

May, 2008

Hamilton County Board of Commissioners  
Mr. Todd Portune –President  
Mr. David Pepper  
Mr. Pat DeWine  
138 East Court Street Room 603  
Cincinnati, Ohio 45202

RE: Hamilton County Tax Levy Review Committee  
Mid Term Evaluation 2008  
Mental Retardation and Developmental Disabilities (MRDD)

Dear Commissioners,

The Hamilton County Tax Levy Review Committee has undertaken and completed a Mid-Term Evaluation of the five year tax levy passed in 2004 to administer and operate MRDD facilities, programs and services for Hamilton County residents.

A twenty point scope for this review was developed based on the 2007 Memorandum of Agreement between the BOCC and the Hamilton County Board of MRDD. We also asked a follow-up question regarding the projected fund balance in the MRDD levy at the end of 2008. The MRDD responses to these questions are attached to this report.

MRDD has met and continues to work on accomplishing all of the recommendations made by the TLRC in 2004. Of significant note:

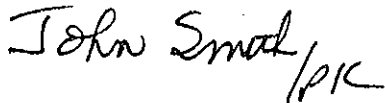
1. MRDD has engaged in a school partnership program and in 2005 began charging local school districts tuition and transportation costs for students served in MRDD programs. This generates over \$3.5 million annually in revenue.
2. MRDD has streamlined costs by expanding its use of the centralized purchasing system and working closely with the County Purchasing Department to use the county's bidding processes.
3. MRDD has maintained a "no waiting list" policy for all programs excluding adult residential services.
4. MRDD consolidated 3 schools into 2 to streamline costs.

5. An early retirement program was successfully implemented in 2004 and will be offered again this year. Results were better than anticipated and current estimates are that the program will result in \$2 million savings annually.
6. MRDD purchased and renovated a building at 1520 Madison Road and moved administrative offices and other functions into the building.

The MRDD levy expires in 2009. The original levy plan projected a zero balance at the end of 2009. Currently, there is a projected \$29 million balance at the end of 2008 in this fund. If expenditures and revenues in 2009 are consistent with the levy plan, there should be a significant fund balance in 2009. MRDD has provided their comments on this projected balance (attached.) We recommend that the 2009 balance be used to offset the request for MRDD's next levy cycle (2010-2014).

The TLRC appreciates the cooperation of MRDD in completion of this report. We applaud their efforts in accomplishing the TLRC stipulations in sizing their current levy and hope for continuing success in the programs offered to Hamilton County residents.

Sincerely,

A handwritten signature in black ink that reads "John Smith" followed by a stylized flourish or initials that look like "PK".

John Smith  
Hamilton County Tax Levy Review Committee

Attachments:

MRDD Update on Tax Levy Review Committee's Stipulations  
2008 MRDD Levy Plan  
MRDD Information Regarding Carryover Balance



*Hamilton County Board of Mental Retardation & Developmental Disabilities*

## **UPDATE ON TAX LEVY REVIEW COMMITTEE'S STIPULATIONS**

*September 2007*

**MR/DD will institute no new programs for individuals served during the levy period that would result in exceeding expenditures as outlined in the approved Tax Levy Plan or as allowed by revenue sources other than the Hamilton County Tax Levy.**

*No new programs have been started.*

**MR/DD will engage in a "school partnership" program with the local school districts beginning with the 2005-2006 school year. Districts will be billed 25% of the estimated annual cost of educational services for each school age child served by the Board.**

*In August 2005, we began charging local school districts tuition for students served in Board-operated school programs, including 100% of transportation costs. Twenty (20) school districts were invoiced for the 2005 – 2006, and 2006 – 2007 school years. For the 05 – 06 school year we billed in the amount of \$3,687,335 and for the 06 – 07 school year we billed in the amount of \$3,530,485. We are also reducing expenditures in the school program based upon decreases in enrollment.*

**MR/DD will bill the costs of transporting school age individuals to the appropriate local school districts.**

*The tuition charge billed to the local school districts for school age programming provided by the Board includes the cost of transportation for the students served. (Please see above)*

**MR/DD will integrate its financial plan with its strategic plan no later than December 2005 and shall submit a copy of such plan to the County no later than 10 days after approval by the MR/DD Board.**

*The Board approved the strategic plan for 2006 – 2010, which incorporated the planning amounts for each goal, on December 13, 2005. It was submitted to the County Commissioners within 10 days. The Board is currently working on a six-year strategic plan, which will be providing the framework for our next tax levy. Financial data will be integrated into this new plan which once approved will be submitted to the County Commissioners.*

**MR/DD will sustain and expand its central purchasing policy.**

*The Board continues to expand its use of the centralized purchasing system. We have submitted bids for HVAC, electrical, printing, cell phones, and waste removal. As areas for bidding occur, we work closely with the County Purchasing Department to use Demandstar and the county's bidding processes. We also utilize many of the other County Departments in order to streamline cost.*

*Examples of how we have utilized other county departments are:*

*Hamilton County Engineers:*

*Providing bid specifications on various paving jobs and including our work with other county paving projects*

*Maintenance of all agency vehicles are done at the county engineers garage*

*Some of our fuel purchases are done at county fueling stations*

*County engineers garage takes care of any towing of disabled vehicles*

*Hamilton County Facilities:*

*We utilize engineers and architects that are under contract with them for various construction projects. We teamed with them on our landscaping contract combining other county facilities with ours. Have discussed with Ralph Linne the utilization of the Facilities department to provide the required maintenance for the new support center. This is the first step in determining if all MRDD buildings will go in this direction.*

*We have discussed and will soon be starting to utilize the Archibus system for our entire inventory and fleet management.*

*Hamilton County Public Works:*

*Have used for various construction projects at our facilities. They provide oversight in many instances with contractors. Utilized for the oversight of the new support center.*

*Hamilton County Sheriffs Department:*

*Provide safety training for our staff. Major Dale J. Menkhaus and Lieutenant John Adkins provided a security assessment for our new support center in July of 2007.*

Hamilton County Purchasing:

Using the Demandstar system to obtain competitive bids. Worked with them on bids for HVAC for our maintenance contract for 2005 – 2009. Saved over \$3.50 on the hourly rate and \$1,600 on the yearly rate.

Hamilton County Administration

Worked with the county property manager (now with facilities department) on the new Support center and the requests for information from the county commissioners regarding this acquisition. Also worked with property manager on the lease-purchase Agreement for Breyer School

**MR/DD will explore and facilitate mergers and strategic combinations of its service providers.**

*We continue to explore possibilities in this area. To date, one agency has sold a portion of its services to a larger agency. The Housing Network has been contracted to Resident Home Corporation, which was a consolidation of providers. Two-day habilitation providers went out of business due to market adjustments and the individuals they were serving are now being served by other agencies.*

*We are currently providing in-service opportunities to providers to increase their level of performance. There are plans in development for the Behavior Support staff to provide additional training opportunities to our provider partners. This allows agencies to come together for mandated trainings, potentially saving resources and increasing quality of service.*

**MR/DD will seek to minimize single-resident placement in the adult residential program.**

*Staff of the Board and provider staff has been working diligently to match individuals living alone with housemates, resulting in reduction of the number of people living alone. In July 2004, the number of people living alone was 151. All new placements are with roommates, if at all possible. The small number of individuals who still live alone are very challenging to put with roommates, mostly for behavioral and medical reasons. Because of these challenges, the number of people living alone is not expected to significantly drop any further. Every effort is still being made to match housemates wherever possible. We anticipate that the average number of individuals needing to live alone to be between 35 – 45 on an annual basis.*

**MR/DD will include in its compliance required of its service contractors a review of contractor cost allocations, financial strength and other financial matters.**

*Finances in levy-funded agencies are reviewed annually. We have no authority to conduct such reviews in Medicaid funded services and must rely on the Ohio Departments of MR/DD and JFS to review Medicaid-funded agencies.*

**MR/DD will adopt the recommendations made in the MR/DD Board Performance Review Report (Exhibit A) completed by Maximus, Inc., dated April 20, 2004, which were accepted, with revisions, as per the MR/DD Levy Request (Exhibit B) dated May 6, 2004.**

**(a) Receive Medicaid Audit cost recovery settlements**

*We have received the Final Reconciliation for State Fiscal Years 2003 and 2004 for the Individual Options (IO) and Level one (LV!) Waiver Match in the amount of \$2,684,003. We have also received a net amount of \$5,114,932 as Final Settlement for Cost Report Period 01/01/2000 through 12/31/2003. This is settlement for the Community Alternative Funding System (CAFS), and Targeted Case Management (TCM). These amounts have been deposited in a capital project account, (MR/DD Support Center) as per the levy plan. This is further addressed in item (K), which follows. Individual Options waiver reconciliation for FY 05 in the amount of \$1,712,541 was received and deposited into our general revenue in June 2007. The 2008 revenue projections reflect the anticipation of FY 06 reconciliation funds in the amount of \$1,500,000.*

**(b) Recognize pending reductions in State subsidies.**

*In our projections on revenue for 2007, we reflected a decrease in our funding for Family Resources based on estimates from the State this has been further reduced for FY 08. Our revenue from other State sources is not reflecting a decrease at this time. Decisions at the State level around waiver funding, tax equity, Targeted Case Management, and statewide rates centered on Day Array of services are pending.*

**(c) Maintain a "no waiting list" policy for all programs excluding adult residential services, if fiscally possible. Reduce adult services costs, beginning January 1, 2005.**

*This has been accomplished, thanks in large measure to the Board of County Commissioners' cessation of requiring payment of the indirect costs "charge-back". The Adult Services budget has been reduced through the contracting*

of services (see "j" below) Also through the ERIP program (g) we have reduced staff and hired new ones on reduced salary scales.

**(d) Exercise Medicaid Waiver slots for 2005 and 2006, and as necessary to fund 75 individuals who present as "emergencies."**

*We have experienced 60 emergency developments in 2006. These numbers has increased to 90 in 2007 and anticipate that this level will remain annually hereafter. We have utilized Waiver slots when available and "refinanced" levy-funded services to cover emergencies. We will exercise all available waiver slots that are presented in 2007 and will continue to do this based on individual and family needs.*

**(e) Discontinue pre-school program.**

*The Board ended the operation of preschool programs in June 2005. The operation of the two Board preschool classes was transferred to Cincinnati Public Schools and the Hamilton County Educational Services Center. During the 2005-06 school year, both preschool classes were housed in MR/DD school buildings, with one serving individuals with intense therapeutic needs and the other serving individuals with hearing impairments and cochlear implants. As of August 2006, the preschool classroom operated by Cincinnati Public Schools was relocated to one of their school buildings. MR/DD continues to house the preschool classroom operated by the Hamilton County Educational Service Center at Rost School. This classroom serves students with intense therapeutic needs.*

**(f) Consolidate 3 schools into 2**

*Our board voted on June 14, 2005 to close Breyer School in August 2006, after an extensive internal data review and community input. The school consolidation process finalized at the start of the 2006-07 school year with the transition of 24 students to Fairfax School and 25 students to Rost School. It is projected that we could possibly save \$903,000 a year in building, transportation, and overhead costs.*

*In addition to the consolidation of the three schools to two we are also serving approximately 40 students in 7 public school satellite locations.*

**(g) Authorize Early Retirement Incentive Program.**

*The Board offered an ERIP to eligible employees in 2004, with an ending date of June 30, 2005. A total of 48 employees accepted this offer. Twenty-one of these positions were eliminated from the 2006 budget. The other*

positions were filled by entry-level staff at much lower salaries or were replaced by existing staff that applied for transfers, whose positions were then replaced by entry-level staff. The projected cost of the ERIP surpassed our original projections. The cost of this program was \$2,737,897, which represents vacation/sick payouts, plus payments to PERS/STRS as applicable. The cost is approximately \$1.6 million more than what was in the plan. The projected savings for this program also surpassed our projections. It was projected that we would save \$1 million per year by offering this program. Our current estimates are that we will save @ \$2 million per year.

The MRDD Board has approved a second ERIP program at their August, 2007 meeting. The plan period for this program will begin on November 1, 2007 and will terminate on 10/31/08. The 2008 budget reflects additional cost for vacation/sick payouts and PERS payments.

**(h) Implement Shared Residential Living.**

Staff of the Board and provider staff has been working diligently to match individuals living alone with housemates, resulting in reduction of the number of people living alone. In July 2004, the number of people living alone was 151. All new placements are with roommates, if at all possible. The small number of individuals who still live alone are very challenging to put with roommates, mostly for behavioral and medical reasons. Because of these challenges, the number of people living alone is not expected to significantly drop any further. Every effort is still being made to match housemates wherever possible. We anticipate that the average number of individuals needing to live alone to be between 35 – 45 on an annual basis.

**(i) Seek to reduce administrative overhead among service providers to include cessation of advance payments for services unless there is an economic benefit to MR/DD.**

*This occurred with contracts that took effect in January 2006.*

**(j) Explore contracting operation of one adult workshop to a non-for-profit entity.**

*We have contracted out our Mobile Work Crews that were staffed by MR/DD employees and located at a leased facility at 3274 Beekman Street.*

*We have identified our programming focus in the adult centers operated by the Board to serve those individuals with significant behavioral or medical needs. We have established a maximum number of 185 individuals to be served at each location in order to provide safe and effective services. When*



*this capacity number was established, we were over this number at each location. All four centers are now operating at or below the specified capacity.*

**(k) Eliminate rent by purchase of central office facility with the use of Medicaid audit proceeds to fund the purchase.**

*In (a), we reflected the receipt of audit proceeds that have been deposited into a capital account for a MR/DD Support Center.*

*We have purchased and renovated a building at 1520 Madison Road that has incorporated the functions of the Southeast Service Facilitation region, administrative offices, a drop in center for adults with MR/DD, and serves as the training and resource center for county board staff and staff of MR/DD contract agencies.*

*We moved from the previous Support Center, which was leased from Duke at 4370 Malsbary Rd. in Blue Ash to this newly renovated facility. The facility is more centrally located in the county, easily accessed by mass transit, and is fully accessible architecturally for the individuals that are served by our agency. As part of this move, we consolidated a portion of the operations at the Northside Center with the Support Center. The Northside Center will continue to serve as the Central Service Facilitation regions offices, General Assembly operations, and provide the necessary warehousing needs of the agency.*

**(l) Cease support of the Cincinnati Children's Hospital Department of Development Disabilities (CCDDD) Behavior Support Program.**

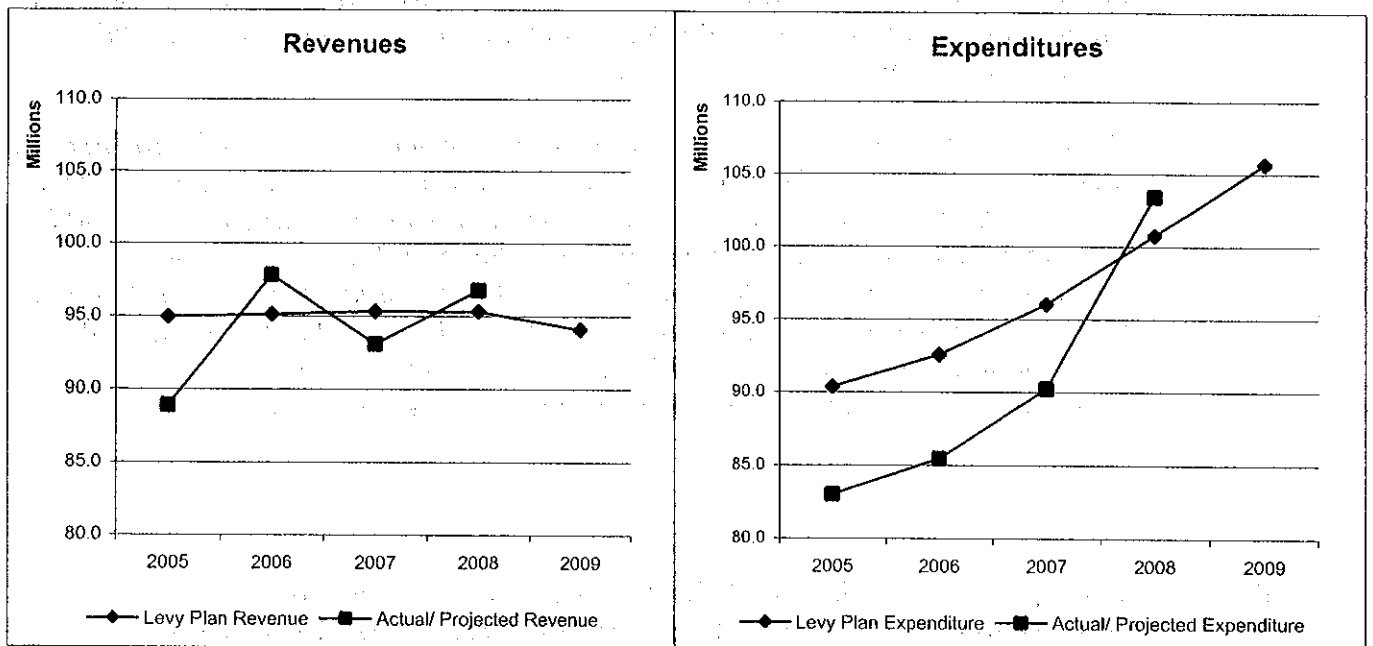
*The contract referenced above for CCDDD was eliminated starting with our 2005 budget at an annual savings of \$405,000.*

# MRDD Levy

## Tax Levy: 3.62 Mills

Fund 003-002

LEVY PLAN	Year 1 2005	Year 2 2006	Year 3 2007	Year 4 2008	Year 5 2009
Beginning carryover	10,574,852	15,140,576	17,726,677	17,046,960	11,588,749
REVENUES (Total)	94,934,546	95,131,556	95,332,255	95,292,925	94,067,595
Tax Levy	68,431,906	68,469,916	68,596,615	68,790,285	68,983,955
Other	26,502,640	26,661,640	26,735,640	26,502,640	25,083,640
EXPENDITURES (Total)	90,368,822	92,545,455	96,011,972	100,751,136	105,656,344
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Ending Carryover	15,140,576	17,726,677	17,046,960	11,588,749	-



ACTUAL/PROJECTED	Year 1 2005 Actual	Year 2 2006 Actual	Year 3 2007 Actual	Year 4 2008 App	Year 5 2009
Beginning carryover	15,276,044	21,135,288	33,501,477	36,367,745	
REVENUES (Total)	88,872,359	97,812,789	93,097,516	96,760,748	
Tax Levy	88,872,359	97,812,789	93,097,516	96,760,748	
EXPENDITURES (Total)	83,013,115	85,446,600	90,231,248	103,408,648	
Agency	82,105,833	84,514,559	89,283,480	102,523,443	
Auditor and Treasurer Fees	907,282	932,040	947,768	885,205	
Ending Carryover	21,135,288	33,501,477	36,367,745	29,719,845	

# HAMILTON COUNTY BOARD OF MR/DD

## INFORMATION REGARDING CARRYOVER BALANCE PRESENTED TO TAX LEVY REVIEW COMMITTEE

The Hamilton County Board of MR/DD provides quality services and supports to those individuals eligible for our programs. Because of the work of our Futures Group and its individual committees, we have moved closer to our goal of having true choice and control of services and providers in the hands of individuals with disabilities and their families.

The carryover at the end of 2008 is currently projected to be \$29,719,845, which compared to the 5 year Levy Plan is \$18,131,096 above the 2008 plan amount of \$11,588,749. This projected amount is due to a larger carryover from our last levy cycle than was originally anticipated, a number of initiatives that have been taken by our agency, and because of decisions made at the state level affecting waivers. Some of the initiatives were based on the stipulations of the Tax levy Review Committee and a better than anticipated result from these actions.

It should be noted that any carryover amount remaining at the end of this levy period would be utilized to reduce the request for our next levy cycle (2010 – 2014).

Following are the major areas that resulted in this carryover amount:

### Carryover from prior levy cycle

The levy plan projected a beginning carryover of \$10,574,852 from our prior levy period. The amount carried over from this period was actually \$15,276,044. This additional amount of \$4,701,192 represents 26% of the total current carryover. We had funds encumbered at the end of 2004 in the amount of \$5,649,316, but since the county is on a cash basis, this amount was transferred to the 2005 budget. (The County carries all open purchase orders over to the next calendar year and increases the budget to allow for these expenses to be paid. Once the prior year expenses are paid then any remaining amount on the purchase order is closed out and the budget is reduced accordingly).

### Early Retirement Incentive Program (Action 9 - TLRC stipulations)

The Board offered an ERIP to eligible employees in 2004, with an ending date of June 30, 2005. A total of 48 employees accepted this offer. Twenty-one of these positions were eliminated from the 2006 budget. The other positions were filled by entry-level staff at much lower salaries or were replaced by existing staff that applied for transfers, whose positions were then replaced by entry-level staff.

Our staffing has decreased substantially from our 2004 staffing levels. In 2004 we had a total of 659 full and part time employees. Starting 2008 we have a total of 599 staff employed.

Through the reduction in staff and the hiring of new staff at entry-level salaries we have saved @ **\$5,855,285** from the projected amounts in the levy plan. This \$5.8 million accounts for **32%** of the additional carryover amount.

#### **Consolidating three schools into two (Action 8 – TLRC stipulations)**

Our board voted on June 14, 2005 to close Breyer School in August 2006, after an extensive internal data review and community input. The school consolidation process finalized at the start of the 2006-07 school year with the transition of 24 students to Fairfax School and 25 students to Rost School. This consolidation occurred one year earlier than the levy plan called for. We continued to use the school building for a regional office for service facilitators until August 2007, at which time the County Commissioners entered into a lease/purchase agreement with the Math and Science Academy. Therefore, no savings for building operation were incurred during this time. However, savings of about **\$2,554,000** resulted from a consolidation of transportation routes. This \$2.5 million accounts for **14%** of the overall carryover amount.

#### **Medicaid Waivers (Action 4 – TLRC stipulations)**

Ohio Department of MRDD administers two Medicaid waivers: the Individual Options (IO) waiver and the Level I waiver (LI). Both of these waivers are for people with mental retardation or other developmental disabilities.

With the waiver, Medicaid will allow people to stay in their homes and get support rather than require them to receive institutional care in an Intermediate Care Facility for the Mentally Retarded (ICF/MR).

The waivers allow us to provide services and pay a local match commitment instead of the full cost of the service. Usually the match amount is about 40% of the total cost. Federal Medicaid funds cover the balance.

The levy plan called for the development of 75 emergency IO waivers in each of the five years of the levy plan (375 total). The state froze the development of waivers in the first two years of our levy. When individuals left the program, we were not allowed to place other individuals in the vacated waiver slots. We were able to apply for “emergency” waivers only, which limited our overall growth. From the end of 2004 through 2008, we have, or are projecting, the development of 219 new waivers compared to the 300 that is in the plan through 2008. This has amounted to an estimated **\$4,186,000** less in spending in this area. This \$4,186,000 accounts for **23%** of the overall carryover amount.

The current State Administration is freely granting new IO waivers, and we are catching up quickly with our overall development of these waivers.

### **Outstanding Issues**

The county boards of MR/DD were not billed for the IO Local Commitment for the period of 7/1/05 – 6/30/07 in order to allow the majority of outstanding FY07 waiver claims to be processed. The current estimate of our liability for this match is @ **\$2,500,000**. This is being billed in the last two quarters of 2008 and was not included in the 2008 budget. These funds will need to come from the carryover amount and an additional appropriation will need to be requested by the end of 2008. This \$2,500,000 accounts for the balance of the overall carryover amount.

### **Outstanding Issues**

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