

HAMILTON COUNTY  
TAX LEVY REVIEW COMMITTEE  
138 East Court Street  
Cincinnati, Ohio 45202

June 27, 2016

Hamilton County Board of County Commissioners  
Hon. Chris Monzel, President  
Hon. Todd Portune  
Hon. Dennis Deters  
138 East Court Street Room 603  
Cincinnati, Ohio 45202

RE: 2016 Children's Services Tax Levy Review  
Hamilton County Tax Levy Review Committee (TLRC)

Dear Commissioners,

Following the direction of Mr. Mike Wilson, chairperson of the Hamilton County Tax Levy Review Committee, a sub-committee was formed in March 2016 for the purpose of the review of the Hamilton County Children's Services Levy, which is considered for placement on the ballot for the November 2016 general election.

I would like to thank Mike Wilson and the Board of County Commissioners (BOCC) for my appointment as a chairperson of a Children's Services Tax Levy Review Subcommittee. I am also appreciative of the time and efforts of fellow sub-committee members Eppa Rixey, Gwen McFarlin, John Silverman, Mark Quarry and Mike Wilson. Together, we have been provided excellent support by county staff, including Lisa Webb and by our hired consultant, PCG Human Services. This letter serves as a summary of our engagement and recommendations to the BOCC.

Overview of TLRC Process

Through the course of our review, we have been presented with information about specific programs that are funded by the Children's Services Levy, including Intake (241-KIDS), Assessment, Ongoing Services – Internal and Contracted, Utilization Management, Permanency and Other Mandated Services. A comprehensive description of these services and an overview of the finances can be found in the attached 68-page report from PCG Human Services.

We have discussed related issues at open meetings of the TLRC and have conducted a public hearing for citizen input on June 8, 2016 in the BOCC meeting room at 138 East Court Street.

### Analysis of HCJFS-CSD

Over time, we have seen an ever increasing need to stabilize and improve the lives of children. Our review of Hamilton County Jobs & Family Services Children's Services Division (HCJFS-CSD) indicates that the need for service is great and is projected to increase during the upcoming cycle 2016-2021. As detailed in the PCG Human Services report, some of the new challenges for HCJFS-CSD include an increase in opioid addiction of birth parents and the trauma that many children have been exposed to prior to a first contact with HCJFS-CSD.

HCJFS-CSD has struggled with staff retention in previous levy cycles and currently has a number of unfilled positions. The increased workload caused by unfilled positions exacerbates the retention problem. Similar staff retention problems were noted ten years ago in the 2006 Maximus Report.

The stress involved in this type of work can become more apparent to new employees as they transition from their training and formal education into the front lines as a first responder to sometimes traumatic cases. Much like EMS and law enforcement, child welfare staff may need specific debriefing after a critical incident occurs. In serious abuse or child fatality cases, intervention may be needed to address the trauma that the direct practitioner has witnessed. The PCG Human Services report recommends putting structures into place to assist staff after these type incidents to support employee retention, which is important not only for the employee, but critical for their continued intervention with the rest of their client base, as turnover of caseworkers does not help the other families that are making progress in their unique situations.

Financially, HCJFS-CSD has a number of revenue sources that may no longer be available at the end of the next levy cycle. The agency will likely lose \$10M of ProtectOhio money in 2019, which are Federal Title IV-E waiver funds that can be used as flexible spending for children in foster care. This loss could be partially offset by \$4.2M in traditional Title IV-E funds, however, these must be for specific programming that may or may not be the most practical situational use.

A potential more immediate challenge comes in 2017, as the State of Ohio executes a "Medicaid Modernization" program that transitions Ohio Medicaid patients from a fee-for-service model into managed care, with monthly premiums per child. While there is considerable uncertainty as to the scope of covered services through these managed care organizations, there is significant risk that Ohio Medicaid will not have sufficient coverage for all Juvenile Court mandated treatments. While the details are still being sorted out, the potential liability for HCJFS-CSD may exceed \$10M dollars per year for the next five-year cycle.

In spite of escalating costs in all areas of life and unsustainable increases in the cost of private and public employee health insurance premiums and concurrent exponentially rising Medicaid costs since the passage of the federal "Affordable Care Act" six years ago, HCJFS-CSD has done an outstanding job managing their finances. The agency has continued to operate in a lean manner for the past ten years as they prepared for the long anticipated conclusion of an audit. The potential liability associated with the audit was much greater than the ultimate \$22.5M settlement to the federal Health & Human Services (HHS), which was the reason for the accumulation of a large reserve, as the PCG Human Services report shows HCJFS-CSD having a \$123.2M levy fund carryover balance at the end of FY2015. The TLRC commends the current leadership and all employees of HCJFS-CSD for their stewardship of resources during this time.

#### TLRC Recommendations

It has been our mandate to follow the direction of the mission statement adopted by the BOCC. We concur with the commissioners on their requirement to balance the public need for services and the ability of Hamilton County property owners to bear the tax burden to fund these services. Net family incomes have been flat during this past five-year levy cycle and many continue to struggle to pay their monthly bills and mortgages. There has been much discussion that local property owners are exhausted with any future ability to absorb increases.

It has been noted during our deliberations that many of the largest property owners in Hamilton County have tax abated properties and they only partially or not at all fund the various levies that provide services in Hamilton County. The decennial census over the past 30 years shows a migration away from our county as the demographic most needed to maintain the effervescence of the property tax stream is/are settling outside of Hamilton County, in the hope that over their lifetime of ownership there will be thousands of dollars of savings due to lower property taxes.

The TLRC does recommend the placement of a tax levy on the ballot at the November 2016 general election. Through our deliberations, we present two scenarios to the BOCC, keeping in mind that the PCG Human Services recommendation is that HCJFS-CSD should have a \$25M - \$30M cash balance at the end of the next cycle to facilitate federal matching funds. Additionally, the TLRC recommends that HCJFS-CSD implement all five of the recommendations made by PCG Human Services beginning on page 45 of their report. PCG Human Services believes that these recommendations should significantly improve the quality of service delivered by HCJFS-CSD while adding modest additional spending over the five-year levy cycle.

The TLRC recommends that the BOCC place a straight five-year renewal of 2.77 mills on the ballot, while asking to perform the midterm HCJFS-CSD evaluation in year

two rather than year three of the levy cycle so members of the 2018 TLRC would be able to address any impending overage or shortfall at the November 2018 general election as the FY 2015 carryover surplus is spent down. The 2.77 mill levy, all other projections remaining constant, should result in a \$14.8M carryover for FY 2021<sup>1</sup>. If this scenario is implemented, the BOCC may need to find an additional funding stream in 2018 to maintain current service levels. Given the large current fund balance, it is feasible to wait two years to better understand the impact of the opioid epidemic and the state Medicaid changes and size that change appropriately.

In the alternative, the BOCC may consider an increase up to 3.01 mills, which, all other projections remaining constant, would result in a \$36.4M carryover at the end of the upcoming cycle in 2021. An increase to 3.01 mills would be the maximum allowable under the directive of the BOCC-TLRC mission statement.

Summary of Levy Scenarios			
Scenario	Start Balance	End Balance	2021 Annual Deficit
2.77 mills renewal	\$94,084,942	\$14,848,221	\$25,605,742
3.01 mills renewal with increase	\$94,084,942	\$36,448,221	\$21,254,542

If any increase to this or other levies is considered, the 2016 TLRC recommends that the BOCC prioritize county needs and reduce another levy by a similar amount. The TLRC would also request that the BOCC make a formal request to the county State Legislature delegation to review how Ohio counties might be able to better manage finances among many competing priorities. The TLRC would be pleased to participate in this process.

Please contact me with any questions or comments,

Sincerely,



Dan Unger

Sub Committee Chair – 2016 Children’s Services Levy Review  
Hamilton County Tax Levy Review Committee

513 404 3057

Attachments:

---

<sup>1</sup> Note that all projections contained within this section assume that HCJFS-CSD implements the recommendations made by PCG Human Services. It also includes updated levy projections made by the Hamilton County Auditor that supersede the tables included in the PCG report.