

July 13, 2012

Hamilton County Board of Commissioners
Hon. Mr. Greg Hartman –President
Hon. Mr. Todd Portune
Hon. Mr. Chris Monzel
138 East Court Street, Room 603
Cincinnati, Ohio 45202

RE: Senior Services Tax Levy Review 2012
Hamilton County Tax Levy Review Committee (TLRC)

Dear Commissioners,

Following the direction of Mr. Tom Cooney, chairperson of the Hamilton County Tax Levy Review Committee, a sub-committee was formed in February 2012 for the purpose of the five year review of the Hamilton County Senior Services Levy, which is considered for placement on the ballot for the November 2012 general election.

I would like to thank Mr. Tom Cooney and the Board of County Commissioners for my appointment as chairperson of Senior Services Tax Levy Review Sub-Committee. I am also very appreciative of the time and efforts of fellow sub-committee members Ed Steiner, Gwen McFarlin, John Silverman and Mike Wilson. Together, we have been provided excellent support by county staff. The sub-committee also had the benefit of draft and final reports by TATC Consulting (“TATC”), its consultant.

Through the course of our review, we have been presented with information on programs, including Adult Protective Services, Elderly Services Program and the Southwest Ohio Council on Aging (COA). On February 29, 2012, the full TLRC met in an announced public meeting for the purpose of a presentation by the COA and other TLRC business at the offices of the BOCC. Other meetings relevant to our Senior Services sub-committee review included May 1 at the home office of the COA; a meeting on May 14 for TATC’s presentation of a first draft of its Senior Services Levy report and a public hearing on June 4, where 19 persons commented on the Senior Services Levy.

At the request of the BOCC, the sub-committee also was invited and subsequently attended a May 29 presentation at the Paddock Rd. offices of People Working Cooperatively. (PWC)

The TLRC, and this sub-committee, follows 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 citizens to bear the tax burden to fund these services. It is our desire that any and all dollars raised by a “senior services” levy go to directly benefit elderly citizens who are legal residents of Hamilton County who are not eligible for assistance under federal and state programs for

seniors but who are not capable of paying the financial cost of levy services. Indeed, it is the confidence of our voters who have historically approved Senior Services Levy requests that these monies are in fact for the benefit of that demographic group only.

The 2007-2012 levy cycle saw dramatic societal and economic changes, both nationally and in Hamilton County. According to a June 2012 Federal Reserve report, median household net worth in the United States dropped 38.8% in the 2007-2010 period, “driven most strongly by a broad collapse in house prices.” Median household income in the United States, according to US Census data, fell from \$51,192 in 2006-2008 to \$50,238 in 2008-2010 (-1.86%). In Ohio the same period decline was from \$49,598 to \$46,752 (-5.74%).

Hamilton County was not immune to these adverse financial developments, with appraised property values sinking by nearly 10% in the 2010-2011 period alone. And as county residents became less wealthy, they also became fewer in number. The 2000-2010 total Hamilton County population decline was 6.4%, with flash US Census data indicating a further decline of 0.3% in 2010-2011.

The senior population (age 65+) participated in the population loss, with 65+ population declining 6.2% in the 2000-2010 period and seniors aged 65-74 declining 8.5% and seniors aged 75-84 declining 8.2%. Flash US Census data for 2011 indicates the senior population has further declined from 13.5% of Hamilton County’s population in 2010 to 13.3% in 2011.

The sub-committee, in its evaluation of the Senior Services Levy, also considered the changing nature of the senior population. As a recent Pew Research Center report puts it, the recession has turned a graying workforce grayer. The workforce participation share of persons aged 55+ is the highest since records began being kept in 1948. US Bureau of Labor Statistics projections indicate that 93% of the growth in the US labor force in the 2006 to 2016 period will be in workers aged 55+. The labor participation rate of workers aged 65+ increased from 12% in 1995 (interestingly, 1993, the year after the first Senior Services Levy was adopted in Hamilton County, was the low point in senior workforce participation) to 17.3% in 2009 (a 44% increase). The reasons for this increase of senior participation in the workforce economy are many, but include the need for secure retirement income, changes in Social Security rules and the overall improvement in the health of older Americans.

In short, the sub-committee has striven, in its review, to take into account relevant financial and demographic trends and data and available forecasts, which indicate probable further Hamilton County population declines and at least a few more years of subpar economic growth, including flat property values.

In the 2007-2012 levy review, despite fiscal difficulties in mandated county programs and forced spending reductions in such basic general fund services as road maintenance and the sheriff’s department, the Senior Services Levy has provided considerable stability in services for qualified elderly citizens in Hamilton County.

Looking ahead to the next five years, it is critical that Senior Services Levy programs are continually fine tuned so that we will be able to maintain high quality county provided services in the “new normal” environment, one in which local governments will have predictable diminishing resources even as new federal government programs continue to evolve and develop.

Department of Job and Family Services - Adult Protective Services (APS)

Since 1981, Ohio law mandates the reporting, investigation and provision of protective services to those sixty years and older who are victims of abuse, neglect, self-neglect or exploitation.

Funding for APS is provided through the Senior Services Tax Levy and Social Service Block Grant under Title XX.

The responsibility of APS is to receive and investigate complaints relating to the abuse of any adult over age 60, regardless of their abilities, who appears to be at risk of abuse or neglect. APS also serves any adult under age 60, who because of physical or mental disability, might be in need of protective services.

Prior to 2008, APS did both the case investigation and core services for persons age 55 and greater. Before 2008, APS had 16 staff persons, including fourteen caseworkers and two persons available for phone intake. In 2009, case staff was reduced to eight persons plus the manager and in 2010 APS adjusted its' staff to the current four case staff and the director. At present, APS investigates on cases for persons over age 60 and refers cases that need support services directly to the Council on Aging.

Over the past several decades, advances in medicine and medical technology have improved lives and extended the life expectancy of our senior population. While longer lifespans have always been desirable, the increasing number of persons living beyond the actuarial predictions of past years has placed an increased strain on limited financial resources. In order to extend the capacity of levy dollars to affect the more vulnerable (and older) population, while keeping the high quality level of existing services, the TLRC sub-committee recommends that the BOCC re-evaluate and possibly raise the eligibility age for assistance from APS to more closely mirror eligibility guidelines which apply to many other programs, both local and federal.

Based on the forecast expenditures and levy request of APS, and the realignment of personnel, investigative processes and offered support services, it is the recommendation of the Senior Services sub-committee that an average of \$360,000 is provided each year for the next five years, or a total of \$1,800,000 for the upcoming five year cycle.

Council on Aging on Southwestern Ohio

The Council on Aging has provided Hamilton County's Elderly Services Program ("ESP") through a contract that has been in place since 1992. Hamilton County Senior Services Levy funding is not mandated by the federal or state government, but is a policy decision of the BOCC and a vote of the electorate. Hamilton County's Senior Services Levy is at 1.29 mills. The Ohio average is 0.78 mills.

The Council on Aging also provides and administers programs in Clermont, Butler, Warren and Clinton counties. There is certainly a group of elderly citizens whose lives have been improved because of services funded by the Senior Services Levy and administered by the COA.

One of the sub-committee's concerns is possible duplication of service in Hamilton County. Qualifying seniors might be able to obtain benefits or services from their local city or township, from the county and from the State or Federal government. For example, there is potential overlap between Senior Services Levy services provided to eligible seniors and services available under the Hamilton County Indigent Care Levy. Our concern is not with seniors and the value of benefits that they receive but with agencies being able to accurately and cost-effectively evaluate and fund the needs of the population when there are multiple providers at many different levels.

Current demographic trends indicate that, due to the aging of the so-called baby boom generation, the Senior Services Levy's financial stability depends on a re-evaluation of eligibility guidelines. COA has accepted this, projecting flat ESP enrollment (due to higher eligibility standards)¹ despite a projected growth in Hamilton County's 60+ population of between 22% and 27% between 2010 and 2020. For the foreseeable future, and until the large group of persons born between 1946 and 1964 passes through the system, it is the opinion of the sub-committee that ESP eligibility criteria should be reassessed, as set forth in greater detail below, in order to preserve a standard of benefits for those persons most in need of help, rather than spread resources widely over a larger group that might be able to provide some level of self-assistance, while relying on non-government resources for any extra help that they might need. Hamilton County is most fortunate to have a wide array of volunteer groups including faith based and service organizations that could add to the services available with only some increased coordination and communication between groups.

COA has engaged in an advertising program to inform the general population of the services that are available. These advertisements have been seen on billboards in high value locations, including along Interstate 75 through Hamilton County and can be heard in radio and seen on television commercials in Cincinnati. Indeed, the goal of our programs is to reach those in need to help maintain personal dignity and healthy living conditions for their later years. While the sub-committee is not advocating the

¹ The COA 2014 Strategic Plan emphasizes "policy changes for eligibility" as one way of "ensuring sustainability" of the ESP.

concealment of available services, there is a fine line between making eligible seniors aware of available services and creating demand for such services among the more general population. Broad publicity for ESP services sits uneasily with the need, acknowledged by COA, to tighten ESP eligibility requirements. We must realize that persons who have been self-reliant and dependent on family, friends, church and other resources are being encouraged to add to the demand for an increasingly limited amount of available services. The sub-committee advocates maintaining a cautious approach to program expansion rather than encourage exponential growth which will be the future undoing of the entire system.

A concern of the subcommittee is that there is not a requirement to prove citizenship for persons to receive benefits from the Senior Services Levy-funded programs. The current residency requirement is that a person has lived in Hamilton County for 30 days. The COA has expressed concern that other state and federal funds could be reduced or eliminated should a proof of citizenship requirement be enforced. This is not meant to discriminate against any group, but rather to help keep programs actuarially sound. Funding, especially for county senior programs, should be designed and maintained such that the number of local people paying into the program over their lifetime will ultimately support a percentage of the same local people when they reach qualifying age. Adding persons that have not participated in the program until the time that they receive benefits could cause calculations to become inaccurate and lead to a shortfall in county funding for the whole group.

The Senior Services sub-committee also recommends that the BOCC establish an updated definition of the term “Elderly Persons” as used in the current ballot language of the tax levy. We recommend that any future adjustment of COA/ESP eligibility requirements look first to follow the direction of the United States Social Security Administration which recommends full retirement benefits at age 67. While most Ohio senior services levies use a 60+ definition of “older American” taken from the Older Americans Act of 1965, a time when general life expectancy was 70.2 years, today’s average of life expectancy of 78 years (2009 data) necessitates a re-think if the ESP is to be made sustainable.

The Hamilton County Senior Services Levy has at its’ target eligible seniors who neither qualify for federal or state programs nor have sufficient assets to pay for levy services. COA does not deny care based on income, they do screen all applicants for income levels and bill for services on a sliding scale.

TATC’s final Senior Services Levy report sets forth the following “Principal Observations and Recommendations”:

- “1. The Council on Aging is a well-run organization that has sought to maximize the value of the levy for the citizens of Hamilton County. Of particular note is COA’s recognition, during the last mid-levy period, of the impact of the local economy on tax revenues and its anticipation of federal and state funding reductions.

2. While the levy is projected to end the current period with a fund balance, that balance is due to actions taken by COA over the past several years to adjust both its program model and its organizational structure to be more effective and cost efficient.

3. The combined levy request for the upcoming levy period estimates a negative fund balance of roughly \$14.4 million. This includes the potential loss of funds caused by the Duke Energy property appraisal appeal. Including spending of the entire existing fund balance, estimated to be \$4 million, the effective negative fund balance may be approximately \$22.2 million at the end of the five-year levy period, if there are no changes in current spending levels. It also does not account for the continuing impact of recent eligibility changes which have not been fully realized.

4. Hamilton County has two options to address the revenue shortfall. We recommend either option, or a combination thereof. The first option is to increase the levy to cover the anticipated deficit. The second is to apply a series of expense reduction strategies to eliminate the deficit. In the case of this second option, we recommend that the County direct COA to develop within the first levy year a specific action plan calculated to result in a zero fund balance at the end of the levy cycle.”

The sub-committee fully concurs in items 1 and 2. As to item 3, the sub-committee believes that Hamilton County’s specific demographics in the 2012-2017 levy period, as well as general economic conditions in the county, must be taken into account as well. As to item 4, the sub-committee prefers the second option set forth by TATC. Tightening eligibility standards, as set forth above, should help alleviate the financial pressure on the levy. The first option, which contemplates increasing the levy, does add additional fiscal strain to the group of persons who are marginally able to maintain home ownership. Keeping more county residents in their owner occupied homes is a good first step in promoting stability in home valuation, leading to a better participation / collection rate on all of the county property tax levies. (The recent average collection rate has been estimated between 94% - 96%, a 1% increase in collections would benefit all groups)

Request of People Working Cooperatively to Participate in COA Funding

At the invitation of PWC, the sub-committee met at PWC’s offices on Paddock Rd on May 29, 2012. PWC essentially requested that it be directly allocated funds from the Senior Services Levy to enable it to provide housing-related emergency repair and related services to more of Hamilton County’s senior-citizens. PWC noted that COA contracts on a job-by-job basis for comparable services and suggested that PWC could provide more cost-effective services due to its economies of scale.

While the sub-committee members took PWC's request into account, it believes that the Senior Services Levy should not depart from its current model, one in which COA is tasked with qualifying and engaging providers for the entire range of services based on then-current levy recipient needs, to a model in which the BOCC directly allocates levy funds to providers. We encourage PWC to work with COA in a manner that will enable PWC to become a key levy provider, following COA's usual provider protocols.

Veteran's Services

Veteran's Services funding is a state legislative mandate that must be funded by the BOCC to a maximum of .5 mills. It is our sub-committee recommendation that this expense receive funding each year from the Senior Levy at the level of \$205,000 annually. The remainder of the balance should be paid from the county general fund as it will minimize the burden on Senior Services Levy funding and help to prevent a future cash emergency should a Senior Services Levy not pass in the general election.

Conclusion

The Council on Aging, the Elderly Services Program, JFS Adult Protective Services and Veteran's Services each provide a valuable option for eligible senior citizens in Hamilton County that are in need of assistance with the challenges of living independently.

The dramatic changes in median household net worth during the 2008 -2012 cycle of this levy have caused financial uncertainty across all demographic groups and should be considered when setting the millage for this levy.

Recipients of levy funding should continue their vigilance in monitoring eligibility requirements for Hamilton County funded programs as evolving federal and state laws, including the 2014 full implementation of the federal Affordable Care Act could change the needs of the client group and our ability and model for delivery of services.

The TLRC has considered the COA "Response to Draft Recommendations of the Senior Services Sub-Committee" dated 7/12/12 and any changes that we have agreed to make are reflected in this final Senior Services Levy Review report.

The recommendation of the Hamilton County TLRC is for the BOCC to place a Senior Services Levy on the 2012 general election ballot , not to exceed the current 1.29 mills.

Please contact me with any questions or comments,

Sincerely,

Dan Unger
Hamilton County Tax Levy Review
Committee
danunger@cinci.rr.com
513 404 3057

Attachments:

TATC Consulting- Management Partners Final Reports
Department of Job and Family Services – Adult Protective Services
Council on Aging of Southwestern Ohio
COA Response to Draft Recommendations of the Senior Services Tax Levy Review Sub
Committee 7/12/12