

HAMILTON COUNTY TAX LEVY REVIEW COMMITTEE
DEVELOPMENTAL DISABILITIES SERVICES SUBCOMMITTEE
138 EAST COURT STREET, ROOM 603
CINCINNATI, OHIO 45202

June 17, 2019

Hamilton County Commissioners

Hon. Denise Driehaus – President

Hon. Stephanie Summerow Dumas – Vice President

Hon. Todd Portune

138 East Court Street

Room 603

Cincinnati, Ohio 45202

Re: Developmental Disabilities Services Levy Recommendations

Dear Commissioners:

This is the report of the Tax Levy Review Committee (“TLRC”) on the Developmental Disabilities Services Levy for the upcoming five year levy cycle of 2019-2024.

Hamilton County Developmental Disabilities Services (“HCDDS”) has requested that the Developmental Disabilities Services Levy be placed on the November 2019 General Election ballot with a flat funding renewal request at 4.13 mills.

After careful consideration of the HCDDS’s request and the report of MCM CPA’s and Advisors (“MCM”), the consultants tasked with reviewing the operations and use of HCDDS Levy funds, the TLRC recommends that the Commissioners place the HCDDS Levy on the November 2019 General Election ballot at the requested flat funding renewal of 4.13 mills.

The basis for the TLRC’s recommendation follows.

I. **The TLRC Developmental Disabilities Subcommittee Review Process**

The TLRC Chairwoman, Ms. Gwen McFarland, appointed a HCDDS Subcommittee to review HCDDS’s request by analyzing its operations and current use of levy funding. The HCDDS Subcommittee consisted of Janaya Trotter Bratton (chair), Jenny O’Donnell, Rev. Bobby Hilton, and John Silverman. Lisa Webb provided invaluable support to the HCDDS Subcommittee throughout the review process.

It must also be noted that everyone from HCDDS was great to work with throughout this process. HCDDS was open and transparent in providing information. Beyond the functional aspect of HCDDS, it was apparent to the Subcommittee members that

the leadership and staff at HCDDS are passionate about the clients and the services they provide. The organizational success as detailed herein directly correlates to HCDDS leaderships' good stewardship over the tax dollars provided to the organization.

The HCDDS Subcommittee met with HCDDS's executive leadership on March 12, 2019. The Subcommittee started the meeting at the Bobbie B. Fairfax School so that the Subcommittee could see firsthand the services provided to students at the school and the Subcommittee concluded its meeting at HCDDS's administrative offices. The presentation included a tour of the Bobbie B. Fairfax School with their top staff, as well as their top staff from Margaret B. Rost, their west-side school. The tour provided observation of the classrooms, overview of programming, service goals, and how HCDDS has managed levy funds.

The TLRC received a final report from MCM on May 29, 2019. Public hearings were held regarding the proposed levy on June 10, 2019.

II. Background on HCDDS and the HCDDS Levy

HCDDS is a county organization, mandated by Ohio Revised Code Section 5126 to provide services or facilities for the provision of services to infants, children, and adults with developmental disabilities. HCDDS's services include case management, infant therapy, family support, housing support, funding and benefits assistance, the operation of two schools (Three Rivers Local School District has a satellite location), and onsite classroom support to students with developmental disabilities so that they can be educated in the least restricting setting of a traditional school. They also partner with several other organizations to provide additional support, including vocational services through Goodwill Industries, Starfire Council, and several day-programming providers.

The current HCDDS Levy was approved by Hamilton County voters as Issue 3 at 4.13 mills in May 2014 for the five-year levy period ending December 31, 2019. Issue 3 was passed as a renewal of 4.13 mills by a margin of 75.10% for and 24.90% against. The five-year levy is projected to yield approximately 366.4 million dollars.

III. HCDDS Services Provided by Levy Funding

HCDDS serves individuals with developmental disabilities starting before the age of 22 and who have lifelong intellectual or physical disabilities. HCDDS serves many clients from infancy until death.

Levy funds are used to provide various services to approximately 7,800 children and adults¹ in Hamilton County per year. HCDDS provides individualized services tailored

¹ A more detailed description of each service and program can be found in the MCM Report, pgs. 18-23.

to each client so that the client's services are provided in the least restrictive setting possible, allowing each client to maintain their independence and dignity. This tailored approach is also cost effective so that levy funds are not wasted on services the client does not need or want.

Services for Children

- Early Intervention for children under the age of 3
- Help Me Grow Program
- School age programming up to age 22
 - Two schools, Bobbie B. Fairfax and Margaret B. Rost Schools, offering instruction to students with significant disabilities that are unable to be educated in a traditional school setting
 - Classroom and itinerant support for children who are able to be educated in a traditional school setting with assistance from an agency professional
- Based on the child's needs, assignment of a team that could consist of a Service Coordinator, Physical Therapist, Occupational Therapist, Speech Therapist Developmental Specialist and Behavior Specialist
- Community Services
 - Assignment of a Service and Support Administrator who assists the child and their family with creation and implementation of a life plan
 - Waiver programs for services provided in the community as opposed to institutional setting
- Transition services to help the child transition to adulthood after high school graduation

Services for Adults

- Community Services
 - Assignment of a Service and Support Administrator who assists the individual and their family with creation and implementation of a life plan
 - Development of a My Plan which includes an array of individualized services
 - Waiver programs for services provided in the community as opposed to institutional setting
- Family Support Services Program that assists families caring for family members with disabilities by providing resources for respite care, adaptive equipment, counseling and training, home modifications, special diets, and other services that will allow the client's family unit to remain intact and allowing clients with disabilities to remain at home.

While all of the aforementioned services are not mandated, HCDDS does provide mandated services at an estimated cost of \$48.3 million per year. If the HCDDS levy were to fail, the Hamilton County General Fund would be required to subsidize these mandated services.

IV. **Fiscal Status**

At the end of calendar year 2019, the HCDDS fund balance is projected to be \$90,641,000. While more than anticipated, the fund balance HCDDS has accumulated is a direct result of HCDDS's cost containment and reduction in expenditures. HCDDS revenues actually performed less than forecasted, but they were fiscally conservative so as to make significant savings despite that decrease.

Major changes that occurred during the current levy cycle also contributed to the increase in the fund balance. Specifically, HCDDS offered an Early Incentive Retirement Plan (ERIP) which saved HCDDS approximately \$2.9 million annually. Per state mandate, HCDDS operated adult centers were closed and HCDDS clients and staff were transitioned to HCDDS contractor Active Day. The reduction in staff related to the adult centers combined with the ERIP reduced compensation from approximately \$36.6 million in 2015 to \$27 million in 2018.

Beyond staffing, the transitioning of the adult centers and modifications to education agreements, HCDDS transportation costs decreased from \$5.5 million in 2015 to \$1 million in 2018. Finally, HCDDS followed the recommendations from the prior levy report and aggressively transitioned clients to the waiver system, saving HCDDS approximately 60% of the cost of services for individuals who were successfully transitioned.

While HCDDS appears to be in a sound financial position, the threat to the financial stability of the organization cannot be underestimated. HCDDS is mandated to provide certain services. If an individual qualifies for services, HCDDS must provide services. HCDDS is not in a position to precisely anticipate the resources that will be needed because the needs of the clients and families HCDDS serves is constantly changing. In addition, changes effective September 1, 2018 to the Waiting List Rule, Ohio Administrative Code 5123-0-4, are anticipated to significantly increase the clients served and therefore increase the organization's expenses.

The Waiver List Rule mandates that HCDDS assess individuals who have already been assigned an SSA by December 31, 2019. Assessments for individuals who do not already have an SSA must be completed by December 31, 2020. There are currently 1,500 individuals that must be assessed by December 31, 2019. The remaining approximately 1,200 individuals must be assessed by December 31, 2020. All of those individuals will not be eligible to receive services, and many will no longer have a need before they have the opportunity to be assessed. In April 2019, HCDDS filled three vacant SSA positions to assist with determining eligibility for services for individuals on the transitional wait list. Once the wait list is complete, those individuals will transition to the SSA function. It is anticipated additional staffing will be required to complete the eligibility determination. It is also anticipated that as clients transition from the wait list to receiving services, additional staffing will be required in the form of SSAs and other service providers. There is considerable uncertainty in the resources that will be expended as approximately 2,500 individuals transition off of the wait list.

Finally, HCDDS schools are operating at a deficit. HCDDS has balanced the need to maintain the necessary enrollment numbers with the prioritization of students' needs. During this levy cycle HCDDS staff has worked 7 school districts in Hamilton County to set up 11 classrooms from elementary through high schools. There is one satellite classroom at Three Rivers Middle School. While the satellite classrooms help the children to be educated in a lesser restrictive environment than the Rost and Fairfax schools, the satellite classrooms have contributed to the declining enrollment at the two schools. School districts opt to pay \$30,000 per student for satellite classrooms as opposed to \$50,000 per student to attend the Rost or Fairfax schools. HCDDS followed the last levy recommendation to increase tuition at the Rost and Fairfax schools. As HCDDS incrementally increased tuition each year, student enrollment also incrementally declined each year.

V. **Analysis of the TLRC**

HCDDS provides invaluable services to individuals with developmental disabilities and their families in Hamilton County. HCDDS is one of the few organizations mandated to provide services to individuals throughout every stage of the individual's life. HCDDS must remain in a good financial position so that it does not become reliant on the Hamilton County General Fund to comply with its mandated services requirements.

The TLRC found that HCDDS has been a good steward over the monies provided to it through levy funds. HCDDS has operated in a manner that provides notable service, at the best cost, with the maximum impact to its clients. As with any organization there is room for improvement.

The TLRC recommends:

1. HCDDS look for additional funding sources as it is reliant on the levy fund balance to maintain regular operations. The forecasted 2020-2024 budget has between 83-86% of HCDDS' funding coming from the levy. Any significant change in revenues derived from the levy could be detrimental to the organization's operations.
2. A detailed analysis or study of HCDDS' operation of the Rost and Fairfax schools in conjunction with partnering school districts to identify the tuition cost to sustain enrollment so that the agency does not operate a deficit. It should be noted that the TLRC believes the services provided at the Rost and Fairfax schools are invaluable. Even if the schools operate at a minimal deficit, so long as the deficit does not impact other operations, two schools should continue to provide educational services. However, there are services that HCDDS are offering offsite that could be monetized and should be evaluated as potential income sources.

3. HCDDS as an organization and its clients have benefited from the institutional knowledge of HCDDS's leadership. Several high-ranking members of the organization will be retiring within the next levy cycle. To ensure a continuity of services with the least disruption a succession planning should be instituted immediately.
4. HCDDS hire additional staff to determine eligibility for services for individuals on the wait list. Once HCDDS gets a grasp on the increased number of clients, a more accurate forecast can be created to assist HCDDS in its budget planning. Additionally, moving individuals from the wait list to services is necessary and taxpayers will appreciate the organization's commitment to accelerating the eligibility determinations for the provision of services.
5. As noted by MCM, the TLRC firmly deems it necessary that HCDDS has a mid-levy review. HCDDS has proven to be a good steward over its resources but this recommendation is made because there are unknown expenses that could drastically impact HCDDS. HCDDS will not know the number of individuals, out of the 2,500 individuals on the wait list, who will be eligible for services until December 31, 2020 or when the 2,500 individuals on the wait list are assessed, whichever occurs first. With state reconciliation of waiver expenses, the financial impact of clearing the transitional wait list will not be completely understood until approximately 18 months after the wait list is cleared. It is also noted that once the wait list is cleared, individuals will continue to be assessed for services on a rolling basis.

The TLRC recognizes its role in making recommendations to the Commissioners, which is to create a balance between the needs of levy-funded agencies and the tax burden on the taxpayers of the County. In weighing the interests of both, it is the recommendation of the TLRC that the Developmental Disabilities Services Levy be renewed with flat funded at 4.13 mills.

Respectfully Submitted,

Tax Levy Review Committee
Developmental Disabilities Subcommittee



Janaya Trotter Bratton, Chair

Jenny O'Donnell

Rev. Bobby Hilton

John Silverman