings per year starting in 2012. In turn, fewer case openings are expected to be a factor in a projected 2% annual rate of caseload decrease also starting in 2012 and running through 2019.

Children Services has established two long-term goals for the AR program upon completion of the pilot, December 31, 2009. Those goals are:

- 65 percent of investigations will be handled on the AR track by 2013
- 50 percent of AR assessed families will receive services

Human Services Levy Review Committee Response Recommendation 2: Analyze and report Alternative Response program performance measures and enrollment updates on a quarterly basis.

The Alternative Response (AR) is expected to have a substantial impact on the number of children served through the life of the levy. Because of its impact in the reduction of caseloads which the agency projects to be 2% annually, the Committee recommends that Children Services provide information regarding the number of children currently using the AR method and the amount of dollars spent on each child on a quarterly basis. With this information, OMB will track the data to monitor the impact of AR on caseloads and caseload costs. This information is to be sent to OMB with overall data on enrollment by placement.

Issue 3 – Properly account for Vacancy Credit by recognizing the nature for which funds are used.

Children Services has a current staffing budget of 740.64 Fulltime equivalents (FTEs), 704 active employees, and 7 “true” vacancies. They project an additional 2.4% vacancy rate (average percent of FTEs that are vacant) or approximately 18 FTEs per annum in their personnel cost projections. Historically, Children Services has been taking an annual vacancy credit that they use for unforeseen personnel expenses, i.e., overtime, termination pay-outs and the 27th pay.

Human Services Levy Review Committee Response Recommendation 3: Properly account for Vacancy Credit by recognizing the nature for which funds are used.

Over the past four years, Children Services has maintained an average vacancy rate of 5.34%. The Committee recommends a vacancy credit be taken for each year of the term of the levy. Children Services should include a vacancy credit based on the three prior year’s average vacancy rate for future years. This will allow for transparency and accuracy of reporting.

OMB staff has proposed that Children Services deduct 2.4% for vacancy savings based on the ECI Index for fringes for all state and local government workers and has prepared a financial plan through the life of the levy, (see Recommended Fiscal Plan on page 24).

Issue 4 – Continue the pursuit of a Title IV–E Court

Children Services has looked at the feasibility of a Title IV-E Court for more than a decade. The agency recognizes that having a Title IV-E Court in Franklin County has many benefits. The federal Title IV-E of the Social Security Act (SSA) is an open-ended

entitlement program, administered since 1980 by the Children's Bureau in the U.S. Department of Health and Human Services. Its main purpose is to provide federal financial support to states for needy children who cannot live at home. The Title IV-E program is intended to combat the many problems Children Services face, i.e., too many children being removed from their family homes and spending their childhoods in temporary placements without making progress toward adoption, reunification with their families, or other permanent and stable custody arrangements. The program does this in part by insisting on ongoing judicial review and oversight of the officials responsible for such children, to ensure that:

- Children are not removed from their family homes in the first place, except when it is necessary for their welfare;
- Families are not broken up without reasonable efforts to keep them intact; and
- Once children have been removed from their homes, reasonable efforts are made either to reunite them with their families or to settle them into other safe and permanent living arrangements.

Children Services recognizes that federal financial support under the Title IV-E program depends upon compliance with the law and it is necessary to have documentation of that compliance. This calls for participating courts to consider and make detailed, formal and timely findings on three issues in the cases of children who need out-of-home placement:

- ***Necessity of removal.*** First, compliance with Title IV-E requirements calls for the court authorizing a child's removal from the home to make a fact-based determination that "continuation in the home would be contrary to the welfare" of the child—and to do so in the first order that sanctions the child's removal, even temporarily.
- ***Efforts to prevent removal.*** Within 60 days of the child's removal, the court must find that "reasonable efforts have been made to prevent the child's removal from home"— which may be satisfied by a finding that, under the circumstances, a failure to make advance efforts to prevent removal was "reasonable."
- ***Efforts to finalize permanency.*** Within 12 months of the date that the juvenile enters IV-E eligible foster care—generally at a special "permanency hearing" that is required for children who have lingered that long in placement—the court must find that "reasonable efforts have been made to finalize a permanent placement for the child."

Children Services realizes that this process may be tedious; but with continual pursuit, it would be a financial benefit for the taxpayers of Franklin County.

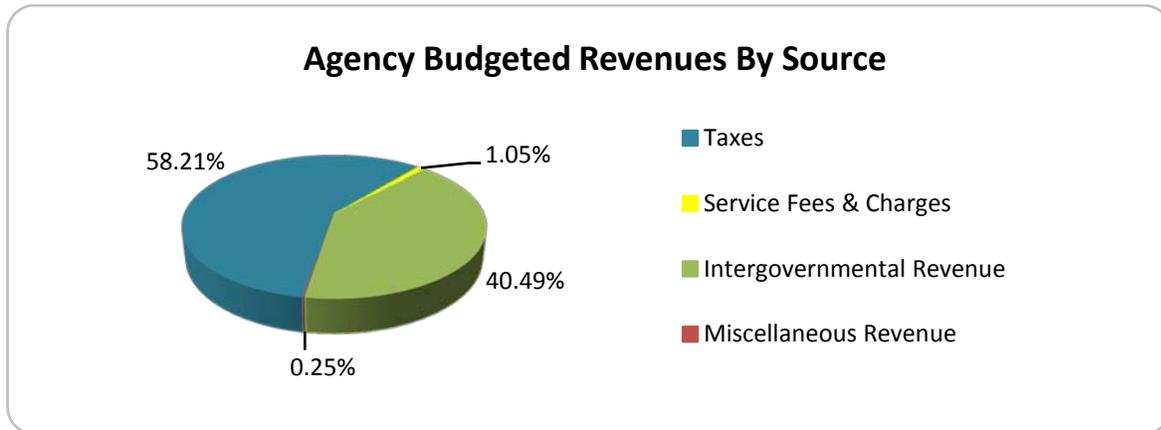
**Human Services Levy Review Committee Response Recommendation 4:
Continue pursuit of a IV-E Court.**

The committee encourages Children Services to continue pursuit of a IV-E Court, preferably by the end of the life of the proposed levy. The creation of the Court would allow Children Services to more efficiently use existing levy dollars, creating another source of revenue. Currently, there are many cases that have expenses associated with them that if Franklin County had a IV-E court, those cases would use federal IV-E dollars versus using levy dollars.

The committee acknowledges that in order for this IV-E Court to be established in Franklin County, it would require the collaboration with Domestic and Juvenile Court and Children Services in order to make this court a reality.

The committee recognizes the benefits in having a IV-E Court in Franklin County and believes that with continued effort on Children Services part, the endorsement of the committee and the support of the Board of Commissioners, the benefits to the tax payers of Franklin County would be worthwhile.

OVERVIEW OF REVENUES



Children Services has four funding sources; Levy (local tax) revenue (includes personal property tax), which represents 58.21%, federal revenues (primarily Title IV), which represents 40.49% and state/miscellaneous sources, which together represent 1.30% of Children Services budgeted revenues.

When looking at revenues needed to maintain services, agency staff:

- analyzed the agency's past actual revenues, and year-end cash position since the last levy passed in 2004;
- developed revenue assumptions that include known changes in property tax valuations and estimated phase-outs;
- determined how state and federal funding would be impacted by the current economy, and whether property taxes would grow (as they have historically due to new construction), remain flat, or decline; and
- projected revenue levels that will be required to provide the services needed by children and families from 2010 through 2019 (see Recommended Fiscal Plan on page 24).

Children Services Estimated Revenues, 2010-2019

Year	Levy/Local Property Tax	Federal Revenue	State Revenue	Miscellaneous Revenue	Total Revenue
2010	\$144,599,722	\$43,029,143	\$6,134,999	\$2,267,843	\$196,031,707
2011	\$142,895,394	\$44,104,872	\$6,288,374	\$2,324,539	\$195,613,179
2012	\$140,874,500	\$45,207,494	\$6,445,583	\$2,382,653	\$194,910,230
2013	\$139,439,498	\$46,337,681	\$6,606,723	\$2,442,219	\$194,826,121
2014	\$138,004,498	\$47,496,123	\$6,771,891	\$2,503,275	\$194,775,787
2015	\$159,593,450	\$48,683,526	\$6,941,188	\$2,565,856	\$217,784,020
2016	\$158,613,358	\$49,900,614	\$7,114,718	\$2,630,003	\$218,258,693
2017	\$156,691,982	\$51,148,130	\$7,292,586	\$2,695,753	\$217,828,451
2018	\$155,439,745	\$52,426,833	\$7,474,901	\$2,763,147	\$218,104,626
2019	\$155,498,953	\$53,737,504	\$7,661,773	\$2,832,225	\$219,730,455
Total Estimated Revenue, 2010-2019	\$1,491,651,100	\$482,071,920	\$68,732,736	\$25,407,513	\$2,067,863,269

Notes/Assumptions

- (1) Assumes passage of 3.10 replacement with reduction levy in November 2009, to be collected 2010-2019 (expiring 3.15)
- (2) Federal, state and miscellaneous revenues are based on 2009 approved budgets inflated by 2.5% per annum.
- (3) Assumes passage of 2.50 Replacement, with increase in November 2014, to be collected 2015-2024 (expiring 1.90).

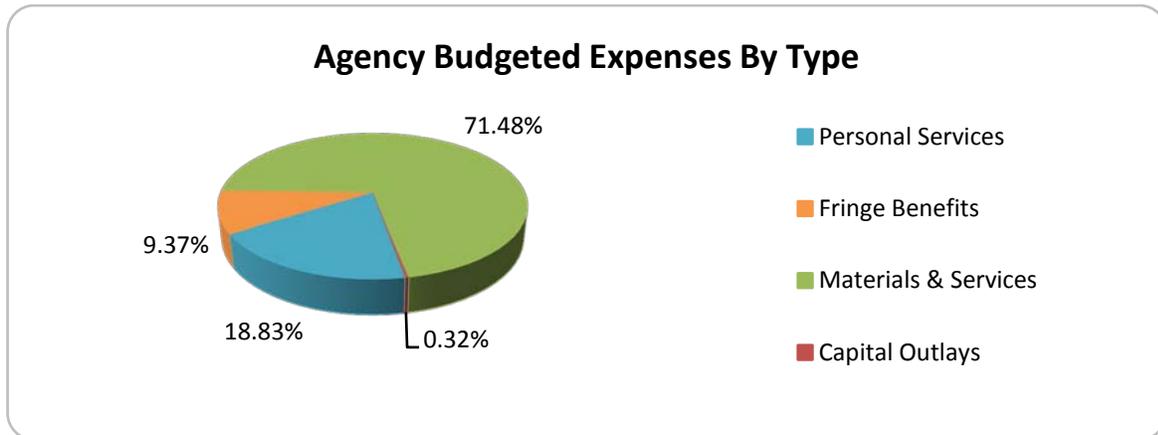
Children Services is projecting that revenue will remain relatively flat with federal, state, and miscellaneous revenues growing at just 2.5% per annum, with two major exceptions, the levy passage recalibration years of 2010 and 2015 will bump annual levy revenues up significantly by approximately \$25 million per year starting in 2010 and 2015 (assuming passage of 3.10 replacement with reduction levy in 2009 and 2.50 replacement with increase levy in 2014). They also project their ending cash will be \$51 million by December 31, 2019 (see Recommended Fiscal Plan on page 24).

Pending passage of the proposed 3.10 mill 10-year levy will secure enough revenue to ensure that Children Services will not return to the ballot until 2014 when the 10 year levy that passed in 2004 expires.

Determining the amount of local millage needed to support Children Services in Franklin County needs to be approached carefully, taking into consideration the phase-out of the Tangible Personal Property Tax (TPPT). Children Services projects the impact of this law to be a \$21.2 million loss in revenue between 2011 and 2018 (see table on page 8).

The Tangible Personal Property Tax has been a source of revenue for Children Services programs and services. However, this tax is being phased-out starting in 2011. These revenue reductions, as indicated in the table above, are taken into consideration in the recommended levy.

OVERVIEW OF EXPENDITURES



Children Services built its request for a 3.10 replacement with reduction (current levy set to expire at the end of this year is 3.15 mills) levy based on projected demand over the next 10 years for services modeled to protect children by strengthening families over the next 10 years.

When looking at service needs, agency staff:

- analyzed actual levels of services provided to children and families by looking at data over the past 15 years;
- assessed the impact of Children Services new philosophy and service model that has been implemented over the past four years;
- considered whether service needs would grow as a result of the current economic downturn; and
- projected the level of service utilization needed for the next 10 years, by using a linear regression methodology that claimed a 95% confidence level that the service levels will not go above or below projected upper and lower boundaries.

When looking at expenditures needed to maintain services, agency staff:

- analyzed the agency's past expenditures and year-end cash position since the last levy passed in 2004;
- developed expenditure assumptions that include known changes in property tax valuations and estimated phase-outs; and
- determined how state and federal funding would be impacted by the current economy, and whether property taxes would grow (as they have historically due to new construction), remain flat, or decline (see Recommended Fiscal Plan on page 24).

Recommended Fiscal Plan Through 2019

	Projected	Estimated				
	2009	2010	2011	2012	2013	2014
Salaries growth of 2.5% after 4% in 2010	\$34,482,228	\$35,861,517	\$36,758,055	\$37,677,006	\$38,618,932	\$39,584,405
Fringes/Employee Expenses growth based on ECI avg w/ 2.4% vacancy savings rate	\$17,157,475	\$17,633,217	\$18,122,151	\$18,624,642	\$19,141,066	\$19,671,810
Services and Charges - growth based on Blue Chip CPI Projection	\$125,688,306	\$127,699,319	\$130,381,005	\$133,510,149	\$136,714,392	\$139,995,538
Materials and Supplies (same as original)	\$2,179,415	\$2,233,900	\$2,289,748	\$2,346,992	\$2,405,666	\$2,465,808
Capital Outlays and Equip/Bldg (same as original)	\$588,000	\$602,700	\$617,768	\$633,212	\$649,042	\$665,268
Revised TOTAL	\$180,095,424	\$184,030,654	\$188,168,726	\$192,792,001	\$197,529,099	\$202,382,829
Revenues Over (under) Expenses	(\$10,287,444)	\$12,001,054	\$7,444,453	\$2,118,229	(\$2,702,978)	(\$7,607,042)
Estimated Ending Cash Position	\$51,501,278	\$63,502,332	\$70,946,785	\$73,065,014	\$70,362,036	\$62,754,995
90 Day Reserve		\$46,007,663.46	\$47,042,181.59	\$48,198,000.18	\$49,382,274.66	\$50,595,707.13
Sufficient Resources (Ending Cash - Reserve)		\$17,494,668.68	\$23,904,603.21	\$24,867,013.89	\$20,979,761.79	\$12,159,287.79
	2015	2016	2017	2018	2019	Totals 2010-2019
Salaries growth of 2.5% after 4% in 2010	\$40,574,015	\$41,588,365	\$42,628,075	\$43,693,776	\$44,786,121	\$401,770,267
Fringes/Employee Expenses growth based on ECI avg w/ 2.4% vacancy savings rate	\$20,217,270	\$20,777,854	\$21,353,983	\$21,946,086	\$22,554,607	\$200,042,687
Services and Charges - growth based on Blue Chip CPI Projection	\$143,355,431	\$146,939,316	\$150,612,799	\$154,378,119	\$158,237,572	\$1,421,823,640
Materials and Supplies (same as original)	\$2,527,453	\$2,590,640	\$2,655,406	\$2,721,791	\$2,789,835	\$25,027,239
Capital Outlays and Equip/Bldg (same as original)	\$681,900	\$698,947	\$716,421	\$734,331	\$752,690	\$6,752,278
Revised TOTAL	\$207,356,068	\$212,595,123	\$217,966,683	\$223,474,104	\$229,120,825	\$2,055,416,111
Revenues Over (under) Expenses	\$10,427,953	\$5,663,570	(\$138,232)	(\$5,369,479)	(\$9,390,370)	\$12,447,159
Estimated Ending Cash Position	\$73,182,948	\$78,846,518	\$78,708,286	\$73,338,807	\$63,948,437	
90 Day Reserve	\$51,839,017.10	\$53,148,780.70	\$54,491,670.72	\$55,868,525.90	\$57,280,206.28	
Sufficient Resources (Ending Cash - Reserve)	\$21,343,930.42	\$25,697,737.00	\$24,216,615.11	\$17,470,281.31	\$6,668,230.80	

LEVY IMPACT ON LOCAL HOUSEHOLDS

Impact on Local Households

In evaluating this levy plan, the Human Services Levy Review Committee considered the immediate impact the 3.10 mill levy would have on the households in Franklin County. The Human Services Levy Review Committee determined that a homeowner of a \$100,000 house would contribute an additional \$28.48 each year (see below). Community support will enable Children Services to continue to protect and care for the abused neglected and dependent children and troubled youth as mandated by the law.

Financial Impact of 3.10 Mill 10-Year Levy

	<u>Current</u>	<u>Projected</u>	<u>\$ Change</u>
\$100,000 home	\$116.99	\$145.47	\$28.48
\$150,000 home	\$175.49	\$218.21	\$42.72
\$200,000 home	\$233.98	\$290.94	\$56.96

APPENDICES

- A – Resolution No. 311-99, authorizing creation of a Human Services Levy Review Committee and appointing its members, Dr. Denise Bronson and Dr. Marvin Gutter
- B - Resolution No. 1254-00, appointment of Jesse Hemphill
- C - Resolution No. 307-05, appointment of Nathan Wymer
- D - Resolution No. 64-06, appointment of Ken Wilson
- E - Resolution No. 728-06, appointment of James Bowman
- F - Resolution No. 88-07, appointment of Jerome Friedman
- G - Franklin County Children Services request to the Board of Commissioners to approve a 3.10 mill levy for the November 3, 2009 general election with supporting documentation
- H - Franklin County Board of Commissioners letter asking the Human Services Levy Review Committee to review the Children Services levy request and provide recommendations

RESOLUTION AUTHORIZING THE
CREATION OF THE HUMAN SERVICES
LEVY REVIEW COMMITTEE, AND
APPOINTING ITS MEMBERS
(COMMISSIONERS)

WHEREAS, the Franklin County Board of Commissioners, as the taxing authority for the County, is responsible for certifying to the Board of Elections tax levies in excess of the ten mill limitation pursuant to ORC 5705.19; and

WHEREAS, the Franklin County Board of Commissioners desire to create a Human Services Levy Review Committee to conduct ongoing financial reviews of social service agencies, evaluate program performance to voted levy objectives, to review social service levy requests and provide recommendations regarding proposed millage amounts and the timing of levy requests, and to provide a holistic review of levy impacts on the community; and

WHEREAS, the Human Services Levy Review Committee will be comprised of seven (7) members appointed by the Franklin County Board of Commissioners; now, therefore, upon the motion of Commissioner Teater, seconded by Commissioner Shoemaker,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO:

- 1) That a Human Services Levy Review Committee is hereby created to conduct ongoing financial reviews of social service agencies and to provide recommendations to the Board of Commissioners regarding proposed millage amounts and the timing of levy requests for certification to the Board of Elections.
- 2) That the Human Services Levy Review Committee shall be comprised of seven (7) members appointed by the Board of Commissioners. Such membership shall be subject to change by resolution of the Board of Commissioners.
- 3) That the following persons are appointed to the Human Services Levy Review Committee:

William K. Willis, Jr., Chair
Franklin County Community Planning Council
1715 Franklin Park South
Columbus, Ohio 43205

Denise E. Bronson
Professor, College of Social Work
The Ohio State University
Stillman Hall
1947 College Road
Columbus, Ohio 43210

Chad Jester, Director of Public Affairs
Nationwide Insurance Company
One Nationwide Plaza
Columbus, Ohio 43215

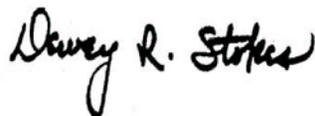
Linda J. Siefkas
Vice President and Manager – Columbus Office
Edward Howard & Company
50 West Broad Street, Suite 2200
Columbus, Ohio 43215

Matt Kallner, Director of Governmental Affairs
The Limited Company
Three Limited Parkway
Columbus, Ohio 43230

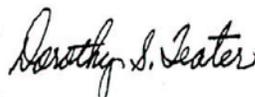
Charlene Powell, Finance Director
Franklin County Commissioners
373 S. High Street, 26th Floor
Columbus, Ohio 43215

Marvin G. Gutter, PhD., CPA
Vice President for Business and Administrative Services
Columbus State Community College
550 E. Spring Street
Columbus, Ohio 43215

Voting Aye thereon:



DEWEY R. STOKES, PRESIDENT



DOROTHY S. TEATER



ARLENE SHOEMAKER

BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, OHIO

RESOLUTION NO 1254-00

December 5, 2000

RESOLUTION APPOINTING
JESSE M HEMPHILL, CPA, TO THE
HUMAN SERVICES LEVY REVIEW COMMITTEE
(COMMISSIONERS)

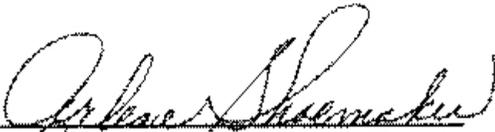
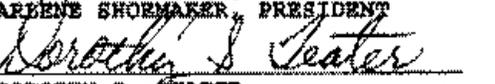
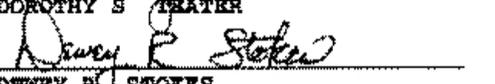
WHEREAS, a vacancy exists on the Human Services Levy Review Committee due to the resignation of William K Willis, Jr , now, therefore, upon motion of Commissioner Teater, seconded by Commissioner Stokes,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO

That the following person is hereby appointed to the Human Services Levy Review Committee, replacing William K Willis, Jr , to serve for an indefinite term

Jesse M Hemphill, CPA
Hemphill & Associates, Inc
471 East Broad Street, Suite 1306
Columbus, Ohio 43215
O - 461-5110

Voting Aye thereon


ARLENE SHOEMAKER, PRESIDENT

DOROTHY S TEATER

DEWEY R STOKES
BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, OHIO

Voting Nay thereon

ARLENE SHOEMAKER, PRESIDENT
DOROTHY S TEATER
DEWEY R STOKES
BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, OHIO

GVW syb

cc Journal
Board Member

RESOLUTION APPOINTING
NATHAN WYMER TO THE
HUMAN SERVICES LEVY
REVIEW COMMITTEE
(COMMISSIONERS)

WHEREAS, pursuant to Resolution No. 311-99, adopted by the Board on March 30, 1999, the Human Services Levy Review Committee was created pursuant to ORC 5705.19 for the purpose of conducting ongoing financial reviews of social service agencies; and

WHEREAS, due to the resignation of Chad A. Jester, a vacancy exists on the Human Services Levy Review Committee; now, therefore, upon motion of Commissioner Stokes, seconded by Commissioner Brooks,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO:

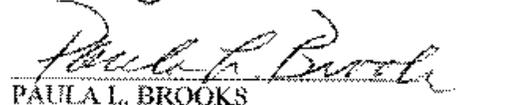
That the following person is hereby appointed to the Human Services Levy Review Committee, replacing Chad A. Jester, to serve for an indefinite term;

Nathan Wymer
3835 Wedgwood Place Drive
Powell, OH 43065
614-249-7041

Voting Aye thereon:


MARY JO KIEROY, PRESIDENT


DEWEY R. STOKES


PAULA L. BROOKS
BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, OHIO

RESOLUTION NO. 64-06

January 24, 2006

RESOLUTION APPOINTING KEN WILSON
AS A MEMBER OF THE HUMAN SERVICES
LEVY REVIEW COMMITTEE EFFECTIVE
January 24, 2006 (COMMISSIONERS)

WHEREAS, Resolution No. 311-99 was adopted by the Franklin County Board of Commissioners on March 30, 1999, creating the Human Services Levy Review Committee pursuant to ORC 5705.19 for the purpose of conducting ongoing financial reviews of social services agencies; and

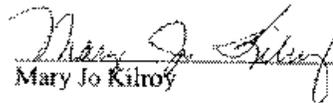
WHEREAS, the committee is comprised of seven (7) members who serve for an indefinite term; now, therefore, upon motion of Commissioner Kilroy, seconded by Commissioner Stokes.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO:

That the following person is hereby appointed to the Human Services Levy Review Committee to fill the unexpired term of Christy Saxton:

Ken Wilson
Director
Franklin County Office of Management & Budget
373 South High Street, 26th Floor
Columbus, Ohio 43215
(614) 462-4266

Voting Aye thereon:


Mary Jo Kilroy


Dewey R. Stokes


Paula Brooks, President
Board of County Commissioners
Franklin County, Ohio

RESOLUTION APPOINTING JAMES A. BOWMAN AS A MEMBER OF THE HUMAN SERVICES LEVY REVIEW COMMITTEE EFFECTIVE IMMEDIATELY (COMMISSIONERS)

WHEREAS, Resolution No. 311-99 was adopted by the Franklin County Board of Commissioners on March 30, 1999, creating the Human Services Levy Review Committee pursuant to ORC 5705.19 for the purpose of conducting ongoing financial reviews of social services agencies; and

WHEREAS, the committee is comprised of seven (7) members who serve for an indefinite term; now, therefore, upon motion of Commissioner Kilroy, seconded by Commissioner Stokes,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO:

That the following person is hereby appointed to the Human Services Levy Review Committee to replace Wade Steen, effective immediately:

James A. Bowman
National Affordable Housing Trust
2335 North Bank Drive
Columbus, Ohio 43220
614-451-9929

Voting Aye thereon:

Mary Jo Kilroy
Mary Jo Kilroy

Dewey R. Stokes
Dewey R. Stokes

Paula Brooks, President
Paula Brooks, President
Board of County Commissioners
Franklin County, Ohio

RESOLUTION APPOINTING JEROME FRIEDMAN AS A MEMBER OF THE HUMAN SERVICES LEVY REVIEW COMMITTEE EFFECTIVE IMMEDIATELY (COMMISSIONERS)

WHEREAS, Resolution No. 311-99 was adopted by the Franklin County Board of Commissioners on March 30, 1999, creating the Human Services Levy Review Committee pursuant to ORC 5705.19 for the purpose of conducting ongoing financial reviews of social services agencies; and

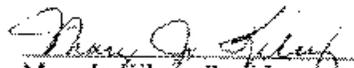
WHEREAS, the committee is comprised of seven (7) members who serve for an indefinite term; now, therefore, upon motion of Commissioner Brown, seconded by Commissioner Brooks

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS, FRANKLIN COUNTY, OHIO:

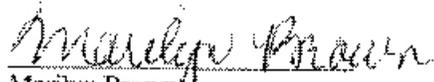
That the following person is hereby appointed to the Human Services Levy Review Committee to replace Amie Preston, effective immediately:

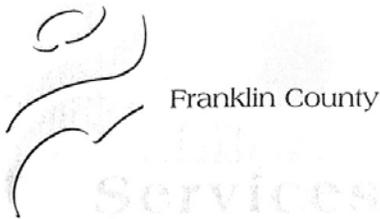
Jerome Edward Friedman
370 West Ninth Avenue
200G Meiling Hall
Columbus, Ohio 43210-1238
614-292-3856

Voting Aye thereon:


Mary Jo Kilroy, President


Paula Brooks


Marilyn Brown
Board of County Commissioners
Franklin County, Ohio



March 31, 2009

Levy Review Committee
373 S. High Street, 26th Floor
Columbus, Ohio 43215

Dear Committee Member:

I have attached for your review and consideration, our 2009 Levy Book. I have also attached a copy of a report prepared by Dr. Howard B. Fleeter, an economist, with Driscoll & Fleeter. Dr. Fleeter has extensive experience working with school districts, libraries and the Ohio Department of Job and Family Services providing assistance in the development of property values and related revenue projections. I requested Dr. Fleeter review both our service and property tax value projections and provide feedback. I felt it important that we engage an independent review of our assumptions prior to presenting our request for your consideration.

Finally, I have attached the resolution passed by our Board on March 26th, requesting Commissioner approval of a 3.10 replacement with a reduction of the expiring 3.15 mill levy for the November 3rd general election.

We look forward to meeting with you and responding to any questions or concerns that may arise as you review these documents.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric D. Fenner", is written over the word "Sincerely," and extends down into the typed name below.

Eric D. Fenner
Executive Director
Franklin County Children's Services

855 W. Mound Street
Columbus, OH 43223
(614) 275-2571 Phone
(614) 275-2755 Fax



Protecting Children by Strengthening Families™

Review of Franklin County Children Services Levy Proposal Supporting Information

Driscoll & Fleeter

March 2009

This memo summarizes the findings from Driscoll & Fleeter's review of documents and materials providing supporting information relating the Franklin County Children Services' (FCCS) 2009 levy request. This memo is broken into two parts. Part I examines the FCCS revenue projections while Part II examines the FCCS expenditure projections.

Part I. Revenue Projections

The estimates cover the period from 2009 through 2019. Generally, they consist of four parts:

- 1) Projections about taxable value for each year;
- 2) Assumptions about the rate of taxes that the voters will authorize in 2009 and 2014;
- 3) Computations of the effective tax rates and taxes charged by those tax rates for each year of the period.
- 4) Assumptions about other sources of revenue

Taxable Value

The estimates begin with taxable value of \$27.3 billion in 2008. This value is assumed to remain constant from 2008 through 2013. This includes an assumption that there will be no inflationary growth in Franklin County property values resulting from the 2011 property reappraisal. The estimates then project small increases (0.12% to 1.14%) in the three years from 2014 through 2016. In 2017, a reappraisal increase of almost 15% is projected with increases slightly over 2% in 2018 and 2019.

In normal times, these projections would appear too low. The current economic conditions depart significantly from "normal" conditions in the real estate markets. Therefore, the estimated changes in taxable value or lack of changes appear reasonable and are consistent with projections that Driscoll & Fleeter have made in other contexts.

Voter Approved Levies

The estimates assume that voters will pass a 3.1 mill levy in 2009 and a 2.5 mill levy in 2014. Since the whole point of the estimates is to examine the revenue effects from those levies, the assumption that the voters will approve them amounts to a necessary part of the analysis.

A second issue relating to the proposed levy pattern is also important, however. As mentioned above, the revenue projections assume zero inflationary growth as result of reappraisal in 2011. Normally this would be a conservative assumption. However, the

economy and housing markets are in an unusual condition of stress currently, and it is possible, though still not entirely likely, that the 2011 reappraisal may result in a decrease in Franklin County property values. In this case, the effective millage rate from the current 1.9 mill levy will adjust upward in order to keep revenues constant. (Such an adjustment could not cause the effective rate of that levy for either class of real property to exceed the originally authorized rate of 1.9 mills.) However, projected revenues from the proposed 3.1 mil levy would actually decrease, since the rate cannot be adjusted upward beyond its voted level. There is little that FCCS can do should this decrease in property values occur. However, the effect of this revenue loss could be offset by a slight increase in the millage of the second levy which will be on the ballot in 2014. This levy is currently proposed to have a rate of 2.5 mills.

Computations

The revenue computations attempt to project real estate tax revenues under very uncertain circumstances. Current conditions in real estate markets and the construction industry present an unprecedented situation. Given this background, the projections appear quite reasonable. A very minor issue exists to the extent that tax computations for "public utility real property" appear separately from other real property tax estimates. In fact, this property is railroad real property, and its values should be incorporated in the estimates for Class 2 real property. This adjustment would not change the ultimate projections in any significant way. FCCS also has generated estimates of the cost to taxpayers of levies of various size. These computations are also correct.

Another aspect of the rate computations is the choice of rate for both the levy to be on the ballot in November 2009 and the levy to be on the ballot in November 2014. The most important aspect of the rate setting process is that the rates generate revenue sufficient to fund the projected expenditures throughout the 10 year period that the projections encompass. Examination of the data provided shows that this is in fact the case.

Increases in Other Revenues

The FCCS analysis shows 3 revenue categories in addition to the property tax revenues. These 3 categories are State revenues, Federal revenues, and miscellaneous revenues (which includes TANF revenues). Because each of these categories of revenue is dependent on appropriations from higher levels of government they are notoriously difficult to forecast. FCCS has taken into account an extension of Federal funding for the Protect Ohio waiver program. In this light, forecasting modest annual growth in these revenues in the range of 2% to 2.5% appears reasonable.

Part II. Expenditure Projections

By far the biggest share of FCCS expenditures are devoted to, "Services and Charges". This expenditure category includes placement costs and other expenditures related to serving the FCCS caseload. This category of expenditure is typically about 70% of total FCCS expenditures. As a consequence, the assumption made about the rate of growth in this category of expenditures is the single most important aspect of the expenditure

projections prepared by FCCS. In this regard, the annual rate of growth of 2.5% projected by FCCS deserves close scrutiny.

Focus on “Preventive” Services

As FCCS explains, caseload projections made in 2004 forecast that by 2009 the agency’s caseload would be 7,500 individuals and 3,250 children would be in paid care. The reality is that there are fewer than 5,000 children on the caseload and fewer than 2,000 in paid care. In light of such a change, it is reasonable to ask, “what happened?” The answer, it seems, is that over the past 4 years FCCS has dramatically altered its approach to managing services and care for children in Franklin County. The agency has adopted a service delivery model that focuses on serving children and families at the point of entry into the system, as opposed to focusing on protection and placement services at a later point in time. In essence, the new model is a form of “preventive care” for Franklin County children and families, with the goal of providing services through the home and community that will serve to avoid the more costly protection and placement services that are required when families fall apart.

The effect of such an approach should be that services can be provided in a more effective and comprehensive manner with more emphasis on front-end services and less need for the more costly back-end protection and placement services. Such an outcome is consistent with a stable projection of modest annual cost increases. While FCCS is currently implementing an 18 month long pilot program begun in mid-2008 known as “Alternative Response”, it is important to note that the general trend to change the provision of services was in fact begun by FCCS 4 years ago. Consequently, the current FCCS expenditure projections have their basis in 4 years of agency experience. The significant reduction in caseload and children in paid care over this time period is evidence of the new service delivery model’s effectiveness.

The “Bump”

The other fundamentally important aspect of projecting FCCS future expenditures is the forecast of changes in the agency’s caseload. In this regard, relying on the agency’s recent historical trend actually presents a complication. While it is frequently suggested that “the past is the best predictor of the future”, this is not necessarily true when the past encompasses a period where a significant factor has changed. In the case of FCCS, the significant factor that has changed is the agency’s approach to providing services to the children and family that they serve (see “Alternative response” discussion above).

The implication of this change is that the agency’s recent downward projection in caseload is not a sustainable trend. This means that simply projecting future reductions in caseload on a par with those seen in recent years will end up underestimating the caseload in future years. The method FCCS has adopted for adjusting for this likelihood is referred to by the agency as the “bump”. Essentially, FCCS has determined that the 2009 caseload represents an artificial “low point” that is not a proper basis for making future projections. The solution to this is to create an upward “bump” in caseload that serves to rebase the starting point from which future caseload projections can be made. The effect of this adjustment is to begin the projections at a point close to actual 2008

caseloads and spreads the increase from the bump over 3 years. This approach strikes us being both rational and consistent with the agency's expectations of how their service delivery patterns will change. In addition, an assumption of a "bump" in caseload also seems consistent with the likely impact of the current economic downturn on the increased need for family services.

Other Categories of Expenditure

The FCCS budget forecast also includes estimates of expenditures for salaries and fringe benefits, materials and supplies, and capital outlays. Each of these expenditure categories has been forecast to increase at an annual rate of 2.5%. Such an assumption seems reasonable and consistent with the assumptions made regarding expected revenue growth discussed above.

**FRANKLIN COUNTY CHILDREN SERVICES BOARD
RESOLUTION**

**REQUESTING PLACEMENT OF A 3.1 MILL REPLACEMENT WITH
REDUCTION PROPERTY TAX LEVY
FOR FRANKLIN COUNTY CHILDREN SERVICES
ON THE NOVEMBER 3, 2009 GENERAL ELECTION BALLOT**

March 26, 2009

WHEREAS, the citizens of Franklin County have previously voted approval of two property tax levies in support of Franklin County Children Services (FCCS) and its programs provided to abused, neglected and dependent children and youth, as it carries out its mission of Protecting Children by Strengthening Families, and

WHEREAS, on December 31, 2009, one of the two levies will expire. It was first approved by voters in 1989 as a 3.15 mill 10-year levy, was again approved by voters in 1999, and is currently being collected at an effective rate of 2.17 mills, and

WHEREAS, the 3.15 mill levy currently generates more than \$60 million – or more than one-third of the agency’s revenue, and a replacement of that levy is needed to assure that Franklin County Children Services can maintain services to more than 28,000 children and their families annually, and

WHEREAS, FCCS has changed its service delivery model to more effectively protect children and strengthen families by providing additional programs and services, reducing the number of children who require out-of-home placement for their protection, and achieving more positive family and agency outcomes, and

WHEREAS, Children Services has prudently managed the tax dollars entrusted to it and has demonstrated a record of fiscal responsibility since passage of the 3.15 mill levy in 1999, by holding down expenditures, coming in under budget, and maintaining a cash balance sufficient to assure financial stability, and

WHEREAS, in planning for the millage request needed to replace the expiring 3.15 mill levy, a realistic model was developed based on the program successes of the past four years, and the economic outlook that affects both property tax revenue and state and federal funding, and

WHEREAS, Franklin County Children Services is committed to continue to explore shared funding with other systems, seek additional revenue streams, and spend no more than necessary to provide critically-needed services to abused and neglected children and their families, and

WHEREAS, the agency has conducted an extensive review of projected service needs, and a review of expenditures needed to meet those needs, and

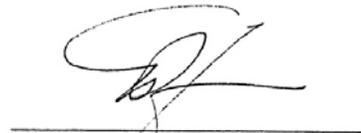
WHEREAS, FCCS has determined the amount of county tax revenues needed when combined with available state and federal revenues to maintain vital services to families and children in the future, and to perform its functions and duties as required by the Ohio Revised Code and related Ohio Administrative Code; and

WHEREAS, the Franklin County Children Services Board has concluded that the agency can meet its statutory mandates and manage its operations within a replacement levy with a small reduction,

Therefore be it resolved that the Franklin County Children Services Board hereby requests that the Franklin County Board of Commissioners place on the November 3, 2009 general election ballot a 10-year replacement of the 3.15 mill levy that is in effect through December 31, 2009, with a reduction of 0.05 mills, for a total of 3.1 mills, effective for tax collections beginning January 1, 2010.



Necol Russell Washington, Chair
Franklin County Children Services Board



Eric Fenner, Executive Director
Franklin County Children Services



Commissioner Paula Brooks • Commissioner Marilyn Brown • Commissioner John O'Grady
President

April 8, 2009

Marvin G. Gutter (Co-Chair), CPA, Ph.D.
Chief Financial Officer
Ohio Department of Agriculture
8995 East Main Street
Reynoldsburg, OH 43068-3342

Jesse M. Hemphill, (Co-Chair), CPA
Hemphill & Associates, Inc.
471 East Broad Street, Suite 1306
Columbus, Ohio 43215

Dear Co-Chairs:

The Franklin County Children Services (FCCS) Board and Executive Director, Eric Fenner, has requested the Board of Commissioners consider seeking voter approval of a 3.10 mill 10-year levy in November 2009 which will replace the existing 3.15 mill 10-year levy. The Board of Commissioners request that the Human Services Levy Review Committee review the FCCS Board and Executive Director's levy request and make its recommendations to the Board of Commissioners by July 10, 2009.

Attached are materials prepared by the FCCS Board and the Executive Director for your review.

Please review this request and advise the Board of Commissioners as to your Committee recommendations. Thank you in advance for your assistance.

Sincerely,

Paula Brooks, President
Franklin Board of County Commissioners

Enclosure

Cc: Commissioner Marilyn Brown
Commissioner John O'Grady
Don L. Brown, County Administrator
Human Services Levy Review Committee members
Eric Fenner, Director Franklin County Children's Services
Kenneth Wilson, Director OMB
Hope Foster, Sr. Performance Analyst II OMB

Thank you!