Mary Taylor, CPA
Auditor of State

MAHONING COUNTY BOARD OF MRDD PERFORMANCE AUDIT

JUNE 21, 2007

Mary Taylor, CPA
Auditor of State

To the Residents of Mahoning County and Clients of the Mahoning County Board of Mental Retardation and Developmental Disabilities:

In an attempt to ensure efficient and effective services for its community and customers, the Mahoning County Commissioners and Mahoning County Board of Mental Retardation and Developmental Disabilities (MMRDD or the Agency) engaged the Auditor of State (AOS) to conduct a performance audit. As requested by the County and MMRDD, the five functional areas assessed in the performance audit were financial systems, human resources, compliance, client services and case management, and technology.

The performance audit contains recommendations which identify the potential for cost savings and operational improvements. While the recommendations contained in the audit are resources intended to assist with continuing improvement efforts, MMRDD is also encouraged to assess overall operations and develop alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; an agency overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, and financial implications. This report has been provided to MMRDD, and its contents discussed with the appropriate officials and administrators. The Agency has been encouraged to use the results of the performance audit as a resource in improving its overall operations, service delivery, and financial stability.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this performance audit can be accessed online through the Auditor of State's website at http://www.auditor.state.oh.us/ by choosing the "Online Audit Search" option.

Sincerely,

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 21, 2007

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EXECUTIVE SUMMARY

Executive Summary

Project History

In an attempt to ensure efficient and effective services for its community and customers, the Mahoning County Commissioners and Mahoning County Board of Mental Retardation and Developmental Disabilities (MMRDD or the Agency) engaged the Auditor of State (AOS) to conduct a performance audit of MMRDD.

The overall objectives of this performance audit are to present findings based on data related to MMRDD operations and to develop recommendations for improvement. In accordance with the contract, the following areas were assessed in the performance audit:

- Financial Systems;
- Human Resources;
- Compliance;
- Client Services and Case Management; and
- Technology.

Agency Overview

MMRDD operates under a Board consisting of seven members and is responsible for providing on-going programs and services for individuals with mental retardation and developmental disabilities. These include early childhood programs, the Leonard Kirtz school, adult services, supported employment, retirement, transportation, and community support services. In FY 2005, MMRDD received 8 percent of its revenues from state funding, 19 percent from federal funding, 64 percent from local taxes, and 9 percent from other sources. During FY 2005-06, the Agency had a total of approximately 214 full-time equivalent (FTE) employees, with the largest numbers of staff working in adult services (70.6 FTEs), transportation services (54.0 FTEs), children's services (25.8 FTEs), and community services (24.0 FTEs). MMRDD was responsible for providing services to an average daily membership (ADM) of approximately 2,107 clients in FY 2005.

Ohio Revised Code (ORC) Chapters 3323 and 5126 provide guidelines for county boards of mental retardation and developmental disabilities to administer and operate facilities, programs, and services to those in need. In addition, ORC § 5126.081 requires that the Ohio Department of Mental Retardation Developmental Disabilities (ODMRDD) establish a system of accreditation for county boards of mental retardation and developmental disabilities. ODMRDD established the accreditation process though Ohio Administrative Code (OAC) 5123:2-4-01. According to

OAC 5123:2-4-01, the county board accreditation processes encompasses a review of four areas or levels. A level is a compilation of requirements that are categorically similar in their management and implementation. The four levels include health, safety, and welfare; rights; service planning and delivery; and administration. For 2006, ODMRDD expanded the number of levels to five: physical health and prevention; personal and emotional well-being; community; employment and business; and leadership and organizational management. The purpose of an accreditation review is to ensure compliance with all applicable ORC, OAC, and federal program requirements. These requirements range from annual fire inspections of facilities to ensuring the health records of clients are updated annually.

Depending on the outcome of the review, accreditation is granted for periods up to five years. Each year of accreditation indicates a greater level of compliance with rules and statutes according to the following:

- One-year (level one) accreditation indicates that a county board has complied with all mandates of the health, safety, and welfare domain.

- Two-year (level two) accreditation indicates that a county board has complied with all rules outline in level one, plus selected requirements listed in the rights, service planning and delivery, and administration domains.

- Three-year (level three) accreditation: Requires compliance with all rules in levels one and two, plus additional requirements within the rights, service planning and delivery, and administration domains not already included in level two.

- Four-year (level four) accreditation: Requires compliance with all rules outline in levels one through three, plus the remaining requirements contained within the rights, service planning and delivery, and administration domains not already included in levels two and three.

- Five-year (level five) maximum accreditation: Requires compliance with all requirements in level four and one of the following: ODMRDD determines compliance with best practice, or determines that the agency has maintained accreditation through the Commission on Accreditation of Rehabilitation Facilities or the Accreditation Council for at least three years.

MMRDD is currently accredited at level three by ODMRDD.

Objectives

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function or activity to develop findings, recommendations and conclusions. The overall objective of the performance audit is to assist MMRDD in identifying strategies to increase its efficiency and effectiveness. The following assessments were conducted during this performance audit:

- Financial decision making, budgeting processes, and financial reporting were reviewed in the financial systems section. A five-year forecast of revenues and expenditures was also developed to help gauge the future financial condition of MMRDD. In addition, revenue sources and the level of expenditures associated with various operational areas were assessed in the financial systems section.

- Agency-wide staffing levels, collective bargaining agreements, and benefit costs were core areas assessed in the human resources section.

- Compliance with state and federal rules was reviewed within the compliance section.

- Services and program efficiency, staffing levels, cost effectiveness, programmatic effectiveness and quality, strategic planning and mission achievement, case management, and the contracting processes were examined in the client services and case management section.

- Technological resources used by the Agency and the extent of automation in routine processes were reviewed in the technology section.

The performance audit was designed to develop recommendations that provide cost savings, revenue enhancements, and/or effectiveness and efficiency improvements. The recommendations comprise options that the Agency can consider in its continuing efforts to improve its services.

Scope and Methodology

The performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Audit work was completed between August 2006 and January 2007, and data was mainly drawn from fiscal year (FY) 2005. Additionally, financial data from FY 2000 to FY 2006 was used to develop the five-year forecast. To complete this report, the auditors gathered a significant amount of data pertaining to the MMRDD, conducted interviews with numerous individuals associated internally and externally with the various departments, and reviewed and assessed available information.

The performance audit process involved significant information sharing with the County, and MMRDD's administrator and managers, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the Agency of key issues impacting selected areas, and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the Agency was solicited and considered when assessing the selected areas and framing recommendations. Finally, the MMRDD provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on MMRDD comments.

In addition, several County Mental Retardation Developmental Disability (MRDD) agencies were selected to provide benchmark comparisons for the areas assessed in the performance audit. These agencies include Clermont County Board of Mental Retardation and Developmental Disabilities (CMRDD), Summit County Board of Mental Retardation and Developmental Disabilities (SMRDD), and Warren County Board of Mental Retardation and Developmental Disabilities (WMRDD). These County MRDD's were selected based upon demographic and operational data, and their accreditation status. More specifically, the accreditation levels were as follows at the time of this performance audit: WMRDD, level 3; CMRDD, level 4; and SMRDD, level 5. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, including ODMRDD, the Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), and the Commission on Accreditation of Rehabilitation Facilities (CARF).

The Auditor of State and staff express appreciation to MMRDD, CMRDD, SMRDD and WMRDD for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

This section of the executive summary highlights specific MMRDD accomplishments identified during the course of the audit.

Financial Systems

- MMRDD has taken measures to help improve and effectively manage its financial condition. This is evidenced, in part, by MMRDD maintaining positive fund balances each year from FY 2000 to FY 2006. Additionally, in response to the elimination of Community Alternative Funding System (CAFS), MMRDD reduced staffing levels during FY 2005. This contributed to the reductions in operating expenditures of approximately one and six percent in FY 2005 and FY 2006, respectively. Furthermore, MMRDD negotiated no cost of living adjustments (COLAs) for FY 2005 and FY 2006 for all staff represented by the Education Association of Developmental Disabilities

(EADD) bargaining unit. Staff on the Less than BA (LBA) to Masters Twelve Month Schedule also will not receive a COLA in FY 2007, while remaining EADD staff will receive only a one percent COLA. This will help address the relatively high salary levels for EADD staff (see **human resources**).

- MMRDD meets GFOA recommended practices for budget preparation, administration, and oversight. Furthermore, the budget document presents a variety of information, including the estimated revenues for a given year, breakdowns of expenditures by line item (i.e. salaries, supplies, etc.), variances from the prior fiscal year, explanations of major areas of expenditure, and appendices listing the equipment budget, major contracts, and a graphical breakdown of expenditures by category (e.g. supplies, utilities, retirement, etc.).

- MMRDD routinely surveys community members and holds annual planning meetings that are open to the public in order to obtain stakeholder input. By obtaining stakeholder input, MMRDD better ensures that its clients continue to receive services they need and desire, and that the Agency receives continued support for its operations.

Human Resources

- Although the Agency requires lower employee co-pays in some areas when compared to benefit information reported in *Employer Health Benefits* (Kaiser Family Foundation and Health Research and Educational Trust, 2006) and in *Survey of School District Health and Life Insurance Plans* [Ohio Educational Association (OEA), 2006}, MMRDD's premium costs appear comparable to applicable industry benchmarks (Kaiser and SERB). This shows that MMRDD provides employees with fair and, in some cases, generous benefits, but at an acceptable premium cost. Nevertheless, these comparisons show that MMRDD can alter benefit levels if needed in the future, particularly if necessitated by its financial condition (see **financial systems** for more information). In addition, according to MMRDD's Director of Administrative Services, the Agency was successful in negotiating a zero percent increase in health insurance premiums for FY 2007.

- If MMRDD is successful in negotiating a change in EADD dental coverage to be similar to staff in the American Federation of State, County and Municipal Employees (AFSCME) bargaining unit, it will result in a savings of approximately $46,000 per year and premiums that are more comparable to data reported by SERB and OEA. Furthermore, MMRDD's 2006 vision premiums are lower than data reported in the 2006 OEA survey and 2005 SERB survey.

- MMRDD's life insurance premiums of $0.16 per $1,000 for 2006 are slightly higher than the OEA 2006 survey ($0.14), but lower than data reported in the 2004 SERB survey (the

2005 SERB survey did not report life insurance premiums). Additionally, by changing providers, the Agency was able to maintain the 2006 life insurance premium cost for 2007.

- MMRDD negotiated increases in hours worked for various classifications in the EADD collective bargaining agreement. For instance, the defined workday for adult services employees increased from seven to eight consecutive hours in FY 2006-07, with the exception of workshop specialists which increased to 7.5 consecutive hours. As a result, MMRDD provides more hours of potential service for its clients without increasing personnel costs.

Client Services and Case Management

- MMRDD serves an average of 9.1 adults per FTE, which is a higher workload than each peer.

- As part of the annual planning process, MMRDD assesses community needs and services provided by gathering feedback from a wide variety of stakeholders. For instance, the Agency holds an annual public forum to gather information regarding the needs and services of community members, and annually administers satisfaction surveys to its clients and stakeholders (e.g., parents and community members).

- MMRDD participates in numerous collaborative and outreach efforts with other organizations. For example, MMRDD staff participates on the Frontier Initiative, which is a statewide committee that works at the county level to help provide support to individuals with autism. Additionally, MMRDD collaborates with the Mahoning County Mental Health Board to assist individuals diagnosed with both MRDD and mental health issues.

Assessments Not Yielding Recommendations

In addition to the analyses presented in this report, assessments were conducted on several other areas of MMRDD that did not warrant recommendations. These assessments did not warrant recommendations because MMRDD was performing at a level comparable to the peers or industry standards. These areas are summarized below. Additional detail pertaining to these areas is presented in each section of the report.

- **Financial Systems:** Internal Controls and Ethics Policy;
- **Human Resources:** Administration and Support Staffing, Union Negotiations, Job Descriptions, and Recruitment and Retention;

- **Client Services and Case Management:** Client Interaction, Caseloads and Staffing, Case Management, Staff Training, Dispute Resolution, Waiting Lists, and Incident Investigations; and
- **Technology:** Staffing, Replacement of Equipment, Technology Purchases, and Computer Use Policies.

Financial Forecast Conclusions

MMRDD is projected with deficits beginning in FY 2009 even with the passage of the 2 mill renewal levy on May 8, 2007. If voters did not renew the 2 mill levy, the deficit would have been projected to reach approximately $36.4 million in FY 2011, compared to approximately $16.7 million with voters passing the levy renewal. For MMRDD to avoid these projected deficits, it will need to make difficult management decisions regarding potential means for increasing revenues and reducing expenditures. This can be aided, in part, by reviewing and implementing the recommendations in this performance audit. For instance, when including the impact of the recommendations in the performance audit, MMRDD is projected to maintain a positive fund balance at the end of FY 2009. Although the deficits projected thereafter would be lower if the Agency fully implemented each performance audit recommendation, deficits of approximately $3.4 in FY 2010 and $10.0 million in FY 2011 are still projected. Furthermore, approximately 60 percent of the cumulative savings each year is attributable to one recommendation that depends on MMRDD successfully negotiating with local school districts to help support the Agency's school age programs (see **R4.4** in **client services and case management**).

Key Recommendations

The performance audit contains several recommendations pertaining to MMRDD. The following are the key recommendations from the report. Additional recommendations are included in each section of the report.

Financial Systems

- MMRDD should create a multi-year strategic plan linking service goals and objectives to costs, which could be accomplished by expanding and combining/linking the Annual Plan and financial management plan. MMRDD should also annually assess progress made towards meeting its goals. Additionally, MMRDD should establish goals in measurable terms to help assess progress and goal attainment. Moreover, the Agency should create and adopt formal policies and procedures guiding the development of revenue and expenditure forecasts and assumptions, which include identifying stakeholders' concerns, needs, and priorities, and establishing a timeline for review and completion. During the course of this performance audit, MMRDD began the process of developing a comprehensive, multi-year strategic plan.

Human Resources

- MMRDD should take steps to more closely align its compensation levels with peers, which should include the following:
  - Eliminate the practice of paying for a portion of the employee's retirement contribution for administrative staff, and negotiate to do likewise for EADD and AFSCME employees;
  - Alter the salary schedules in the EADD and AFSCME collective bargaining agreements to bring them more in line with the peers; and
  - Limit cost of living adjustments (COLA) for staff in future years, particularly if the agency encounters financial difficulties (see **financial systems**), maintains current salary schedules, or continues to pay the full employee retirement contribution.
- During future renegotiations with EADD and AFSCME staff, and in light of the Agency's future financial condition (see **financial systems**), MMRDD should consider increasing the employee contribution to at least 12 percent of the monthly health care premium cost. In future negotiations with AFSCME, MMRDD should also consider increasing the employee contribution for part-time employees to be proportionate with the hours worked per day, similar to EADD part-time staff. Additionally, MMRDD should consider eliminating the dollar cap on all employee contributions during future renegotiations with EADD and AFSCME. Stating all future employee contributions as a percentage would help offset inflationary increases in health care premiums.

Client Services and Case Management

- MMRDD should consider reducing two instructor positions, particularly if it encounters financial difficulties in the future (see **financial systems**). The reduction of two instructors would result in staffing ratios that remain in compliance with ORC § 3301-51-09, do not deviate significantly from MMRDD's overall goal of 6 students per teacher, and are more in line with CMRDD. However, MMRDD should ensure that students would continue to receive quality services in a safe environment before implementing such reductions.

- MMRDD should purchase a centralized software system to integrate all client information and Targeted Case Management (TCM) documentation, and subsequently use this system to track and update all client information. The Agency should use the centralized system to develop summary reports that provide information like staff chargeability, number of clients with eligibility pending, number of clients deemed eligible and ineligible, and number of intake calls. Prior to purchasing a specific system, MMRDD should address the client server needs to ensure compatibility (see **technology**) and address other Agency requirements to ensure the selection of a system with the appropriate functions to best meet its needs.

- MMRDD should follow through on its plan to develop a performance measurement system that includes outcome measures and is incorporated in its strategic planning process. Furthermore, MMRDD should consider pursuing accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF).

- MRDD should consider negotiating agreements with participating school districts in order to recoup some or all of the excess costs of operating its school-aged program services. This would help MMRDD to continue to provide the optional school-aged program and, in turn, would avoid requiring the local school districts to serve these students.

Technology

- MMRDD should develop a technology plan that identifies short and long-term technology needs and related components (e.g., costs, timeframes, and assigned responsibilities), and links to a comprehensive strategic plan (see **financial systems**). To help in developing an effective technology plan, MMRDD should establish a technology budget and evaluate the overall technology needs of each department based on the Agency's mission and vision.

- MMRDD should consider either upgrading its peer-to-peer network to a client-based network, or joining the County network to support its organizational goals and objectives. MMRDD should identify all of the costs and benefits of each option to ensure its final decision will be the most cost effective and meet the goals of the organization. This should include whether the upgraded server can also be used to improve other technology needs, such as providing centrally-managed e-mail and database capabilities.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified the following areas resulting in issues for further study. All of these issues were identified in the human resources section, which contains additional detail pertaining to each.

- Custodial and Maintenance Staffing;
- Transportation Staffing;
- Food Service Staffing;
- Leave Use and Incentives;
- Workers Compensation; and
- Days and Hours Worked.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of options that MMRDD should consider. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit. In addition, the financial implications are divided into two groups: those that are subject to negotiations, and those that are not.

Recommendations Subject to Negotiations

Recommendation	Estimated Annual Cost Savings
R3.1 Discontinue payment of employee retirement contribution for EADD and AFSCME personnel.	$226,000
R3.1 Alter salary schedules and/or limit COLAs	$91,000 (four year average)
R3.2 Increase full-time employee contributions to at least 12 percent	$75,000
R3.2 Increase employee contribution for part-time AFSCME staff	$31,000
Totals	**$423,000**

Recommendations Not Subject to Negotiations

Recommendation	Estimated Annual Cost Savings	Estimated Implementation Cost (One Time)	Estimated Implementation Cost (Annual)	Estimated Revenue Enhancement
R3.1 Discontinue payment of employee contribution for non-bargaining staff	$63,000			
R5.1 Reduce two instructors	$136,000			
R5.2 Purchase client data software		$8,500	$22,500	
R5.4 Negotiate agreements with local school districts				$1,000,000
R6.4 Improve e-mail system			$14,400	
R6.5 Purchase internet filtering software			$4,000	
Totals	**$199,000**	**$8,500**	**$40,900**	**$1,000,000**

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Financial Systems

Background

This section focuses on financial systems at the Mahoning County Board of Mental Retardation and Developmental Disabilities (MMRDD or the Agency). The objective is to analyze the current financial condition of MMRDD, develop a five-year projection of revenues and expenditures, develop recommendations for improvements in the financial processes, and identify opportunities to increase cost efficiency and effectiveness through benchmarking and peer comparisons.

The Agency's operations have been evaluated against recommended practices and operational standards from several sources, including the Government Finance Officers Association (GFOA). In addition, the Agency is compared to the following boards of MRDD: Clermont County Board of Mental Retardation and Developmental Disabilities (CMRDD), Summit County Board of Mental Retardation and Developmental Disabilities (SMRDD), and Warren County Board of Mental Retardation and Developmental Disabilities (WMRDD). These boards are referred to as the "peers or peer agencies" and were selected for benchmarking purposes after reviewing various data, such as the number of clients served, revenues, expenditures, services, and accreditation status. At the time of this performance audit, the accreditation level of WMRDD was equivalent to MMRDD, while the level of both CMRDD and SMRDD was higher than MMRDD.

Summary of Operations

MMRDD operates several different programs in order to offer a wide range of services to clients. These programs include early childhood programs, the Leonard Kirtz School, adult services, supported employment, retirement, transportation, and community support services. In FY 2005, the Agency provided services to approximately 2,107 individuals. The Agency operates on a fiscal year (FY) that runs from January 1 through December 31. The largest portion of MMRDD's revenue comes from property taxes while the rest comes from federal and State funding (see **Table 2-1**). MMRDD's property taxes consist of two levies totaling 5 mills: a 2 mill levy passed in 1992 and a 3 mill levy passed in 2001. However, since ORC requires a rollback of taxes after reappraisals and updates, the effective millage is 4.29 for residential and agricultural property and 4.45 for commercial/industrial property.

MMRDD's Director of Administrative Services is responsible for revenue and expenditure reporting for all departments, and has been with the Agency for 28 years. Revenues, expenditures, and fund balances are tracked through PeopleSoft, the County Auditor's software, and through Microsoft Excel spreadsheets. In addition, the Director of Administrative Services oversees accounts payable and is responsible for cash disbursements. Other departments and functions under the Director of Administrative Services include Technology, Human Resources, and Buildings, Grounds, and Contracted Services.

The Superintendent provides financial oversight for MMRDD and has final authorization on the budget prior to the Board's approval. The Board has little involvement in the day to day operations of the MMRDD, but does provide oversight. Additional financial oversight is provided by the County Auditor's Office. According to the Director of Administrative Services, the County Auditor's Office calls periodically to verify revenue estimates for federal and state funding. The budget is monitored monthly by the Director of Administrative Services. Expenditure reports are sent to the building and department administrators. If budget areas are almost depleted, resources can be transferred from other areas within the overall budget, but cannot exceed the total appropriation.

Projected Revenues and Expenditures (Financial Forecast)

Table 2-1 shows six years of historical financial data for MMRDD's Operating Fund. The historical data was used to help develop the assumptions for the five year forecast (see **Table 2-2**). Significant variations in **Table 2-1** are discussed in the assumptions following **Table 2-2**.

Table 2-1: Operating Revenues and Expenditures for FY 2000 – FY 2005

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Revenues						
Real Estate Taxes	$7,788,590	$7,871,452	$12,598,592	$13,166,402	$13,289,443	$13,319,079
Personal Property Tax	$1,260,967	$1,640,794	$1,559,212	$1,829,664	$1,669,569	$1,749,803
Rollback & Homestead	$1,033,676	$1,046,306	$1,719,598	$1,745,824	$1,779,267	$1,836,899
Manufactured Housing	$15,439	$13,380	$20,664	$18,734	$20,003	$14,990
Tax Loss Reimbursement	$0	$0	$219,702	$219,702	$219,702	$219,702
MRDD Tax Equity Distribution	$0	$0	$596,543	$217,156	$485,508	$583,068
State Revenue	$2,378,734	$2,119,458	$2,006,316	$1,624,288	$1,975,251	$1,936,241
Federal Revenue	$3,148,568	$3,465,366	$3,814,898	$4,022,305	$2,969,639	$5,578,534
Other Revenue	$85,577	$445,740	$112,885	$110,603	$225,620	$271,817
Transfers In	$0	$0	$56,526	$129	$0	$1,228,725
Total Revenues	**$15,711,551**	**$16,602,496**	**$22,704,937**	**$22,954,806**	**$22,634,003**	**$26,738,859**
Expenditures						
Salaries	$9,475,711	$10,068,998	$10,739,590	$10,961,270	$11,368,478	$11,289,705
Insurance	$1,824,572	$1,877,410	$2,182,279	$2,449,432	$2,720,402	$2,820,620
Retirement	$1,360,787	$1,457,002	$1,670,416	$1,984,420	$1,845,060	$1,800,890
Unemployment	$6,441	$8,335	$571	$3,131	$3,916	$33,446
Workers' Compensation	$107,184	$698,387	$0	$32,159	$419,272	$563,271
Medicare	$81,484	$89,654	$99,845	$108,723	$115,459	$114,906
Supplies	$186,144	$178,570	$179,759	$202,545	$182,960	$130,632
Travel	$40,885	$49,249	$53,829	$56,421	$60,125	$61,288
Contract Services/Repairs	$3,556,569	$4,644,619	$5,178,037	$5,425,206	$6,343,530	$6,186,044
Equipment	$418,861	$110,420	$82,665	$496,379	$217,040	$112,864
Other	$43,122	$148,416	$233,849	$122,744	$152,690	$141,890
Transfers	$0	$0	$0	$0	$6,273,988	$1,683,689
Total Expenditures	**$17,101,761**	**$19,341,059**	**$20,420,840**	**$21,842,431**	**$29,702,922**	**$24,939,235**
Result of Operations	**($1,390,210)**	**($2,738,563)**	**$2,284,097**	**$1,112,375**	**($7,068,920)**	**$1,799,625**
Beginning Fund Balance	**$8,486,045**	**$7,801,858**	**$4,770,017**	**$6,922,450**	**$7,509,492**	**$351,016**
Prior Year Encumbrances	$1,168,171	$462,150	$755,427	$887,090	$1,412,424	$1,501,980
Current Year Encumbrances	$462,150	$755,427	$887,090	$1,412,424	$1,501,980	$992,030
Ending Fund Balance	**$7,801,858**	**$4,770,017**	**$6,922,450**	**$7,509,492**	**$351,016**	**$2,660,591**

Source: Mahoning County Auditor Financial Reports as provided by MMRDD.

Note: The revenues and expenditures presented were reconciled to Financial Audits (2003 and 2004) of Mahoning County to ensure validity and reliability.

Table 2-1 shows that MMRDD has maintained positive fund balances from FY 2000 through FY 2005, which ranged from a high of approximately $7.8 million in FY 2000 to a low of approximately $351,000 in FY 2004. The lower fund balance in FY 2004 is due to transfers of approximately $6.3 million (see *Transfers Out* discussion on page 2-18 to 2-19).

The financial projections presented in **Table 2-2** present the expected revenues, expenditures, and fund balances of the Operating Fund of MMRDD for each of the fiscal years ending December 31, 2007, 2008, 2009, 2010, and 2011. Since actual revenues and expenditures for FY 2006 became available during the course of the performance audit, they are also included in **Table 2-2**. **Table 2-2** also includes the potential impact of implementing the performance audit recommendations on MMRDD's projected financial condition, which is shown in the final two rows of the table.

The assumptions disclosed herein were developed by the Auditor of State's Office (AOS), based on historical trends and information obtained from applicable sources, including MMRDD, Ohio Department of Mental Retardation Development Disabilities (ODMRDD), and the Legislative Service Commission (LSC). Because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time the projections are prepared, there may be differences between projected and actual results.

Table 2-2: MMRDD Five Year Forecast

	FY 2006 Actual	FY 2007 Projected	FY 2008 Projected	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
REVENUES						
Real Estate Tax Revenue	$13,690,140	$13,758,591	$9,540,895	$9,827,122	$9,876,257	$9,925,639
Personal Property Tax	$1,366,228	$935,079	$291,872	$62,194	$31,097	$0
Rollback & Homestead	$1,493,102	$1,513,445	$1,064,709	$1,096,650	$1,102,133	$1,107,644
Manufactured Housing	$15,656	$14,990	$14,990	$14,990	$14,990	$14,990
Tangible Personal Property Tax Reimburs.	$453,036	$812,722	$1,144,951	$1,610,415	$1,662,244	$1,368,907
State Revenue	$1,505,420	$1,491,305	$1,491,305	$1,491,305	$1,491,305	$1,491,305
Federal Revenue	$3,841,690	$3,433,681	$3,433,681	$3,433,681	$3,433,681	$3,433,681
Tax Loss Reimbursement	$219,702	$175,762	$175,762	$175,762	$175,762	$175,762
MMRDD Tax Equity	$546,180	$546,180	$546,180	$546,180	$546,180	$546,180
Other Revenues	$412,343	$299,678	$314,662	$330,395	$346,915	$364,261
Transfers In	$674,566	$0	$0	$0	$0	$0
Total Revenues	**$24,218,064**	**$22,981,433**	**$18,019,006**	**$18,588,694**	**$18,680,564**	**$18,428,368**
EXPENDITURES						
Personal Services	$9,945,172	$10,423,090	$10,815,254	$11,224,258	$11,650,939	$12,096,179
Insurance	$2,121,362	$2,185,003	$2,447,203	$2,740,868	$3,069,772	$3,438,144
PERS/STRS	$1,670,497	$1,683,329	$1,816,963	$1,885,675	$1,957,358	$2,032,158
Unemployment	$111,193	$10,423	$10,815	$11,224	$11,651	$12,096
Workers' Compensation	$791,450	$1,028,884	$1,337,550	$1,738,815	$2,260,459	$2,938,597
Medicare	$100,084	$151,135	$156,821	$162,752	$168,939	$175,395
Supplies	$131,949	$176,767	$176,767	$176,767	$176,767	$176,767
Travel	$56,111	$59,065	$59,065	$59,065	$59,065	$59,065
Contract Services/Repairs	$6,660,692	$7,455,843	$8,220,365	$8,828,422	$9,653,587	$10,541,066
Equipment	$151,027	$151,027	$151,027	$151,027	$151,027	$151,027
Other Expenditures	$103,974	$145,000	$145,000	$145,000	$145,000	$145,000
Transfers	$840,589	$0	$0	$0	$0	$0
Total Expenditures	**$22,684,100**	**$23,469,566**	**$25,336,830**	**$27,123,873**	**$29,304,563**	**$31,765,494**
Result of Operations	**$1,533,964**	**($488,134)**	**($7,317,823)**	**($8,535,179)**	**($10,623,999)**	**($13,337,126)**
Beginning Fund Balance	$2,660,591	$3,922,857	$3,434,724	**($3,883,100)**	**($12,418,279)**	**($23,042,278)**
Prior Yr. Encumbrances Appropriated [1]	$992,030	$0	$0	$0	$0	$0
Current Year Encumb.[1]	$1,263,728	$0	$0	$0	$0	$0
Fund Balance	**$3,922,857**	**$3,434,724**	**($3,883,100)**	**($12,418,279)**	**($23,042,278)**	**($36,379,404)**
Cumulative Balance of 2 Mill Levy Renewal	**$0**	**$0**	**$4,883,865**	**$9,799,002**	**$14,723,534**	**$19,657,583**
Fund Balance w/ Renewal	**$3,922,857**	**$3,434,724**	**$1,000,765**	**($2,619,277)**	**($8,318,744)**	**($16,721,821)**
Cumulative Impact of Performance Audit [2]			**$1,564,066**	**$3,206,547**	**$4,926,679**	**$6,733,248**
Fund Balance w/ Impact of the Performance Audit	**$3,922,857**	**$3,434,724**	**$2,564,831**	**$587,270**	**($3,392,066)**	**($9,988,573)**

Source: MMRDD Financial Reports and AOS Projections

[1] Since the impact of prior and current year encumbrances from FY 2000 to FY 2006 is close to zero, they are not projected from FY 2007 to FY 2011.

[2] See the **human resources**, **client services and case management**, and **technology** sections. The savings/costs related to the performance audit recommendations were increased each year based on the corresponding forecast assumption.

When excluding the impact of the performance audit recommendations, **Table 2-2** shows that MMRDD is projected with deficits beginning in FY 2009 even with the renewal of the 2 mill levy. At the conclusion of this performance audit, the voters approved the renewal of the 2 mill levy on May 8, 2007. If the levy was not renewed, the deficit would have been projected to reach approximately $36.4 million in FY 2011, compared to approximately $16.7 million with the passing of the levy. For MMRDD to avoid these projected deficits, it will need to make difficult management decisions regarding potential means for increasing revenues and reducing expenditures. This can be aided, in part, by reviewing and implementing the recommendations in this performance audit. For instance, when including the impact of the recommendations in the performance audit, MMRDD is projected to maintain a positive fund balance at the end of FY 2009. Although the deficits projected thereafter would be lower if the Agency fully implemented each performance audit recommendation, deficits of approximately $3.4 in FY 2010 and $10.0 million in FY 2011 are still projected. Furthermore, approximately 60 percent of the cumulative savings each year is attributable to one recommendation that depends on MMRDD successfully negotiating with local school districts to help support the Agency's school age programs (see **R4.4** in **client services and case management**).

The following lists the major assumptions used to develop the revenue and expenditure projections in **Table 2-2**. At the time the forecast was developed, actual revenues and expenditures for FY 2006 were unavailable. However, as the actual figures for FY 2006 became available during the course of the performance audit, they are used where appropriate and significant to the forecast methodology.

<u>Revenues</u>

Real Estate Property Taxes

MMRDD has 2 operating levies: a 2 mill levy and a 3 mill levy. The 2 mill levy expired in 2006, and accounts for approximately 31 percent of the Agency's property tax revenue. The last of the revenue generated by the 2 mill levy will be received in 2007. Consequently, the property tax line item has been adjusted to reflect the expiration of the levy. The renewal is accounted for in the property tax renewal line item at the end of **Table 2-2**. As stated previously, the voters renewed the 2 mill levy on May 8, 2007. The 3 mill levy will expire in 2010, with the last year of revenue to be received in 2011. Thus, the 3 mill levy is captured in the property tax category throughout the forecast period. A triennial update occurred in 2002, leading to a 4.5 percent increase in real estate property tax revenue for 2003. Collections in FY 2004 and FY 2005 were stable, increasing less than one percent each year. In FY 2005, a complete reappraisal occurred, resulting in an increase in real estate property tax revenues of approximately 3 percent for FY 2006. In accordance with historical trends and to provide a conservative forecast, real estate tax revenues for each levy are projected to increase by 0.5 percent annually. However, a 3 percent increase will be applied to the FY 2009 figures to account for the FY 2008 update.

Tangible Personal Property Taxes

Personal property taxes are taxes levied upon property used in business, such as machinery, equipment, inventory, and furniture. Although personal property tax revenues fluctuate significantly from year to year, the average annual increase was 5.2 percent from FY 1999 to FY 2005. However, House Bill (HB) 66 phases out the tax on tangible personal property. The tax on business and railroad property will be eliminated by 2009, while telephone and telecommunications will be eliminated by 2011. Consequently, tangible personal property tax revenue will be projected by using the lowered assessment rates and the 2004 base year property values. The Ohio Department of Education uses this methodology as well to help school districts project tangible personal property tax revenues during the phase out. MMRDD's local revenue from tangible personal property tax is expected to decline an average of 53 percent for FY 2007 through FY 2010. As with the real estate property taxes, revenue from the 2 mill levy will be accounted for the property tax renewal line item at the end of **Table 2-2**.

Rollback and Homestead Exemption Reimbursement

ORC grants tax relief through two main methods: homestead and rollback reductions. The homestead reduction is tax relief granted to low income, elderly, and disabled homeowners. This is factored as a 2.5 percent reduction. The rollback reduction is tax relief granted through a universal 10 percent reduction in each taxpayer's real property tax bill. The State reimburses local governments for these losses. From FY 1999 to October 2006, this reimbursement averaged 13.4 percent of real property tax revenue collected for the same time period, and ranged from 13.2 to 13.8 percent. However, HB 66 repealed the 10 percent rollback for commercial/industrial real estate, effective tax year 2005 (collections in 2006). For FY 2003 through FY 2005 this represented approximately 24 percent of rollback revenue. The remaining portion of rollback revenue was approximately 11 percent of real estate tax revenue from FY 2003 to FY 2005. Given that the rollback and homestead reimbursement is closely tied to property tax revenue, and based on the elimination of the rollback on commercial/industrial property, rollback and homestead exemption revenue will be projected to be 11 percent of real property tax revenue. The portion of rollback revenue attributed to the 2 mill levy will be included in the property tax renewal line item at the end of **Table 2-2** to reflect the expiration of the levy.

Manufactured Housing

Manufactured housing revenues are from taxes levied on manufactured or mobile homes. Due to the volatility of this line item from FY 1999 to FY 2005 (ranged from a low of $13,380 to a high of $20,664 during this time frame), revenues are forecast to remain at the 2005 level of $14,990.

Tangible Personal Property Tax Reimbursement

As noted above, H.B. 66 phased out the tax on tangible personal property tax. However, H.B. 66 also contained a provision that the State would fully reimburse taxing authorities for lost revenue through 2010, and partially reimburse them from 2011 until 2017. Consequently, ODT estimated the reimbursements for tax authorities using the fixed rate levy amounts as of 2004. This line item is forecast using ODT estimated reimbursements through 2010. ODT has not provided reimbursement estimates for 2011 or beyond. However, HB 66 provides reimbursement of 14/17ths of the full reimbursement for 2011. MMRDD's revenue for FY 2010 will be reduced accordingly to project the reimbursements for 2011. HB 66 indicates that all qualifying fixed-rate levies will be reimbursed due to the accelerated phase-out even if the qualifying levies expire, are reduced, or are not levied for any of these tax years. Therefore, the reimbursement attributable to the 2 mill levy will be included in this line item.

State Aid

State funding for MMRDD mainly comes from ODE and ODMRDD. ODMRDD provides county MRDD boards with an operating subsidy to cover basic operating expenses, along with additional funding for preschool, school age, case management, and transportation). The operating subsidy is paid to a county board based on the number of individuals enrolled in board programs, excluding children enrolled in approved special education units.

State funding for MMRDD was the highest in FY 2000. Although state funding increased in FY 2004, it leveled off in FY 2005. From FY 1999 through FY 2005, the operating subsidy declined significantly. This is primarily due to an overall decline in ODMRDD's budget. In FY 2003, the General Assembly reduced the subsidy line item by 16.7 percent to $41 million. In FY 2004, the subsidy budget was reduced again by 24.7 percent, to $31 million. In 2005, ODMRDD's subsidy budget increased to $35,927,589. MMRDD's operating subsidy revenue would have also increased for FY 2005; however, the Agency elected to use a portion of its funding to offset federal match requirements. For FY 2005-06 and FY 2006-07, the subsidy is budgeted to decrease by 10.4 percent, remaining at $32,193,542 for both fiscal years. The decrease likely contributed to MMRDD's state funding decreasing by 22.2 percent in FY 2006. Overall, the operating subsidy represented approximately 20 percent of state aid in FY 2006, a decrease from 24 percent in FY 2005.

Given that the State has not made any decisions for years beyond 2007, the operating subsidy will be held constant for FY 2007 through FY 2011 at the FY 2006 level. In addition, since the majority of other state funding (e.g. unit funding for preschool, school age, and transportation) is population dependent, and assuming the population remains relatively stable (school age population was 68 and 65 for 2005 and 2006, respectively), the FY 2006 values in these other categories will also be held constant from FY 2007 through FY 2011. However, preschool funding will not be included in the projection because MMRDD has eliminated the program.

During the concluding phase of this performance audit, the Director of Administrative Services indicated that the State 501 subsidy in FY 2007 will increase because the State no longer withholds Medicaid matching funds. As a result, the Agency must write a check to the State for the Medicaid matching funds. While this will raise revenues, it will raise expenditures an equal amount. Because this has a net effect of zero, this reporting change does not impact the projections noted above.

Federal Aid

For FY 1999 through FY 2005, federal funding increased each year, except FY 2004 when there were billing problems within the Agency. The average annual increase in federal funding was 21.2 percent. However, federal funding is expected to decrease dramatically due to the elimination of the Community Alternative Funding Systems (CAFS). CAFS was a type of Medicaid funding designed to help county boards of MRDD pay for services. The program had been in place since 1990. However, as a result of federal concerns over compliance with federal regulations, this funding was discontinued as of June 30, 2005. CAFS funding helped pay for day programs for individuals on a home and community based waiver program, people living in an Intermediate Care Facility for the Mentally Retarded (ICFMR), and therapy services for children in special education classes. For MMRDD, this generated approximately $4 million (73.8 percent of federal funding) in FY 2005. Although funding was eliminated midway through 2005, MMRDD continued to receive CAFS funding into 2005 and 2006. This was mainly due to billing from 2004 that had not been completed that year.

According to ODMRDD and MMRDDD, the remaining federal money will likely remain untouched, which was approximately $1.5 and $1.8 million in FY 2005 and FY 2006, respectively. In FY 2006, MMRDD also collected approximately $1.6 in replacement funding in the form of day habilitation billing, resulting in total federal revenues of approximately $3.4 million in FY 2006, after excluding CAFS funding. Replacement funding is provided through an expansion of the Level One and the Individual Option waivers. Although similar to CAFS, the day habilitation reimbursement will only pay for skills development and support. CAFS funding covered physical therapy, occupational therapy, and speech therapy.

Due to the billing cycles, the elimination of CAFS, and the introduction of replacement funding in FY 2006, federal funding fluctuates widely from year to year, making a reliable assessment of trends difficult. Thus, in order to account for the elimination of CAFS and the additional replacement funding, federal funding will be projected based on the actual revenues for FY 2006 and held constant thereafter. This provides a conservative projection because of the recent funding changes in this category.

Tax Equity Distributions

ORC § 5126.18 established a Tax Equity program. The program helps equalize funding among county boards of MRDD by providing additional funding to tax-poor county boards. For MMRDD, this amounted to $583,068 for FY 2005. The three basic factors in the Tax Equity formula used by ODMRDD are:

- Taxable value of the total of real, public, and tangible property;
- The amount of the adult program cost borne by each county; and
- The number of adults enrolled in adult programs.

For FY 2006 and FY 2007, the total state funding available for the Tax Equity program is $14.5 million per year. This represents a 3 percent reduction from FY 2005. The reduction in the Tax Equity program for FY 2006 appears to have contributed to the reduction in MMRDD's tax equity revenues of approximately $546,000 in FY 2006, which was 6.3 percent lower than FY 2005. However, the phase-out of the taxable value of tangible personal property and the elimination of CAFS will result in an increase in the costs borne by MMRDD. As a result, the Agency should continue to be eligible for these payments. In addition, the elimination of tangible personal property taxes and CAFS will impact every county MRDD in Ohio. While this could cause the State to increase funding for the Tax Equity program, the reduction in FY 2006 and holding funding constant in FY 2007 indicates that the State may not be able to increase funding for the program. Furthermore, although the elimination of tangible personal property taxes would decrease MMRDD's taxable value, the accelerated losses in value will be offset by tax loss reimbursements (see above). Based on these factors and the State making no funding decisions beyond FY 2007, the FY 2006 tax equity distribution received by MMRDD will be held constant in future years.

Tax Loss Reimbursement

Another source of revenue is the reimbursement for revenue lost due to electric deregulation. Senate Bill (SB) 3, which was effective July 1999, reduced the assessment rate on the tangible personal property of electric companies. However, SB 3 also provides reimbursement to local governments for lost revenue. From 2002 through 2006, reimbursement was 100 percent of the lost revenues. However, for 2007 through 2011, reimbursement is set at 80 percent. From FY 2002 through FY 2006, the reimbursement for MMRDD was $219,702. However, due to the provisions within SB 3, the reimbursement will be decreased by 20 percent for the forecast period.

Other Revenues

Other revenues include miscellaneous revenues (i.e. refunds of prior year expenditures, insurance refunds, etc.) and donations. Historically, other revenues have ranged from a low of $48,438 in

FY 1999 to a high of $445,740, in FY 2001. From FY 1999 to FY 2005, other revenues increased each year, with the exception of a 74 percent decrease in FY 2002 and a 2.0 percent decrease in FY 2003. Other revenues increased an average of 91 percent annually from FY 1999 to FY 2005. Based on the trend of steadily increasing revenues after FY 2003, but also remaining conservative due to the makeup of this line item, other revenues are projected to grow 5 percent annually, using FY 2005 as the base year. It should be noted that for FY 2006, other revenues totaled $412,343, exceeding the expected revenue of approximately $304,000.

Transfers In

In FY 2005, MMRDD's Operating Fund received a transfer in the amount of $1,228,725 from the Capital Improvements Fund. The money was then transferred from the Operating Fund to the Reserve Fund. This had no net effect on the fund balance. Excluding FY 2005, transfers in for prior years were immaterial. In fact, no transfers in occurred from FY 1999 to FY 2001. As a result, no transfers are projected through FY 2011.

Expenditures

Personal Services

Personal service expenditures represent the salaries and wages paid to the staff of MMRDD. In FY 2005, personal service expenditures represented 45.3 percent of the total MMRDD expenditures. In response to the elimination of CAFS, MMRDD made reductions in service and staffing levels. In August 2005, MMRDD reduced staffing by 12 employees, and in December 2005, MMRDD reduced staffing levels by an additional 20 employees. This contributed to a reduction in salaries, retirement and insurance expenditures of approximately $2.2 million from FY 2005 to FY 2006. From FY 2000 to FY 2005, personal service expenditures increased by an average of 3.6 percent annually. This includes the staffing reductions in 2005, and reflects past cost of living adjustments (COLAs) and step increases.

The most recent negotiated agreement for the Mahoning Education Association of Developmental Disabilities (MEADD), which expires in FY 2007, contains COLAs of approximately 1 percent for MEADD staff (e.g., instructors, service coordinators, workshop specialists, and secretaries). However, no COLAs were in effect for FY 2005 and FY 2006, and staff on the Less than BA (LBA) to Masters Twelve Month Schedule did not receive any COLAs in FY 2005, FY 2006 and FY 2007. Based on the salary schedules in effect for FY 2007, the average annual step increase for the LBA to Masters Nine and Twelve Month schedules are approximately 5.2 percent, which ranges from an average step increase of 4.3 percent for staff at the Masters plus 20 level to 6 percent for the Bachelors level. Additionally, the average annual step increase in the fiscal clerk and secretary salary schedules are similar at approximately 2.2 percent, while the average annual step increase in the nine month assistant and workshop specialist schedules are similar at approximately 3.6 percent. Moreover, approximately 58 percent of the staff represented by MEADD have reached the maximum/longevity step. Based on the current collective bargaining agreement, these staff members only receive the negotiated COLA increase annually. Of the remaining 42 percent of MEADD salaries not at the maximum/longevity step, 47 percent are instructor/direct program salaries on the LBA to Masters Schedule, 13 percent are secretary/fiscal clerk salaries, and 40 percent are instructor assistant/workshop specialist salaries. For FY 2006, MEADD staff salaries comprised 63 percent of total MRDD salaries.

Using FY 2006 total personal service expenditures as the base year, MEADD salaries will be projected to increase as follows:

- Salaries for staff currently eligible for step increases are projected based on the average step increases in the salary schedules. Specifically, instructor/direct program, secretary/fiscal clerk, and instructor assistant/workshop specialist salaries will be projected to increase 6, 3, and 4 percent per year, respectively. These step increases are slightly higher than the average annual step increases in the current salary schedules in order to account for staff being at varying steps, and the potential for higher step and/or COLA increases that may stem from renegotiations. Furthermore, approximately 56 percent of instructor/direct program salaries not at the longevity step are currently in the BA schedule, which has an average annual step increase of approximately 6 percent. Lastly, as COLAs in FY 2007 were built into the salary schedules, a one percent COLA will be applied to these salaries to be consistent with the current negotiated agreement.

- Salaries at the longevity step will be projected to increase at 3 percent annually. Although this is higher than the COLA projected for other EADD staff, a 3 percent annual increase provides a more conservative projection. It also considers the fact that EADD employees still on the step schedules receive salary increases that, in total, are much higher when compared to staff at longevity. For instance, while staff at longevity received an increase of approximately one percent only once the last three years, staff on the salary schedules received step increase that ranged, on average, from two to six percent annually.

The most recent negotiated agreement with the American Federation of State, County, and Municipal Employee (AFSCME) also expires at the end of FY 2007. For FY 2006, 21.5 percent of MMRDD's total salaries were attributable to AFSCME employees. Per the negotiated agreement, AFSCME employees receive COLAs of approximately 3 percent annually that are built into the salary schedules, in addition to annual step increases. For example, the average annual step increase in the FY 2007 salary schedules for bus drivers, bus aides and custodians was approximately 5.5 percent. Additionally, employees who reach the longevity step (after three years) receive an annual lump sum payment of $300 for years 3 to 4; $450 for years 5 to 9; $700 for years 10 to 14; $950 for years 15 to 19; and $1,200 after 20 years of service. Eighty-nine percent of the staff represented by AFSCME has reached the longevity step on the salary schedule.

AFSCME salaries will be projected based on FY 2006 total personal service expenditures. The forecast will include step increases for the remaining employees not at longevity based on the current salary schedules, as well as the longevity payments for employees at that level by assuming each employee receives the maximum increase in payments ($350) during the forecast period. As the majority of employees are only eligible for the longevity payments based on the current AFSCME agreement, they are only entitled to receive one increase in compensation during the next five years. Moreover, the maximum longevity increase of $350 comprises only approximately 1 to 1.5 percent of the current average salaries for custodians, bus drivers, and bus aides, who encompass the majority of AFSCME staff. Consequently, and in order to remain conservative, the forecast will also include an annual 3 percent COLA for all AFSCME employees.

The remaining 16 percent of salaries are attributable to non-bargaining employees and will be projected to increase at 3 percent annually based on FY 2006 actual expenditures, consistent with the increase for the majority of MMRDD's other staff.

Fringe Benefits

Fringe benefits are the amounts paid by employers for employee benefits such as retirement, health insurance, unemployment insurance, and life insurance. From FY 2000 to FY 2005, insurance expenditures increased by 9 percent annually. However, health insurance expenditures comprised a majority of encumbrances in prior years (see *Encumbrances*). When accounting for encumbrances, health insurance expenditures increased by an average of approximately nine percent annually from FY 2000 to FY 2005. However, the growth in insurance expenditures has slowed from a 28 percent increase from FY 2002 to FY 2003, to a reduction in expenditures of seven percent from FY 2004 to FY 2005. The reduction in FY 2005 insurance costs is due to staffing reductions (see *Personal Services*) and new practices adopted by the Agency. MMRDD created insurance committees that are comprised of the unions and MMRDD staff. According to the Director of Administrative Services, the goal of the committees is to reach mutually agreeable solutions for reducing costs, including requiring employee contributions above those in the current negotiated agreement. MMRDD also employed multiple wellness programs to educate employees about a healthy lifestyle. According to MMRDD's Director of Administrative Services, the Agency was successful in negotiating a zero percent increase in premiums in health insurance for FY 2007. However, to remain conservative and account for unforeseen expenses, the FY 2006 expenditures will be increased by 3 percent to project FY 2007 insurance costs. Thereafter, insurance will be projected to grow at 12 percent annually. This is slightly higher than the average from FY 2000 to FY 2005 in order to account for the impact of staffing reductions in FY 2005. From FY 2000 to FY 2004, the average annual increase in insurance costs was approximately 12 percent. In addition, the State Employment Relations Board reported weighted average increases in premiums for governments in Ohio of approximately 12 percent from 2004 to 2005.

In addition to insurance, MMRDD contributes to the Public Employees Retirement System (PERS), the State Teachers Retirement System (STRS), and Medicare on behalf of Agency employees. From FY 2000 to FY 2005, PERS/STRS contributions averaged 15.8 percent of total salaries. This is higher than the standard contribution rate of approximately 14 percent because MMRDD pays a portion of the employee's required contributions (see **human resources** for more information). Employer retirement contributions for FY 2007 are set at 13.85 percent for PERS and 14 percent for STRS. According to PERS, the employer and employee retirement contributions for local governments increased from 13.7 and 9.0 percent in 2006, respectively, to 13.85 and 9.5 percent in 2007, respectively. They are set to further increase to 14 and 10 percent in 2008, respectively, and are set to remain at these amounts through 2011. According to the STRS Comprehensive Financial Annual Report for 2006, the Retirement Board is pursuing a legislative initiative that would increase both employee and employer retirement contributions by 2.5 percent, phased in over a five year period in 0.5 percent increments. However, because current employee and employer contribution rates are at the maximum allowed by law, legislative action is needed to enact the proposed increases.

From FY 2004 to FY 2006, PERS/STRS averaged approximately 16 percent of salaries. Based on this trend, and to account for the impact of the increases in PERS employer contributions, retirement will be projected at 16.15 percent of total salaries for FY 2007. Thereafter, retirement will be projected at 16.8 percent of total salaries. This accounts for the additional increase to PERS employer contributions set to take effect in 2008, as well as the proposed increases to STRS employer contributions to provide a conservative projection. However, this also assumes that MMRDD maintains the current amounts of the employee retirement contribution that it pays for employees; thereby requiring staff to pay the increase in the respective employee contributions (see **human resources** for more information).

To be consistent with the required contribution rate, Medicare will be forecast as 1.45 percent of salaries for FY 2007 through FY 2011. In FY 2005, unemployment insurance increased to 0.3 percent of salaries. This is attributable to staff reductions in June and September 2005. For FY 2007 through FY 2011, this should decrease since fewer reductions in staffing levels are foreseen. From FY 2000 to FY 2005, unemployment insurance has averaged 0.1 percent of salaries. Therefore, given that additional reductions in staffing levels were not expected at the time of this performance audit, unemployment insurance will be projected at 0.1 percent of salaries for FY 2007 through FY 2011.

In FY 2002, Mahoning County changed workers' compensation rating methods to a retrospective method. As a result, MMRDD did not owe money in that year. However, beginning in FY 2004, workers' compensation expenditures began escalating significantly. More specifically, workers' compensation costs increased by 34 and 41 percent in FY 2005 and FY 2006, respectively. According to a business consultant from the Ohio Bureau of Workers' Compensation (BWC), workers compensation costs are not expected to stabilize for the County in the future. However, MMRDD experienced a net reduction of 21 positions from 2005 through 2006, which could also naturally help lower future increases. Based on this, historical trends and information from BWC, workers' compensation expenditures will be projected to increase 30 percent annually. See the **human resources** section for further analysis of workers' compensation.

Supplies and Materials

This line item includes office supplies, food service supplies, nurses' offices supplies, and technology supplies. Overall, supplies and materials represented approximately 1.0 percent of expenditures in FY 2005. In FY 2000, FY 2001, FY 2002 and FY 2004, expenditures for supplies and materials were relatively consistent, ranging from approximately $178,600 to $186,000. In FY 2003, MMRDD equipped Javit Court, resulting in abnormally high expenditures ($202,545), while expenditures were relatively low in FY 2005 ($130,623) due in part to the loss of CAFS. In order to help lower costs for supplies, MMRDD participates in the Mahoning County Board of Commissioners' contract for office supplies. Supplies are purchased from a vendor selected by bid at the County level. For FY 2006, supplies and materials expenditures are budgeted to be $167,516. According to the Director of Administrative Services, increases stem from the hiring of two additional employees in the Service and Support Department, and the associated new office equipment. However, based on actual expenditures as of October 31, 2006, MMRDD is on pace to spend $145,981 in supplies and materials, which is 12.9 percent lower than the budget. According to the Agency, supplies and materials requests from building and program supervisors must be documented, supported, and needed. Budgets are not expanded simply for inflation. Based on the historical trends and to provide a conservative forecast, supplies and materials will be projected at $176,767, which is the average of expenditures from FY 2000 through FY 2005. While this is higher than FY 2005 and the anticipated expenditures in FY 2006 based on actual activity through October 31, it accounts for potential events that could result in higher expenditures in some future years.

Travel

Included in this line item are reimbursements for mileage, meals, and tolls. Increases depend mainly on mileage reimbursement allowance increases by the IRS. In FY 2005, travel expenditures accounted for 0.2 percent of total operating expenditures. From FY 2000 through FY 2005, travel expenditures increased an average of 8.6 percent annually. However, the rate of increase declined to 1.9 percent for FY 2005. Based on the actual expenditures as of October 31, 2006, MMRDD is on pace to spend approximately $58,164, which would be 5.1 percent lower than FY 2005. In contrast, travel expenditures increased 20.5 percent from FY 2000 to FY 2001, the highest increase the last six years. Given that growth in this line item has leveled off, this line item will be projected at the average of the amounts expended in FY 2003 through FY 2006.

Contract Services/Repairs

Contracted services and repairs is the second largest category of expenditures for MMRDD, comprising 25 percent of operating expenditures in FY 2005. It includes professional services related to the needs of the clients, and all repair and maintenance work. The following are the categories within this area, which explains the forecast methodology and assumption used to project these line items:

- **Contractual agreements:** This category represents the largest area of expenditures under contracted services and repairs. For example, MMRDD's contract with the North East Ohio Network (NEON) is budgeted at $2.7 million for FY 2006. NEON is a council of governments formed to provide a regional effort in administering, managing, and operating programs for certain individuals with developmental disabilities. Participating counties include Trumbull, Columbiana, Geauga, Lake, Mahoning, Medina, Portage, and Stark. Overall, from FY 2000 through FY 2005, contractual agreements expenditures increased an average of 19.4 percent annually. The median increase was approximately 11 percent. The largest increases occurred in FY 2001 and FY 2004, when expenditures increased 55 and 22 percent, respectively. When excluding the FY 2001 increase of 55 percent, the average historical growth rate is 11 percent. For FY 2006, contractual agreements are budgeted to be $4.1 million, an increase of 9.3 percent. According to the Agency, this is primarily due to increased costs for day programming services. MMRDD also indicated that it has little control over these costs because they are driven by the number of individuals participating in the services. See the **client services and case management** section for more information on contracted services.

  In accordance with historical trends, agency contractual agreements are projected to increase 11 percent annually for FY 2007 through FY 2011, using the FY 2006 budgeted amount as the base year. Given the increase of 9.3 percent in expected FY 2006, this projection is conservative. During the course of this performance audit, the actual expenditures for 2006 became available, which showed that actual contracted expenditures plus encumbrances came in at the budgeted amount of $4.1 million.

- **Utilities:** Beginning in FY 2000, utilities increased an average of 5.4 percent per year. In FY 2005, utilities expenditures decreased by 2.7 percent. According to the Director of Administrative Services, the decrease is attributable to making fewer payments in FY 2005. In accordance with historical trends, utilities are projected to increase by 5 percent annually using FY 2006 actual expenditures as the base year. Given that expenditures decreased from FY 2005 to FY 2006, this estimate is conservative.

- **Gasoline:** From FY 2000 to FY 2005, gasoline expenditures increased an average of 14.8 percent per year, with steady increases each year since FY 2002. Therefore, gasoline expenditures will be projected to increase 15 percent annually based on actual expenditures in FY 2006.

- **Professional services:** This area comprises the second largest portion of expenditures under contracted services and repairs. Professional services include attorney services, occupational and physical therapy services, and, as of FY 2005, transportation services for supported employment clients. Professional services fluctuated widely from FY 2000 through FY 2005. Expenditures ranged from a low of $628,725 in FY 2000 to a high of approximately $1.1 million in FY 2004. The average annual increase is 11.9 percent. Given the wide fluctuations in expenditures and in order to account for transportation services not reflected from FY 2000 to FY 2004 expenditures, professional services are projected to increase 5 percent annually, using the FY 2006 budget as the base year. For FY 2006, professional services came in at the budgeted amount of approximately $1.2 million, or 26 percent higher than the actual expenditures in FY 2005. The increase is attributed to the first full year of transportation services for supported employment.

- **Printing costs:** This line item represents expenditures for newsletters, flyers, and business cards. Given the dramatic fluctuations in this line item and the low dollar value, this is projected at the average dollar value from FY 2000 through FY 2005 ($13,169).

- **Advertising costs:** These are the expenses for the advertisement of new positions/openings and requests for proposals. This line item fluctuates widely from year to year, representing a small dollar value. Thus, this line item will be projected at the five year average dollar value from FY 2000 through FY 2005 ($4,152).

- **Capital Improvement:** Costs (such as sealing and striping parking lots, roofing, and plumbing) will be projected based upon the capital improvements plan used by MMRDD. This results in projected expenditures of $24,800 in FY 2007, $128,000 in FY 2008, $7,000 in FY 2009, and $28,000 in both FY 2010 and FY 2011. In the past, capital improvement costs were much higher; however, due to the major renovations at the Leonard Kirtz School, the Board Offices, and Javit Court, maintenance costs will likely decrease. Additionally, costs are lower because the Agency has proactively scheduled preventative maintenance.

- **Treasurer/Auditor fees:** This includes expenditures for services provided by County officials, such as the collection of taxes and other functions. Since 2003, expenditures have remained stable, averaging $282,169. Thus, costs are projected as an average of fees charged from FY 2003 to FY 2005 ($282,169).

- **Repair and maintenance:** These costs include maintenance agreements (e.g. alarm systems, sprinkler and fire extinguisher maintenance), maintenance supplies and materials, vehicle maintenance, and general repair and maintenance costs (e.g. expenses under $10,000). Historically, repairs and maintenance have been fairly stable, averaging a 2.4 percent annual increase from FY 2000 through FY 2005. Excluding FY 2005 when repairs and maintenance ($423,510) decreased by 2.7 percent, expenditures increased an average of 5.7 percent annually from FY 2000 to FY 2004. Thus, in order to be conservative, repairs and maintenance expenditures are projected to increase by 5 percent annually, using the FY 2006 actual expenditures as the base year because they deviated significantly from the budget.

Equipment

Historically, this line item has exhibited dramatic fluctuations, which are the result of changes in items coded in this line item. For example, MMRDD purchased two vans and three buses in FY 2003. However, in FY 2004, MMRDD transferred the bus lease/purchase program to the capital projects fund, resulting in a decrease of 56.2 percent for that year. Although this line item has increased by an average of 59.5 percent annually, expenditures have decreased each year since FY 2003 to $112,864 in FY 2005, and would have decreased to approximately $74,701 for FY 2006 if accounting practices had not changed. Thus, the FY 2006 actual amount will be held constant for each year of the forecast.

Other

Other expenditures include liability insurance, lodging/seminar expenses, and organizational dues paid on behalf of employees. This line item fluctuates from year to year, making an accurate projection difficult. Historically, other expenditures averaged approximately $145,000 per year for FY 2000 through FY 2005. Consistent with historical trends, this line item will be held constant for FY 2007 through FY 2011 at $145,000. Although this amount is higher than FY 2005 and FY 2006, it encompasses future increases in costs and unforeseen costs.

Transfers Out

As shown in **Table 2-1**, MMRDD's ending fund balances were significantly lower in FY 2004 and FY 2005, when compared to prior years. This is primarily due to the establishment of special funds. These funds include a Capital Projects Fund and a Reserve Fund. In FY 2004, MMRDD transferred a total of approximately $6.0 million to establish or increase cash levels in these funds. The following explains the other funds:

- The Reserve Fund is primarily used to stabilize the budget. It is used to pay for known obligations. These obligations include staff severance, the 27th pay phenomenon, and the Medicaid Risk Fund. In FY 2004, the Reserve Fund balance increased from zero to $1.6 million, and increased again in FY 2005 to $2.6 million. The reasons for the increases are as follows:

- **Residential Services Emergencies:** MMRDD's informal practice is to set aside \$500,000 for any residential emergencies that may arise.

- **Staff Severance:** The balance for staff severance is to be maintained at 80 percent of the 2005 known obligation for payouts to retirees (vacation, sick leave, personal leave). In 2005, MMRDD transferred \$874,960 for staff severance to bolster the balance. Based on information provided by the Agency, the 2005 staff severance total was \$1.7 million. If funded at 80 percent, this would equal \$1.3 million. The current amount set aside for staff severance is \$1.3 million.

- **The 27th pay and benefits expense:** MMRDD expects that, in 2011, a 27th pay will occur. Therefore, MMRDD is estimating the amount needed to cover this is the equivalent of the current bi-weekly payroll. This amount would be approximately \$639,340, based upon 2005 expenditures. MMRDD has set aside \$600,000.

- **Medicaid Risk Fund:** Until June 30, 2006, OAC 5123:1-5-02 required MRDD's to deposit funds into a Medicaid Risk Fund. Based on an ODMRDD letter dated December 3, 2004, this amount totaled \$161,473, and covered all deposits from 2000 through 2004. In FY 2005, a transfer of \$161,473 from the Variable Surplus Account, within the Capital Projects Fund, to the Operating Fund, and then from the Operating Fund to the Reserve Balance Fund was made to establish the Medicaid Risk Fund Account. While House Bill (H.B) 530 repealed this requirement, the Agency still has the \$161,473 set aside. Although no formal decisions have been made, the Director of Administrative Services stated that the funds will not be used to cover operating expenditures, but will be used instead to boost either the Reserve Fund balance or the Capital Projects fund balance.

- The Capital Projects Fund exists specifically for the repayment of the bond debt, as well as other miscellaneous capital improvement projects. In FY 2004, MMRDD transferred approximately \$4.7 million from the Operating Fund to the Capital Projects Fund. The transfer was to cover the repayment of bond principal for the re-roofing of the Leonard Kirtz School, repaving the Meshel parking lot, and the costs associated with the construction of a facility at Javit Court. Money in the Capital Projects Fund was also used for Board Office expansion. According to the Director of Administrative services, these monies came from local revenue sources.

- The Bond Proceeds Fund is a repository for the income generated through the bond issuance in 2004.

In FY 2006, approximately \$540,000 was transferred to the Capital Projects Fund to cover the cost of new buses, and approximately \$300,000 was transferred to the County Debt Service Fund to cover the cost of principal and interest payment on the Agency's bond issuance. Of this

$300,000 total, approximately $108,000 came from the Operating Fund to cover interest, and $197,000 came from Capital Projects to fund the cost of principal. Given that it is unlikely any additional funds will be needed in the reserve fund based on the substantial transfers in prior years, transfers-out occurred inconsistently during the historical years, and MMRDD has sufficient funds to repay the bond debt, no transfers are projected.

It should be noted that setting aside money for contingencies, and using carry-over funds to bolster the Reserve Fund balance, are informal practices developed under the Financial Management Plan (Plan) and not specified by Board policy. Consequently, the Reserve Fund could be eliminated with a change in administration. The failure to formalize these practices also increases the risk that the level of monies maintained in the Reserve Fund is inappropriate and/or does not align with the Board's intent (see **R2.4**). In addition to the aforementioned funds, MMRDD maintains a student activities fund, a state grants fund, a federal grants fund, and an underground storage tank fund (UST). The student activities fund was established to handle donations and other miscellaneous cash receipts. For 2006, expenditures are budgeted to be $10,000. In 2005, the state grants fund and the federal grants fund had expenditures of $147,976 and $88,118, respectively. In 2006, these funds are budgeted for $144,472 (state grants fund) and $107,409 (federal grants fund). The UST fund has an annual balance of $11,000, which is the amount required for the insurance deductible in the event of a leak or other problem.

MMRDD Program Expenditures

Table 2-3 compares MMRDD's costs for programs from FY 2004 to FY 2005.

Table 2-3: FY 2004 and FY 2005 Expenditures per Program

	2004	2005	Percentage Change
Child Programs	$5,254,892	$5,112,244	(2.7%)
Adult Programs	$12,786,348	$13,853,786	8.3%
Case Management	$1,933,579	$2,062,567	6.7%
Community/Residential	$3,405,877	$2,859,816	(16.0%)
Family Resources	$345,610	$347,427	0.5
Total	**$23,726,306**	**$24,235,840**	**2.1%**

Source: 2004 and 2005 Mahoning County MRDD Cost Reports
Note 1: MMRDD's financial data in the cost reports was reconciled to the Mahoning County financial data (see **Table 2-1**) for 2004, and Mahoning County data was reconciled to the financial audits (2003 and 2004), to ensure reliability. Additionally, MMRDD's reconciliation of its cost reports to the County's financial reports was reviewed for 2004 and 2005.
Note 2: Due to differences in reporting, financial data presented in **Table 2-3** will not tie exactly to financial information presented in **Table 2-1**.

As shown in **Table 2-3,** MMRDD's program expenditures increased 2.9 percent from FY 2004 to FY 2005. Explanations for significant changes are as follows:

- The 2.7 percent decrease in children's program expenditures is attributable to the phasing out of programs offered by MMRDD. Early intervention and preschool programs were phased out beginning in FY 2005 due to their high cost of operation. Clients were referred to other programs, such as the Mahoning County Help Me Grow program and the Mahoning County Educational Service Center.

- From FY 2004 to FY 2005, adult program expenditures increased by 8.3 percent. This is primarily attributable to increases in direct services. Direct services include salaries, employee benefits, service contracts, and miscellaneous expenditures. Of these categories, service contract expenditures increased from $556,741 in FY 2004 to $1,092,542 in FY 2005. According to the Agency, in FY 2004, MMRDD had one provider for adult services, with a contract cost of $420,000 that increased to $716,100 for FY 2005. This was primarily due to an increase in provider rates, as well as an increase in the number of individuals receiving services from 658 to 668 (see **case management and client services** section for further analysis). In addition, MMRDD contracted with two new providers of adult services, for a total additional cost of $324,525. Also, a transportation cost increase of $274,876 occurred from 2004 to 2005. This is attributable to a rise in fuel costs and an additional service contract. According to the Director of Administrative Services, the Agency began contracting for supported adult employment transportation at the end of 2005. In 2005, the transportation contract covered the period from September 26 through December 31, for an additional cost of $81,250.

- Case management costs increased by 6.7 percent. This is the result of increases in overall salaries, benefits, service contracts, and miscellaneous expenses. According to the Director of Administrative Services, case management is one of the fastest growing departments at MMRDD. In FY 2004, MMRDD employed 15 Service and Support Administrators (SSAs), which increased to 16 in FY 2005 and to 20 SSAs in FY 2006.

- From FY 2004 to FY 2005, community/residential expenditures decreased by 16 percent because residential emergencies are now paid from the Reserve Fund.

Peer Comparisons of Revenues and Expenditures

As shown in **Table 2-4**, MMRDD has three major sources of revenue: local taxes, and state and federal subsidies and grants. The majority (64 percent) of MMRDD's revenues are derived from local sources. These sources include local tax levies, personal property taxes, manufactured housing taxes, and rollback income. For FY 2005, local revenue totaled over $17 million.

Table 2-4: Sources of Revenue for FY 2005

	MMRDD	% of Total	CMRDD	% of Total	SMRDD	% of Total	WMRDD	% of Total	Peer Avg.	% of Total
Local	$17,140,474	63.9%	$8,003,057	48.8%	$38,969,758	68.2%	$18,188,209	74.3%	$21,720,341	63.7%
State	$2,083,138	7.8%	$2,087,183	12.7%	$8,635,607	15.1%	$1,095,837	4.5%	$3,939,542	10.8%
Federal	$5,015,657	18.7%	$3,624,648	22.1%	$8,359,751	14.6%	$3,867,674	15.8%	$5,284,024	17.5%
Other	$2,583,569	9.6%	$2,688,862	16.4%	$1,212,654	2.1%	$1,335,460	5.5%	$1,745,629	8.0%
Total	**$26,822,838**	**100%**	**$16,403,750**	**100%**	**$57,177,680**	**100%**	**$24,487,180**	**100%**	**$32,689,537**	**100%**

Source: 2005 ODMRDD Cost Reports
Note 1: MMRDD's financial data in the cost reports was reconciled to the Mahoning County financial data (see **Table 2-1**) for 2004, and Mahoning Count data was reconciled to the financial audits (2003 and 2004), to ensure reliability. MMRDD's reconciliation of its cost reports to the County's financial reports was also reviewed for 2004 and 2005. Peer data was not tested.
Note 2: Due to differences in reporting, financial data presented in **Table 2-4** will not tie exactly to financial information presented in **Table 2-1**.

As shown in **Table 2-4**, MMRDD's local revenues comprise approximately 64 percent of total revenues, which is similar to the peer average and lower than two of the three peers. However, state funding comprises a lower percentage, 7.8 percent of total revenues, when compared to the peer average of 10.8 percent. Although MMRDD's federal funding percentage was higher than the peer average in FY 2005, the elimination of CAFS will reduce MMRDD's overall revenue. Consequently, when coupled with the lower percentage of revenues attributable to state funding, MMRDD will have a greater dependency on its local revenue in the future.

Table 2-5 compares MMRDD's FY 2005 program costs on a per Average Daily Membership (ADM or individual served) basis to the peers.

Table 2-5: FY 2005 Expenditures Per ADM

	MMRDD	CMRDD	SMRDD	WMRDD	Peer Average
Child Programs	$33,633	$13,855	$21,664	$10,349	$15,289
Adult Programs	$20,739	$15,162	$21,450	$17,900	$18,171
Case Management	$3,526	$5,909	$2,494	$2,603	$3,669
Other Programs [1]	$4,569	$3,992	$3,498	$7,098	$4,863
Total	$11,503	$10,329	$8,767	$8,717	$9,271

Source: 2005 Cost Reports and Unduplicated ADM Counts provided by the county MRDD agencies.
Note 1: MMRDD's financial data in the cost reports was reconciled to the Mahoning County financial data (see **Table 2-1**) for 2004, and Mahoning Count data was reconciled to the financial audits (2003 and 2004), to ensure reliability. MMRDD's reconciliation of its cost reports to the County's financial reports was also reviewed for 2004 and 2005. Peer data was not tested.
Note 2: Due to differences in reporting, **Table 2-5** will not tie exactly to financial information presented in **Table 2-1**.
[1] Community/Residential, Family Resources, and Waiver Administration categories were combined due to coding differences within these categories, thereby providing a more reliable comparison to the peers.

As shown in **Table 2-5**, MMRDD's expenditures per ADM in the children's program are over two times higher than the peer average, which primarily contributes to the Agency's total expenditure per ADM being higher than each peer. **Table 2-6** provides a breakdown of expenditures per ADM for children's programs by age group for MMRDD and the peer agencies.

Table 2-6: FY 2005 Children's Programs Expenditures

	MMRDD	CMRDD	SMRDD	WMRDD	Peer Average
Early Intervention	$18,507	$8,402	$12,002	$8,791	$9,731
Pre-School	$56,733	$0	$38,692	$7,117	$22,904
School Age	$47,822	$34,279	$93,181	$26,474	$51,311

Source: 2005 Cost Reports
Note 1: Clermont MRDD does not offer pre-school programs.
Note 2: As **Table 2-5** uses costs and ADM per type of children's program, the ratios can not be reconciled with **Table 2-4**.

As shown in **Table 2-6**, MMRDD spends more per individual served than the peer average for each category except school age. However, MMRDD expenditures per individual served in the school age category is higher than CMRDDD and WMRDD. SMRDD's significantly higher expenditures per individual served in the school age program skews the peer average.

The expenditures per individual served in each category are due primarily due to expenditures for direct services. More specifically, MMRDD spent approximately $8,698 for direct services per individual served in the early intervention category, which is significantly higher than the peer average of $4,788. Likewise, MMRDD spent approximately $29,057 in direct services per individual served in the pre-school program, which is more than double the peer average expenditures per individual served. For the school age category, MMRDD spent $24,819 per individual served for direct services, compared to the peer average of $23,726. However, SMRDD's expenditures per individual served are significantly higher than the other peers, thus skewing the average upwards. Without SMRDD, the peer average would be approximately $19,000 per individual served for direct services. Direct services include salaries, benefits, service contracts, and miscellaneous expenditures. Based on MMRDD's 2005 Cost Report, the majority of direct service costs are attributable to salaries and benefits. Based on analyses in the **human resources** section, the higher children's services expenditures per ADM are due to MMRDD employing more staff per 1,000 ADM with higher average compensation levels, when compared to the peer average. See the **human resources** section of this report for further analysis of salaries and benefits; and **client services and case management** section of this report for program and staffing analyses. It should be noted that, for both early intervention and preschool, MMRDD recognized that these programs required a significant amount of expenditures and took steps to transfer them to State run programs, such as Help Me Grow.

As indicated in **Table 2-5**, that MMRDD's adult program expenditures per ADM are higher than the peer average. Considering that 51 percent of total adult program expenditures are attributable to salaries and benefits, and adult program staffing levels per 1,000 ADM are lower than the peers, the higher adult program expenditures per ADM appear to be due primarily to providing higher compensation levels for adult program staff (see **human resources**).

Table 2-5 also shows that although MMRDD's case management expenditures per ADM are slightly lower than the peer average, they are higher than both SMRDD and WMRDD. This is primarily due to direct service expenditures because they comprise 68 percent of MMRDD's total case management expenditures. Specifically, MMRDD's direct service expenditures per ADM of $2,409 are higher than both SMRDD ($1,930) and WMRDD ($1,837), although they are lower than CMRDD ($5,128). As salaries and benefits comprise 91 percent of MMRDD's direct services, the higher case management expenditures per ADM are due to employing more service and support staff per 1,000 ADM at higher compensation levels (see **human resources**). However, MMRDD's ongoing caseload size contributes to the higher service and support staffing levels per 1,000 ADM (see **client services and case management**).Of MMRDD's total case management expenditures, approximately 83 percent is attributable to salaries and benefits, which includes direct services and program supervision.

Table 2-5 further shows that MMRDD's cost per individual served for other programs is below the peer average. However, it is higher than CMRDD and SMRDD. This is due to the contract with the Northeast Ohio Network (NEON). NEON provides quality assurance reviews of providers and oversees family support services, provides backup for Major Unusual Incident (MUI) reviews and assessments, and oversees waiver program administration (Medicaid). See further analysis of MMRDD programs and contracts within the **client services and case management** section of this report.

Table 2-7 compares MMRDD's total operating expenditures per ADM, by object, for FY 2005, to the peers.

Table 2-7: FY 2005 Expenditures Per ADM by Category

	MMRDD	CMRDD	SMRDD	WMRDD	Peer Average
Salaries	$5,358	$5,474	$4,100	$3,652	$4,409
Insurance	$1,339	$738	$845	$882	$821
Retirement	$855	$749	$542	$495	$596
Unemployment	$16	$28	$4	$20	$17
Workers' Compensation	$267	$84	$63	$24	$57
Medicare	$55	$63	$39	$50	$51
Supplies	$62	$237	$178	$186	$201
Travel	$29	$79	$55	$30	$55
Contract Services & Repairs	$2,936	$1,809	$1,647	$2,222	$1,893
Rentals	$0	$0	$85	$98	$61
Equipment	$54	$5	$178	$35	$73
Transfers	$799	$321	$745	$1,307	$791
Other	$67	$63	$52	$123	$79
Total	**$11,836**	**$9,652**	**$8,533**	**$9,123**	**$9,103**

Source: County Board of MRDD Year End Financial Reports
Note: MMRDD's revenues and expenditures were reconciled to Financial Audits (2003 and 2004) of Mahoning County to ensure validity and reliability. Peer data was not tested, although it was reviewed and grouped to provide valid comparisons.

Table 2-7 shows that MMRDD's salary expenditures per ADM are significantly higher than the peer average. The higher expenditures are primarily the result of higher compensation levels paid by MMRDD in some categories and employing more total staff per 1,000 ADM, when compared to the peers. As a result of the higher salary expenditures and the payment of the employees' share of the retirement contribution, MMRDD's retirement expenditures per individual served are higher as well. However, as mentioned previously, MMRDD reduced positions during 2005, resulting in a reduction of 12 percent in salary expenditures in 2006. Assuming ADM remained relatively constant in FY 2006, this reduces the salary expenditures per ADM to $4,720. Although this is closer to the peer average when compared to 2005, it is still higher than SMRDD and WMRDD. **Table 2-7** also shows that MMRDD's expenditures for insurance and workers' compensation are higher than the peers. See the **human resources** section of this report for additional information and recommendations regarding the salary and benefit expenditures.

The majority of the remaining expenditures are below the peer average. While MMRDD's equipment expenditures per ADM are higher than two of the three peers, this is offset by the Agency's much lower supply expenditures per ADM. However, MMRDD's expenditures for contracted services and repairs per ADM are 55 percent higher than the peer average. This is partially due to the peers' use of other funds to account for some contracted services and repair costs, in addition to the respective general operating funds. When comparing total service contract costs from MMRDD and the peers' 2005 cost reports, MMRDD's service contract costs per ADM of $2,313 was only three percent higher than the peer average ($2,241). When accounting for the impact of case management expenditures and ADM on these ratios, MMRDD's service contract costs per ADM become five percent lower than the peer average. See the **client services and case management** section of this report for additional information and recommendations regarding contracted services.

Assessments Not Yielding Recommendations

In addition to the analyses presented in this section, assessments were conducted on other aspects of financial systems, which did not warrant changes and did not yield recommendations. These areas include the following:

- **Internal Controls:** MMRDD has established internal controls in line with guidelines from the American Institute of Certified Public Accountants (AICPA). Specifically, the Agency segregates duties (e.g., individuals within the Agency who need to make a purchase are not the individuals authorizing the purchase), requires Board approval of large dollar purchases, tracks internal expenditures, and reconciles internal financial information to the Mahoning County Auditor's financial information. MMRDD is also included in the Mahoning County Financial Audits, and has not received any citations or comments in either the FY 2002-03 or the FY 2003-04 audits.

- **Ethics Policy:** When coupled with the County's ethic policies, MMRDD has sufficient policies in place to govern employee behavior. These include: anti-nepotism, confidential information, tardiness, misuse of equipment, gambling, outside employment, and a statement of core values.

Noteworthy Accomplishments

The following are noteworthy accomplishments identified during the course of the performance audit of MMRDD's financial systems:

- **Budget Practices:** MMRDD meets GFOA recommended practices for budget preparation, administration, and oversight. Specifically, MMRDD allows participation in the budget process by building and department supervisors. The Agency provides a budget package to the supervisors that includes budget due dates, budget hearing dates, and detailed instructions and guidelines along with examples of proper completion. Additionally, the Director of Administrative Services reviews expenditures on a monthly basis and provides monthly feedback to supervisors to inform them of their budget status. In order to modify the budget, a building or department supervisor must contact the Superintendent and the Director of Administrative Services to gain approval. Furthermore, the budget document presents a variety of information, including the estimated revenues for a given year, breakdowns of expenditures by line item (i.e. salaries, supplies, etc.), variances from the prior fiscal year, explanations of major areas of expenditure, and appendices listing the equipment budget, major contracts, and a graphical breakdown of expenditures by category (e.g. supplies, utilities, retirement, etc.).

- **Community Involvement:** MMRDD routinely surveys community members and holds annual planning meetings that are open to the public in order to obtain stakeholder input. By obtaining stakeholder input, MMRDD better ensures that its clients continue to receive services they need and desire, and that the Agency receives continued support for its operations.

- **Financial Management:** MMRDD maintained positive fund balances each year from FY 2000 to FY 2006 (see **Tables 2-1** and **2-2**). They ranged from a high of approximately \$7.8 million in FY 2000 to a low of approximately \$351,000 in FY 2004. However, excluding the FY 2004 transfers out that were used to establish reserve and other funds (see *Transfers-Out* discussion on page 2-18 to 2-19), MMRDD's fund balance in the Operating Fund would have been approximately \$6.6 million. In addition, the ending fund balance of approximately \$3.9 million at the end of FY 2006 equates to approximately 16 percent of total revenues in FY 2006.

In response to the elimination of CAFS funding, MMRDD reduced staffing levels during FY 2005. This contributed to the reductions in operating expenditures of approximately one and six percent in FY 2005 and FY 2006, respectively, after excluding transfers out. More specifically, the combined salary, retirement and insurance expenditures decreased by approximately $24,000 in FY 2005 and $2.2 million in FY 2006. Furthermore, MMRDD negotiated no COLAs for FY 2005 and FY 2006 for all EADD staff. Staff on the Less than BA (LBA) to Masters Twelve Month Schedule also will not receive a COLA in FY 2007, while remaining EADD staff will receive only a one percent COLA. This will help address the relatively high salary levels for EADD staff (see **human resources**).

Recommendations

Planning

R2.1 MMRDD should create a multi-year strategic plan linking service goals and objectives to costs, which could be accomplished by expanding and combining/linking the Annual Plan and financial management plan. The plan should consist of various components, such as an analysis of financial trends; action steps to address identified problems or opportunities; and a long-term forecast of revenues and expenditures. A multi-year strategic plan would help ensure that MMRDD is able to fund items based on the mission, goals and objectives addressed in its Annual Plan. MMRDD also should annually assess progress made towards meeting its goals. Additionally, MMRDD should establish goals in measurable terms to help assess progress and goal attainment.

The Agency should create and adopt formal policies and procedures guiding the development of revenue and expenditure forecasts and assumptions, which include identifying stakeholder's concerns, needs, and priorities, and establishing a timeline for review and completion. In accordance with the policies, the Director of Administrative Services should actively solicit input from key stakeholders in developing revenue and expenditure projections, including the Superintendent and Board members. Doing so would help strengthen consensus and ownership of the forecast. In addition, MMRDD should review and consider using the revenue and expenditure projections developed by AOS (see Background) as it begins to develop future forecasts.

During the course of this performance audit, MMRDD began the process of developing a comprehensive, multi-year strategic plan. In August 2006, the Agency had a meeting involving supervisors and administrators to lay out ideas for the strategic plan. The meeting's focus was the basic building blocks of a strategic plan: mission statement, objectives, core values, and action steps to carry out the objectives.

MMRDD does not have a comprehensive multi-year strategic plan. Instead, it has in place two separate plans: an annual financial management plan and an annual agency plan (Annual Plan). The financial management plan provides a summary of major financial events from the previous year that would likely impact the current year. In addition, the financial management plan highlights fund balances and major changes in financial reporting that will be occurring, and provides a brief description of the budgeting process. The financial management plan does not contain an analysis of historical trends, a long-term projection of revenues and expenditures, or action steps to address problems or opportunities. The Annual Plan, prepared in accordance with Ohio Administrative Code (OAC) § 5123:2-1-02, provides priority goals and secondary goals for each program area (e.g. children's programs, adult programs, and family support services) for the current or succeeding fiscal year. The Annual Plan also provides a brief overview of current service levels. In addition to these plans, MMRDD projects lease costs for buses through 2014, as well as the number and related costs of buses that will be purchased in each year through 2018. Furthermore, MMRDD maintains a capital improvement schedule that details various planned activities through 2010, including parking lot repaving and HVAC replacement. Finally, MMRDD has already set aside money for the 27th pay that will occur in 2011, which is expected to cost approximately $639,000.

While the Agency maintains the above-mentioned plans, MMRDD does not link the financial management plan to the Annual Plan to establish an overall strategic plan. In addition, MMRDD does not set measurable goals for either plan, nor does it link its annual planning goals to potential costs for achieving those goals. Furthermore, both plans are limited to the current or succeeding year. Although MMRDD demonstrates progress toward achieving some of its goals, it does not use the Annual Plan as a tool in achieving all of its goals and objectives. More specifically, the accomplishments in MMRDD's Annual Plans for FY 2004 through FY 2006, in most instances, correspond to areas listed as priority goals for MMRDD in the prior fiscal year's Annual Plan. However, the majority of accomplishments in the 2006 Annual Plan focused on the successful continuation of services despite the loss of CAFS funding, rather than linking to priority or secondary goals from the 2005 Annual Plan.

MMRDD does not have consistent or efficient policies and procedures to guide the creation of a financial forecast. Until 2004, MMRDD conducted a five-year forecast of revenues and expenditures that was updated annually. According to the Director of Administrative Services, there were no guiding policies or procedures for the creation of the forecast. Projections were made for a six year period into the future. After a fiscal year was completed, the actual revenues and expenditures were input into the forecast, which then updated the remaining years in the projection. The Superintendent had final comment on the forecast, and stakeholders were not involved. The forecast process was largely abandoned in 2004, and no updates have been made since that time.

According to the Government Finance Officers Association (GFOA), governmental entities should use some form of strategic planning to provide a long-term perspective for service delivery and budgeting. GFOA also recommends that entities monitor progress towards the achievement of planned goals at regular intervals. Organizations should develop systematic review processes to evaluate the extent to which strategic goals have been met. In the strategic planning process, GFOA recommends the development of measurable objectives and inclusion of performance measures. Objectives should be expressed as quantities or at least as verifiable statements, and should ideally include time frames. Performance measures provide information on whether goals and objectives are being met, and provide an important link between the goals in the strategic plan and activities funded in the budget. See the **client services and case management** section for more information on performance measures.

GFOA further indicates that an important complement to the strategic planning process is the preparation of a long-term financial plan, prepared concurrently with the strategic plan. A government should have a financial planning process that assesses the long-term financial implications of current and proposed policies, programs, and assumptions and that develops appropriate strategies to achieve its goals. The planning process results in the preparation of a financial plan consisting of various components such as an analysis of financial trends; an assessment of problems or opportunities facing the jurisdiction and actions needed to address these issues; and a long-term forecast of revenues and expenditures that uses alternative economic, planning, and policy assumptions. The financial plan identifies key assumptions and choices related to achievement of goals. The plan may be summarized in the budget document or in a separate report. It should be available to decision makers for their review in making choices and decisions related to the budget process. It should also be shared with stakeholders for their input. GFOA also recommends that governments adopt policies that support a financial planning process. In particular, GFOA recommends that an entity have a process for achieving consensus on a revenue forecast, which is more likely to remove the forecast from ongoing dispute and keep the budget process on track. The process of achieving consensus helps ensure a critical review of assumptions underlying the forecast.

By not linking the financial management plan to the Annual Plan, the Agency increases the risk of not fully considering the costs of various initiatives. This is particularly important given the recent elimination of CAFS funding. Without gauging and communicating the progress in attaining goals, it becomes difficult to adequately plan for future needs and identify which areas warrant changes in resources. For example, if a goal is met in one service area, additional funds could be allocated toward achieving other goals. Moreover, the lack of goals defined in measurable terms could prevent MMRDD from determining whether and when goals have been successfully attained. Lastly, the reliance on plans that extend out for only one year and the failure to forecast revenues and expenditures increases the likelihood that MMRDD will fail to consider and effectively plan for key issues that can impact its future operational and financial stability.

Policies and Procedures

R2.2 MMRDD should routinely audit inventories submitted by department supervisors to the Board Office. Furthermore, the Agency should reduce the threshold for fixed asset inventory to, for example, those items valued at over $1,000. Reducing the threshold and adopting auditing processes for its fixed asset inventory would help

decrease the risk of misuse or theft, and would demonstrate increased accountability.

MMRDD has one policy which governs inventories. The policy defines an asset as having a minimum value of $5,000, plus a useful life exceeding one year. The inventory policy requires a perpetual inventory to be kept, with each asset being tagged. However, according to the Director of Administrative Services, MMRDD is not following the policy in its entirety. Specifically, items are no longer tagged and MMRDD relies on an honor system to prevent misuse or theft. At the end of the fiscal year, the Director of Administrative Services forwards a list of all items over $5,000 in value to department supervisors. The supervisors are responsible for visually confirming that the item is still possessed by the Agency. However, the Board Office does not audit the inventory sheets returned for accuracy. Also, the Director of Administrative Services indicated that the County ceased providing tag labels due to staffing changes, but that the County now has an employee who prepares and distributes tags for newly acquired assets.

According to MMRDD's equipment budgets for 2003, 2004, and 2005, the Agency listed several of the same items for purchase in multiple years. For example, MMRDD lists a Hoyer lift (value $4,950) for purchase for the Meshel MASCO Health Office in 2003. The Hoyer lift is listed for purchase again in 2004. Also, MMRDD lists recliner chairs for the Bev MASCO facility for each year for 2003 through 2005. While the Director of Administrative Services was able to explain the multiple purchases, the lack of consistency in maintaining an inventory prevents the Agency from accurately accounting for its assets, including turnover. This subsequently hinders MMRDD's ability to fully ensure that items are not misused or misplaced. Furthermore, most items (84 percent of the 2005 budget and 88 percent for 2006) listed for purchase in the equipment budget are below the $5,000 threshold established by policy. Consequently, these items are not tracked for inventory purposes, thus increasing risk of misuse, theft, or loss.

According to GFOA, it is essential that governments establish and maintain appropriate inventory systems for tangible capital assets. Such systems are needed to protect tangible capital assets from the danger of loss or misappropriation. Many governments have installed perpetual inventory systems to maintain effective control over their tangible capital assets. Perpetual inventory systems are constantly updated to reflect additions and deletions of tangible capital assets, thus providing managers with direct access throughout the year to reliable information on current balances in tangible capital asset accounts. Although a sound perpetual inventory system for tangible capital assets can relieve a government of the burden of performing an annual inventory, this system still requires periodic verification to ensure that it is continuing to function as designed.

Additionally, the Ohio Department of Administrative Services' General Services Division's Asset Management Policies and Procedures require agencies to maintain current and accurate inventory records for personal property exceeding $1,000 (furniture, fixtures, equipment) and for sensitive property exceeding $500 (A/V equipment, communication equipment, data processing equipment, popular items highly vulnerable to theft).

In the absence of appropriate policies and procedures to ensure an accurate inventory, MMRDD is not demonstrating accountability for Agency purchases. As a result, the Agency is unable to fully ensure that its fixed assets are not misused, misplaced, or stolen, especially since the $5,000 threshold results in a majority of items not subject to inventory requirements. Additionally, being unaware of items in inventory increases the potential of maintaining surplus, unused or unneeded items in inventory; making unneeded expenditures for items already owned; missing opportunities to increase revenues by selling excess inventory.

R2.3 MMRDD should create formal policies to govern the issuance of debt. The policy should limit the amount of outstanding debt, establish purposes for which debt may be issued, and include methods of payment and tracking. Creating and adhering to a debt policy helps ensure that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

Neither MMRDD nor the County has a debt management policy. Debt, such as bond debt or H.B. 300 loans, is researched, with costs documented. The Director of Administrative Services and the Superintendent, along with necessary staff, discuss the needs of MMRDD and the feasibility of projects. If the estimated cost of projects exceeds operating revenue, MMRDD considers issuing debt. For example, MMRDD participated in the Mahoning County Commission's issuance of bond debt in January 2004 in order to finance the re-roofing of Leonard Kirtz School, the resurfacing and re-striping of the Meshel workshop parking lot, and costs for the start up of the habilitation center at Javit Court. Debt for these projects is paid through the Capital Improvement Fund. MMRDD is also considering using energy conservation loans made available under H.B. 300 to replace windows and boilers at certain facilities. The Director of Administrative Services is working with local contractors to determine the cost of the project, prior to discussion with the Board.

According to GFOA, a government should adopt policies to guide the issuance and management of debt. Elements of policies on debt issuance and management include purposes for which debt may be issued; matching of the useful life of an asset with the maturity of the debt; limitations on the amount of outstanding debt; types of permissible debt; structural features, including payment of debt service and any limitations resulting from legal provisions or financial constraints; refunding of debt; investment of bond proceeds; and legal or statutory limitations on debt issuance. Debt policies should be made available to the public and other stakeholders. Because these policies are essential to budget decision making, particularly capital budgets, they should be reviewed by decision makers during the annual budget process and summarized in the budget document. The legislative body should formally adopt debt policies and compile them with other financial policies.

Given the recent elimination of CAFS funding, it becomes increasingly important to ensure that large capital projects can be fully funded.

R2.4 Although fiscal management practices at MMRDD appear sound and yield reliable information, the Agency should develop formal policies for several major financial management areas to meet GFOA recommended practices. The areas should include stabilization of funds, one-time and unpredictable revenues, balancing the operating budget, revenue diversification, and contingency planning. Also, the Agency should periodically review and revise its financial management policies and procedures. Maintaining formal, Board-approved policies and procedures helps to ensure that financial management personnel are clearly aware of MMRDD's operations and Board expectations, and activities are appropriately executed. This would be particularly important during times of staff turnover.

MMRDD has developed several policies to govern financial management and help ensure the Agency meets its budgetary and financial goals. These policies govern the following areas: purchases, formal opinions of questionable expenditures, approval of bills, non-bid contracts, competitive bidding, contracting, inventory, and financial management plans. However, MMRDD lacks financial policies in the following areas recommended by GFOA, and the County does not maintain policies governing MMRDD's practices in these areas:

- **Stabilization of funds:** A government should develop policies to guide the creation, maintenance, and use of resources for financial stabilization purposes. The policies should establish how and when a government builds up stabilization funds and should identify the purposes for which they may be used. Development of a policy on minimum and maximum reserve levels may be advisable. Policies on stabilization funds should be publicly available and summarized in materials used in budget preparation. They also should be identified in other government documents, including planning and management reports. Governments should maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

- **One-time Revenues:** A government should adopt a policy limiting the use of one-time revenues for ongoing expenditures. A policy on the use of one-time revenues provides guidance to minimize disruptive effects on services due to nonrecurrence of these sources. One-time revenues and allowable uses for those revenues should be explicitly defined. The policy should be publicly discussed before adoption and should be readily available to stakeholders during the budget process. The policy, and compliance with it, should be reviewed periodically. Although MMRDD has a practice requiring one time revenues to be deposited into escrow funds instead of the Operating Fund, this was begun with the hiring of the current Superintendent and is not a formally adopted policy.

- **Unpredictable Revenues:** A government should identify major revenue sources it considers unpredictable and define how these revenues may be used. For each major unpredictable revenue source, a government should identify those aspects of the revenue source that make the revenue unpredictable. Most importantly, a government should identify the expected or normal degree of volatility of the revenue source. A government should decide, in advance, on a set of tentative actions to be taken if one or more of these sources generate revenues substantially higher or lower than projected. The plans should be publicly discussed and used in budget decision making. Similar to one-time revenues, MMRDD deposits all unpredictable revenues into escrow accounts. However, this is an informal practice, not formal policy.

- **Balancing the Operating Budget:** A government should develop a policy that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs. A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means. At a minimum, balance should be defined to ensure that a government's use of resources for operating purposes does not exceed available resources over a defined budget period. Definitions of items to be counted as operating resources (e.g., revenues) and operating resource uses (e.g., expenditures) should be explicitly identified. All funds should be included. Compliance with the policy should be reviewed and disclosed during each budget period. MMRDD has informally required a balanced budget since 2004; however, this is not a formal policy.

- **Revenue Diversification:** A government should adopt a policy that encourages a diversity of revenue sources. All revenue sources have particular characteristics in terms of stability, growth, sensitivity to inflation or business cycle effects, and impact on tax and rate payers. A diversity of revenue sources can improve a government's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services. The policy should identify approaches that will be used to improve revenue diversification. An analysis of particular revenue sources is often undertaken in implementing the policy. This analysis should address the sensitivity of revenues to changes in rates, the fairness of the tax or fee, administrative aspects of the revenue source, and other relevant issues. The policy and the approach to implementation should be periodically reviewed.

- **Contingency Planning:** A government should have a policy to guide the financial actions it will take in the event of emergencies, natural disasters, or other unexpected events. When emergencies or unexpected events occur, having a policy that can be applied, or at least serve as a starting point, for financial decisions and actions improves the ability of a government to take timely action and aids in the overall management of such situations. This policy should identify types of emergencies or unexpected events and the way in which these situations will be handled from a financial management perspective. It should consider operational and management impacts. The policy should be publicly discussed and periodically reviewed. MMRDD has set aside funds for varying situations, including staff severance, residential emergencies, and a 27^{th} pay. However, the practices governing the funds are not based on a formal Board-approved policy. The Reserve Fund balance was approximately $2.6 million in FY 2005.

Communication

R2.5 MMRDD should request that the Mahoning County Auditor's Office publish a Popular Annual Financial Report (PAFR) that includes the Agency's financial information. If this is not feasible, MMRDD should develop and publish a PAFR for its financial activity. Additionally, MMRDD should make the Mahoning County Auditor's Office's Comprehensive Annual Financial Report (CAFR) available on the Agency web site or provide a link to it on the Auditor's web site, in order to promote stakeholder involvement.

The Mahoning County Auditor's Office prepares a CAFR that includes all Mahoning County agencies, including MMRDD. The CAFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP), and is made available on the Mahoning County Auditor's web site. The CAFR is audited by an independent auditor, which is currently the Auditor of State of Ohio. However, neither the Mahoning County Auditor's Office nor MMRDD issues a PAFR.

GFOA recommends that governments issue financial statements in accordance with GAAP. GFOA also encourages governments to supplement their CAFR with simpler, "popular" reports designed to assist those who need or desire a less detailed overview of financial activities. Such reporting can take the form of consolidated or aggregated presentations, or a variety of other formats. GFOA recommends that popular reports exhibit the following characteristics to be most effective:

- The data in the popular report should be extracted from the CAFR.
- The popular report should be issued on a timely basis, no later than six months after the close of the fiscal year, so that the information it contains is still relevant.
- The scope of the popular report should be clearly indicated (i.e., does the popular report include component units as well as the primarily government?).
- The popular report should mention the existence of the CAFR for the benefit of readers desiring more detailed information.
- The popular report should attract and hold readers' interest, convey financial information in an easily understood manner, present information in an attractive and easy-to-follow format, and be written in a concise and clear style.
- The popular report should avoid technical jargon to meet the needs of a broad, general audience and the report's message should be underscored, as appropriate, by photographs, charts, or other graphics.
- Narrative should be used, as appropriate, to highlight and explain items of particular importance.
- Comparative data should be used constructively to help identify trends useful in the interpretation of financial data.
- Popular reports should be posted on the government's web site. Hardcopies, when issued, should be distributed in a number and manner appropriate to their intended readership (e.g., newspaper or magazine inserts, sample copies provided to libraries, sample copies provided to professional offices).
- Popular report preparers should strive for creativity.
- Users of popular reports should be encouraged to provide feedback.
- Most important, the popular report should establish its credibility with its intended readers by presenting information in a balanced and objective manner.

By developing a PAFR, MMRDD would be further promoting client and stakeholder input by enabling them to easily and quickly review the Agency's financial standing.

R2.6 MMRDD should publish the annual budget or a concise summary, and other financial information and reports on its website (e.g. financial policies, the five-year forecast, the financial management plan, etc.). Using the web site would provide a cost-effective alternative to printing the necessary information and help further promote stakeholder involvement.

MMRDD communicates some financial information (e.g. estimated loss of CAFS funding, budget reductions, large purchases, etc.) throughout the year using a variety of means including newsletters (print and electronic), the Annual Plan, and Board meetings. The Communicator, MMRDD's newsletter, is both mailed to stakeholders and made available on the web site. It periodically contains articles on the Agency's financial status, funding issues, and other pertinent information. For example, the July 2005 issue of the

Communicator discusses layoffs, pay freezes, and the need to renew the three mill levy. The March/April issue discusses the 2006 budget. The Agency also uses an electronic email newsletter, The Bulletin Board, to communicate information to stakeholders. The Bulletin Board is an electronic version of the Communicator, and usually contains the same information. MMRDD also periodically sends letters to stakeholders to inform them of new situations and makes the letters available on the web site. Lastly, MMRDD uses an Annual Planning Meeting, as well as routine Board meetings, to communicate information to clients and stakeholders.

Although some financial information is published as explained above, summarized, detailed and comprehensive information is not routinely made available. For instance, the Agency does not publish its complete budget document, financial management plan, or spending analyses (e.g., budget-to-actual), nor does the Agency publish financial information on its website. The Agency's budget also lacks a concise summary and guide to key issues. Lastly, MMRDD does not include any policies on its website.

Other MRDD agencies have made financial information available on web sites. For example, SMRDD provides yearly/monthly financial statement information. The information includes revenues, expenditures, and a budget-to-actual comparison. Additionally, WMRDD makes its annual plan available on the website, as does MMRDD. However, WMRDD provides a breakdown of spending not found in MMRDD's Annual Agency Plan or financial management plan.

GFOA recommends that budget documentation for a government include a concise summary and guide to the key issues and aspects of the operating and capital components of the budget to ensure the education and involvement of the public. A summary should be publicly available for both the proposed and adopted versions of the budget. The summary can be provided in many formats and can vary in size, scope, and level of detail. It may include one or more of the following: a transmittal letter, a budget message, an executive summary, and a budget-in-brief. At a minimum, a summary should do the following:

- Summarize the major changes in priorities or service levels from the current year, and the factors leading to those changes.
- Articulate the priorities and key issues for the new budget period.
- Identify and summarize major financial factors and trends affecting the budget, such as economic factors; long-range outlook; significant changes in revenue collections, tax rates, or other changes; current and future debt obligations; and significant use of or increases in fund balances or retained earnings.
- Provide financial summary data on revenues, other resources, and expenditures for at least a three-year period, including prior year actual, current year budget, and/or estimated current year actual and proposed budget.

- Define a balanced budget and describe state and local requirements for balancing the budget. State if the budget is balanced or not. If the budget is not balanced, explain why not.

Providing regular and frequent reporting can help demonstrate accountability, educate and inform stakeholders, and improve their confidence in MMRDD. Additionally, providing a concise summary and guide to the key issues and aspects of the budget, as well as other financial information, would better ensure the education and involvement of the public. This could also help provide them with a holistic understanding of the Agency's operations and financial standing.

HUMAN RESOURCES

Human Resources

Introduction

This section focuses on the human resource functions at the Mahoning County Board of Mental Retardation and Developmental Disabilities (MMRDD or the Agency), and includes a review of the Agency's staffing, salary and benefit levels. The objective is to assess these areas and identify recommendations for operational improvements. To illustrate various operational issues, comparisons are made throughout this section to Clermont County Board of Mental Retardation and Developmental Disabilities (CMRDD), Summit County Board of Mental Retardation and Developmental Disabilities (SMRDD), Warren County Board of Mental Retardation and Developmental Disabilities (WMRDD), and relevant organizations such as the Society of Human Resource Management (SHRM) and the State Employment Relations Board (SERB). CMRDD, SMRDD and WMRDD were selected for benchmarking purposes based on various data, such as the number of clients served, revenues, expenditures, services, and accreditation status. At the time of this performance audit, the accreditation level of WMRDD was equal to MMRDD, while the accreditation level of both CMRDD and SMRDD was higher than MMRDD.

Background

The Agency's human resource and administrative functions are carried out by the Administrative Office (the Administration), which includes an elected Board (seven members), as well as an appointed Superintendent and Director of Administrative Services. Additionally, departmental supervisors, such as the adult services director, director of community support services and director of children's programs, are responsible for administrative functions specific to their respective departments (e.g., submitting payroll and developing standard operating procedures).

Organization Function

The human resource and administrative functions include developing MMRDD-wide policies and procedures, formulating and updating job descriptions, processing job applications, and interviewing applicants for vacant positions. The Administration also monitors grievances related to policies and procedures or the negotiated agreements, conducts disciplinary hearings, and monitors compliance with safety standards. In addition to employment contracts with all non-bargaining supervisory positions, the Administration works with the following collective bargaining units:

- Education Association of Developmental Disabilities (EADD), and
- American Federation of State, County and Municipal Employees (AFSCME).

The Superintendent acts as the administrative head of the Agency under the direction and supervision of the Board. The duties of the Superintendent include monitoring and recommending changes necessary to increase the effectiveness of programs and services, approving management employee contracts, and overseeing labor relations and contracts negotiations. The Superintendent also provides oversight of tax levy processes, maintains communication with key constituent groups, drafts policies and procedures, and oversees processes to ensure compliance with program management standards set by the Ohio Department of Mental Retardation and Developmental Disabilities (ODMRDD). Under the supervision of the Superintendent, the Director of Administrative Services serves as the chief financial officer and business manager of the Board, overseeing all aspects of accounting activity (fiscal and payroll departments) and supervising department managers in the following areas: technology, human resources, building and grounds, and all Board Office clerical staff.

Staffing

Table 3-1 illustrates staffing levels at MMRDD and the peers as of July 31, 2006. All positions are shown as full-time equivalents (FTEs), and staffing levels are compared on a per 1,000 ADM basis within the applicable service type. For example, the adult ADM is used to compare staffing levels in the adult services category. In areas where staff provides support to all services offered, like superintendent/assistant superintendent and clerical, the total ADM is used for comparison.

Table 3-1 MMRDD Staffing per 1,000 ADM

	MMRDD		CMRDD		SMRDD		WMRDD		Peer Average	
	FTE	Per 1,000 ADM	FTE	Per 1,000 ADM	FTE	Per 1,000 ADM	FTE	Per 1,000 ADM	FTE	Per 1,000 ADM
Superintendent & Asst. Sup.	1.0	**0.5**	1.0	**0.8**	2.0	**0.3**	1.0	**0.5**	1.3	**0.5**
MUI Investigators	1.0	**0.5**	1.0	**0.8**	5.0	**0.8**	2.0	**1.0**	2.7	**0.9**
Human Resources	1.0	**0.5**	1.0	**0.8**	9.1	**1.5**	0.0	**0.0**	3.4	**0.8**
Technology	1.0	**0.5**	1.0	**0.8**	4.0	**0.7**	0.0	**0.0**	1.7	**0.5**
Public Relations	1.0	**0.5**	2.9	**2.3**	5.0	**0.8**	0.0	**0.0**	2.6	**1.0**
Attorney	0.0	**0.0**	0.0	**0.0**	1.0	**0.2**	0.0	**0.0**	0.3	**0.1**
Fiscal	4.0	**1.9**	6.0	**4.8**	21.0	**3.6**	6.0	**3.0**	11.0	**3.8**
Medicaid Administration[1]	0.0	**0.0**	0.0	**0.0**	15.3	**2.6**	1.0	**0.5**	5.4	**1.0**
Community Services	24.0	**40.7**	13.0	**61.9**	70.1	**27.1**	21.0	**33.9**	34.7	**41.0**
Adult Services	70.6	**105.4**	68.4	**155.5**	170.7	**114.6**	84.5	**196.5**	107.9	**155.5**
Children Services	25.8	**172.0**	32.8	**126.2**	64.9	**166.4**	13.8	**31.4**	37.2	**108.0**
Clerical	18.6	**8.8**	9.2	**7.4**	42.5	**7.2**	11.0	**5.5**	20.9	**6.7**
Building and Grounds	11.0	**5.2**	8.0	**6.4**	18.5	**3.1**	3.6	**1.8**	10.0	**3.8**
Transportation	54.0	**25.6**	1.0	**0.8**	117.8	**19.9**	24.4	**12.3**	47.7	**11.0**
Food Service	1.4	**0.7**	0.5	**0.4**	2.0	**0.3**	0.0	**0.0**	0.8	**0.2**
Total Employees	**214.4**	**101.6**	**145.8**	**116.6**	**548.9**	**92.9**	**168.3**	**84.6**	**287.7**	**98.0**

Source: Mahoning MRDD and peer payroll staffing and job descriptions
Note 1: FTE is equal to 8 hours per day, 260 days per year.
Note 2: Average Daily Membership (ADM) is based on enrollment for individual programs in 2005. During the course of the performance audit, data concerning the number of clients served for 2006 became available. This data showed that ADM for 2006 would be similar to 2005 for MMRDD and the peers.
[1] Medicaid administration is contracted out for MMRDD.

As illustrated in **Table 3-1**, MMRDD has higher FTE staffing levels per 1,000 ADM when compared to the peer average and when compared to two of the three peers in the following categories:

- **Community Services**, due to services and support staffing levels (see the **client services and case management** section of this audit for further analyses);
- **Children's Services**, primarily due to instructor and instructor assistant staffing levels (see the **client services and case management** section of this audit for further analyses);
- **Building and Grounds**, due to custodian staffing levels (see *Assessments Not Yielding Recommendations* section of this report for further analysis);
- **Transportation**, due to supervisor, driver, aide and mechanic staffing levels (see *Issues for Further Study* section of this report for further analysis); and
- **Food Service** (see *Issues for Further Study* section of this report for further analysis).

Although **Table 3-1** also shows that clerical staff per 1,000 ADM is higher than the peers, MMRDD employs significantly fewer fiscal staff per 1,000 ADM. In addition, MMRDD has 2.0

clerical FTEs assisting human resource and fiscal activities. When combining clerical, fiscal and human resource categories, MMRDD employs 11.2 FTEs per 1,000 ADM. This is in line with the peer average of 11.3 FTEs per 1,000 ADM. More specifically, CMRDD, SMRDD, and WMRDD employ 13.0, 12.3, and 8.5 clerical, fiscal and human resource FTEs per 1,000 ADM, respectively.

In some instances, the operations of peer MRDDs vary from those of MMRDD. For example, CMRDD does not operate a transportation department and instead contracts for this service with the local transit authority. In addition, WMRDD does not operate a K-12 school, which could partially explain the absence of a full-time director position and instructors in its children services program. Furthermore, MMRDD's ongoing caseload contributes to its community service staffing levels. These factors and other operational differences were further considered when comparing various staffing levels to the peers in the **client services and case management** section.

Collective Bargaining Agreements

Certificated, licensed, clerical and fiscal employees are governed by the negotiated agreement between MMRDD and Mahoning County Education Association of Developmental Disabilities (EADD). **Table 3-2** compares key contractual issues in the EADD negotiated agreement to applicable peer agreements.

Table 3-2: EADD Negotiated Agreement Analysis

	MMRDD	CMRDD	SMRDD [1, 2, 3]	WMRDD [4, 5]
Years Represented by Agreement	Sept 1, 2004 - Aug 31, 2007	July 1, 2003 through June 30, 2006 extended	Jan 1, 2004 - Dec 31, 2007 [1,2,3]	July 1, 2003 – June 30, 2006 extended[4]
Reduction in force	Reasons for a layoff: • Reduction in student enrollment • Reorganization • Return of bargaining unit employee from a leave of absence • Lack of Funds	Employees may be laid off for the following reasons: • Lack of funds • Lack of work • Other legitimate reasons	Reasons for layoff: • Lack of work • Lack of funds • Job Abolishment [1,2] If an employer deems it necessary to reduce the number of employees within each classification. [3]	Layoffs can occur due to: • Lack of work • Lack of funds • Job abolishment • Reorganization [4,5]
Instructional days	178	178	Not Applicable (no employees work less than 260 days per year, 12 months) [1,2,3]	Not Applicable – no instructors or 9 month employee represented by a collective bargaining unit[4]
In-service days	1	4		
Professional development days	3	0		
Parent -Teacher conferences	2	2		
Records Days	1	Not listed		

	MMRDD	CMRDD	SMRDD [1, 2, 3]	WMRDD [4, 5]
Holidays	**9 month:** 10 **12 month:** 11	**9 month:** 8 **12 month:** 10	**9 month:** N/A **12 month:** 9 plus 4 holidays = 13 total (President's Day, Columbus Day, Veteran's Day and Election Day) will be floated during the winter break) [1,2,3]	**12 month:** 10 holidays with **9 month** employees receiving those holidays paid for which they would have been scheduled to work. [5]
Evaluation Frequency	During probation evaluations occur twice, 2nd and 3rd year employees once per year and employees with more than three years of service with MRDD will be evaluated once every other year	Annually	During probation evaluations occur no more than twice per year, after probation evaluations are annual [1,2,3]	Each County employee will be evaluated annually prior to the anniversary date of his or her current position. Special evaluations may be made if requested by the employee or recommended by the supervisor. [5]
<u>**Incentives**</u> • **Sick Leave Incentive**	**9 month** employees using no more than 3 sick days - $200 per year **12 month** employees using no more than 4 sick days - $200 per year	End of calendar year $600 is paid to each employee with perfect attendance. $100 is taken off for each day missed, $12.50 per hour for partial days missed. Once annually, for sick leave balance of at least 240 hours, employees can convert 40 hours to cash at current rate of pay	2 hours of extra pay for every quarter sick leave is not taken. If sick leave is not used for an entire year a total of 10 hours of extra pay will be provided to employee, for a total of 18 hrs. [1,2,3] Employees may convert accumulated but unused sick leave to cash at a rate of 50% of its current value annually. [1,2,3]	None Stated [4,5]
• **Personal leave incentive**	Option to cash out unused personal leave at 100% rate of pay	None stated	None Stated [1,2,3]	Unused personal time may be converted into sick leave time at the end of the each school year up to a maximum of three (3) per Teacher Assistant [4]

	MMRDD	CMRDD	SMRDD [1, 2, 3]	WMRDD [4, 5]
<u>Sick leave</u> • **Number of sick days accrued** • **Maximum accrual** • **Doctor notice required**	1.25 per month total of 15 days per year for **12 month**; and 12 days per year for **9 month** employees Unlimited None Stated	.0575 per hour worked (total of 15 days for 12 month full time) Unlimited With 5 or more consecutive days	4.6 hour [1,2,3] given for 80 hours of pay (approximately 120 hours per year or 15 days for 12 month) Unlimited[1,2,3] None Stated[1,2,3]	.0575 per hour [4,5] worked (80 hours = 4.6 or approximately 120 hours per year, 15 days) Unlimited[4,5] Management may request for sick leave in excess of 5 days [4,5] Management may request a physicians note after 3 consecutive days of sick leave is taken [5]
Maximum number of sick days paid at retirement (percentage payout)	10 years of service credit at MMRDD and who separates service – 25% of up to 120 days (30 days) Less than 10 years of service at MMRDD and retires– 25% of a maximum of 150 days (37.5 days) 10 years of service and retires – 35% of a maximum of 240 days (84 days)	Upon retirement within PERS or STRS – ¼ of the employees per diem rate for all unused sick leave up to a maximum of 30 days paid out.	At the time of separation from SMRDD a bargaining unit member will receive 50% of accrued unused sick leave [1,2,3]	Employees with at least 5 years of service with WMRDD who retire with a total of 30 years of service: Seniority date before April 3, 1985 for every day of sick leave accumulated 1 day of payment will be provided up to a payment of 120 days. Seniority date of April 3, 1985 or later for every four days of sick leave accumulated, 1 day of sick leave will be paid up to a maximum of 30 days paid out. [5]
Number of personal days **Notice required**	**9 month** – 3 **12 month** – 4 3 days	2 times the number of hours worked per day. For example an 8 hour day = 2 days of personal leave (16 hours) 5 days	3 days[1,2,3] 48 hours [1,2] 1 day[3]	3 days [4,5] 5 days[4,5]

	MMRDD	CMRDD	SMRDD [1, 2, 3]	WMRDD [4, 5]
Vacation Days	1-6 years : 7 days 7-11 years: 12 days 12-19 years: 17 days 20+ years: 24 days	1-6: 10 days 7-10: 15 days 11-16: 20 days 17-24: 25 days 25+: 30 days	1-5 years: 10 days 6-9 years: 15 days 10-14 years: 20 days 15+ years: 25 days [1,2,3]	**9 and 12 month:** 1-8 years: 10 days 9-15 years: 15 days 16-25 years: 20 days 25+ years: 25 days[4,5]
Additional Board payment of PERS/STRS employee contribution	1% of employee pension contributions	No	No[1,2,3]	No[4,5]
Cost of living adjustments (COLA)	2004-05: 0% 2005-06: 0% 2006-07: 1%	Only provided to those employees who did not receive a step increase in the following manner: 2003-04: $300 2004-05: 3% 2005-06: 3%	2004: 3% (only if getting no step) 2005: 2% 2006: 1.5% 2007: 1% [1,2] 2004: 3% 2005: 3% 2006: 3% 2007: $1,044.88 [3]	2003-04: 2.0% 2004-05: 2.5% 2005-06: 2.5% [4,5]

Source: Mahoning MRDD and peers
[1] Agreement between Weaver Education Association I and SMRDD
[2] Agreement between Weaver Education Association II and SMRDD
[3] Agreement between Weaver Workshop and Support Association and SMRDD
[4] Agreement between Professionals Guild of Ohio (Teaching Assistants Only) and WMRDD
[5] Employee Policies and Procedures for WMRDD. If the agreement was silent, the policies and procedures are applicable.

As illustrated in **Table 3-2**, MMRDD's EADD agreement differs from peers in the following areas:

- Evaluations for employees with more than three years (see **R3.3**);
- Severance pay for employees (see **R3.4**);
- Board payment of the employee retirement contributions (see **R3.1**);
- Holidays, personal days and vacation (see *Issues for Further Study*); and
- Sick and personal leave incentives, and the absence of requiring a doctor's notice for sick leave (see *Issues for further Study*).

Custodial, cafeteria and transportation personnel are governed by the negotiated agreement between MMRDD and the American Federation of State, County and Municipal Employees (AFSCME). **Table 3-3** compares key contractual issues in the AFSCME agreement to applicable peer agreements.

Table 3-3: AFCSME Negotiated Agreement Analysis

	MMRDD	CMRDD	SMRDD	WMRDD
Years Represented by Agreement	September 1, 2004 through August 31, 2007	July 1, 2003 through June 30, 2006 (extended)	January 1, 2004 though December 31, 2006	2005-2008

	MMRDD	CMRDD	SMRDD	WMRDD
Evaluation	None stated	During probation evaluations occur twice, 2nd and 3rd year employees once per year and employees with more than three years of service with MRDD will be evaluated once every other year	Two evaluations during probation; one each calendar year thereafter	One evaluation before the end of probation and one annually.
Minimum call in hours **Rate of pay**	Minimum 3 ½ hours extra pay **or** 1 ½ times the hourly rate, which ever is greater	2 hours Regular rate of pay	None Stated	2 hours extra pay Applicable rate
Number of holidays	**9 month:** 10 days **12 month:** 11 days	**9 month:** If required to work **12 month**: 10 days	Less than 12 month only receive the holiday if they are on active payroll during the holiday provided **12 month:** 13 days	**9 month:** 9 days **12 month:** 10 days
Vacation Days	< 1 year: 0 1-6 years: 7 7-11 years: 12 12-19 years: 17 20+ years: 24	1-6: 10 days 7-10: 15 days 11-16: 20 days 17-24: 25 days 25+: 30 days	<1 year: 0 1-5 years: 10 5-9 years: 15 10-14 years: 20 15+ years: 25	<1 year: 0 1-7: 10 8-15: 15 15-25: 20 >25 years: 25
<u>**Incentives**</u> • **Sick leave incentive**	 12 month employee using no more than 4 days - $200 9 month employee using no more than 3 days - $200	 End of calendar year $600 is paid to each employee with perfect attendance. $100 is taken off for each day missed, $12.50 per hour for partial days missed. Once annually, for sick leave balance of at least 240 hours, employees can convert 40 hours to cash at current rate of pay	 2 hours of extra pay per quarter for perfect attendance for the quarter. Total 10 hours paid for perfect attendance for the year. Employees may convert accumulated but unused sick leave to cash at a rate of 50% of its current value annually.	 None Stated
• **Personal leave incentive**	If no days are used, once a year conversion to 100% payment	None Stated	None Stated	None Stated
<u>**Sick leave**</u> • **Number of sick days accrued**	 4.6 per pay 15 days – 12 month	 .0575 per hour total of 15 days for 12 month	 4.6 hours per pay (15 days – 12 months)	 .0575 per hour worked 4.6 hours per pay

	MMRDD	CMRDD	SMRDD	WMRDD
• **Maximum accrual** • **Doctor Notice Required**	12 days – 9 month For employees hired after Aug 31, 1992: Maximum 200 days Required for each day taken after exceeding 7 cumulative days. Also required when 3 or more consecutive days are taken (those days covered by notice do not count towards 7 cumulative days When sick leave is used for the care of an immediate family member the Superintendent may require a physician's certificate;	(full time) Unlimited With 5 or more consecutive days	Unlimited Absence of 4 or more consecutive workdays shall submit verification in the form of a physician's note, dentist, or other licensed practitioner.	(15 days for 12 month) Unlimited For absences exceeding 3 days a physician's note may be required.
Maximum number of sick days paid at retirement (percentage payout)	With less than 10 years of service, upon retirement 25% of an accumulated 150 days (37.5 days) Upon retirement, after 10 years of service employee can be paid for 40% of all sick leave accumulated up to 200 days (80 days cap).	Upon retirement within PERS or STRS – ¼ of the employees per diem rate for all unused sick leave up to a maximum of 30 days paid out.	50% of accumulated leave balance at the time of separation of employment	Employees hired prior to April 3, 1985 shall be paid 100% of up to a maximum of 960 hours accumulated (120 days) Employees hired after April 3, 1985 and who have completed at least 5 years upon retirement can be paid 25% of up to 240 hours accumulated (30 days)
Number of personal days **Notice required**	4 days for 12 month employees 3 days for 9 month employees 5 days	2 times the number of hours worked per day (16 hours for 8-hour employee) 5 days	3 days provided for employees working at least 32 ½ hours (full time) per week. Less than 32 ½ hour employees receive a prorated amount. None Stated	3 days for 12 month for the calendar year 3 days for 9 month employees during the school year. None Stated
Additional Board Payment of Retirement Contributions	All contributions are fully paid by the Board.	No	None Stated	None Stated
Cost of living adjustments (COLA)	2004-05: 3.5% 2005-06: 3.25% 2006-07: 3.0%	2003-04: $300 [1] 2004-05: 3% [1] 2005-06: 3% [1]	2004-05: 3% 2005-06: 3%	2005-06: 1.5% 2006-07: 1.5% 2007-08: 1.5%

Source: Mahoning MRDD and peers
[1] CMRDD only provided COLAs to those employees who did not receive a step increase.

As illustrated in **Table 3-3,** the MMRDD classified agreement differs from peer agreements in the following areas:

- Evaluations for employees (see **R3.3**);
- Severance pay for employees with 10 plus year of service (see **R3.4**);
- Board payment of the employee retirement contributions (see **R3.1**);
- Minimum call-in hours (see **R3.5**);
- Sick and personal leave incentives (see *Issues for further Study*); and
- Holidays, personal days, and vacation (see *Issues for further Study*).

Assessments Not Yielding Recommendations

Additional assessments of the following areas were conducted but did not warrant any changes or yield any recommendations:

- **Administration and Support Staff**: As shown in **Table 3-1**, MMRDD appears to be appropriately staffed in the following categories: Superintendent; MUI investigator; human resources, clerical and fiscal; and public relations. See the **technology** section for a more detailed assessment of technology staffing levels, and the **client services and case management** section for a more detailed assessment of community, adult, and children program staffing.

- **Union Negotiations**: MMRDD is meeting practices recommended by the Society of Human Resource Management (SHRM) for preparing for negotiations such as identifying goals, anticipating the needs of the union and developing topics for discussion.

- **Job Descriptions**: MMRDD updates job descriptions as needed through a job analysis questionnaire process. According to SHRM, job analysis is a pivotal aspect of human resource management ensuring success of the organization by establishing a through understanding by each employee of his or her role in the organization. SHRM also indicates that a job analysis is normally documented via a job analysis questionnaire.

- **Recruitment and Retention**: The recruitment and retention policy allows MMRDD to recruit and retain competent, dependable personnel. Additionally, MMRDD has experienced less than one percent turnover for the last three years.

Noteworthy Accomplishments

The following are noteworthy accomplishments identified during the course of the performance audit of MMRDD's human resources:

- **Healthcare Benefits**: With some exceptions, MMRDD's healthcare benefit levels appear generally comparable to benefit information reported in *Employer Health Benefits* (Kaiser Family Foundation and Health Research and Educational Trust, 2006) and in *Survey of School District Health and Life Insurance Plans* [Ohio Educational Association (OEA), 2006]. While the annual deductibles for MMRDD ($250 single and $500 family in network, $1,000 single and $2,000 family out of network) exceed average deductibles reported by the OEA survey ($100 single $200 family in network and $200 single and $400 family non-network), the Agency's annual deductibles are much lower than the averages reported by Kaiser for PPO plan of $473 and $1,034. While MMRDD has a three tiered-prescription plan, the corresponding employee co-payments ($10, $15 and $30) are lower than averages in the Kaiser survey ($11, $24, $38). Additionally, MMRDD's average hospital in-network co-pay of 10 percent is lower than the average of 17 percent reported in the Kaiser survey. Although the Agency requires lower employee co-pays in some areas, MMRDD's premium costs appear comparable to applicable industry benchmarks (see below). This shows that MMRDD provides employees with fair and, in some cases, generous benefits, but at an acceptable premium cost. Nevertheless, these comparisons show that MMRDD can alter benefit levels if needed in the future, particularly if necessitated by its financial condition (see **financial systems** for more information).

- **Healthcare Premium Costs**: MMRDD's healthcare premiums of $409.03 for single coverage and weighted average of $1,038.21 for family coverage in the PPO base plan are comparable to data reported by the State Employment Relations Board (SERB), and the aforementioned Kaiser and OEA surveys. This is due, in part, to 66 of the 136 family plan enrollees participating in the employee plus spouse (49) and employee plus child (17) plans. It should be noted that the original healthcare premium data reported by SERB and OEA was adjusted based on the applicable historical trends reported in prior surveys, to provide a more reliable comparison to MMRDD's current premium costs. In addition, according to MMRDD's Director of Administrative Services, the Agency was successful in negotiating a zero percent increase in premiums in health insurance for FY 2007.

- **Dental Premiums**: While MMRDD's dental premium for single coverage is lower than OEA and SERB data, its dental premium for family coverage in 2006 of $94.16 for employees covered by the EADD agreement is higher than adjusted data reported by SERB ($73.57) and original data reported in the 2006 OEA survey ($72). However, the Human Resource Director is in the process of analyzing a change in insurance plans for EADD personnel to be similar to dental plans for AFSCME personnel. The dental premium for AFSCME personnel is $54 for both single and family coverage, which is similar to the straight average of single and dental premium data reported by OEA and adjusted data reported by SERB. Conversely, the average of the single and family dental premium for EADD personnel is $63.28. The weighted average, which accounts for the number of participants in the single and family plan, is $78.16. If MMRDD is successful in negotiating a change in EADD dental coverage to be similar to AFSCME, it will result in a savings of approximately $46,000 per year.

- **Vision Premiums**: MMRDD's 2006 vision premiums are lower than data reported in the 2006 OEA survey and 2005 SERB survey.

- **Life Insurance Premiums**: MMRDD's life insurance premiums of $0.16 per $1,000 for 2006 are slightly higher than the OEA 2006 survey ($0.14), but lower than data reported in the 2004 SERB survey (the 2005 SERB survey did not report life insurance premiums). Additionally, by changing providers, the Agency was able to maintain the 2006 life insurance premium cost for 2007.

- **Hours Worked:** MMRDD negotiated increases in hours worked for various classifications in the EADD collective bargaining agreement. For instance, the defined workday for adult services employees increased from seven to eight consecutive hours in FY 2006-07, with the exception of workshop specialists which increased to 7.5 consecutive hours. As a result, MMRDD provides more hours of potential service for its clients without increasing personnel costs.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified the following issues:

- **Custodial and Maintenance Staff**: MMRDD's custodians clean an average of 17,615 square feet per FTE. This is slightly lower than the minimum Level 2 cleaning guidelines for school facilities of 18,000 to 20,000 published in *Planning Guide for Maintaining School Facilities* [National Center for Education Statistics (NCES), 2003]. NCES indicates that Level 2 cleaning is the uppermost standard for most school cleaning, and is generally reserved for restrooms, special education areas, kindergarten areas, or food service areas. In addition, MMRDD cleans fewer square feet per custodian FTE when compared to two of the three peers. CMRDD, SMRDD and WMRDD clean an average of 17,320, 26,735, and 35,625 square feet per custodian FTE, respectively. However, WMRDD may be able to clean more square feet per custodian FTE than MMRDD because it does not operate a K-12 school. Furthermore, contrary to the peers, MMRDD does not employ any maintenance staff. When including the peers' maintenance staff, MMRDD's ratio of square feet per custodian FTE becomes higher than two of the three peers. More specifically, CMRDD, SMRDD and WMRDD maintain an average of 14,433, 16,619, and 21,923 square feet per custodian/maintenance FTE, respectively.

Considering that a reduction of 1.0 custodian FTE would place MMRDD very close to NCES' maximum Level 2 standard (19,572), the Agency's custodial staffing levels appear adequate. However, the performance audit did not assess the quality of work performed by the custodians or the contracted costs and quality of maintenance services because these issues were outside of the scope of the performance audit. According to the Superintendent, MMRDD may be able to recruit skilled maintenance workers at the current custodians' wage level. The Superintendent also noted that the Agency's custodians do not possess significant maintenance skills, which poses a challenge in regards to cost and operational planning. When including the value of the Agency paying the full employees' retirement contribution, **Table 3-5** shows that the average salary of MMRDD's custodians is $35,708. This is 7.7 percent lower than the peer average salary for maintenance staff ($38,705), but 44.1 percent higher than the peer average salary for custodians ($24,787). Furthermore, MMRDD spent approximately $475,000 for contracted maintenance services in FY 2006, which includes maintenance agreements ($46,723), vehicle maintenance ($175,242), materials ($79,303), and repair and maintenance ($173,311).

MMRDD should further review custodial and maintenance operations and costs to determine whether changes can be made to reduce costs and improve quality.

- **Transportation Staffing:** MMRDD's transportation staffing appears high according to **Table 3-1**. However, transportation department staffing levels, especially drivers, should be determined by performing an in-depth analysis of the services provided by the Agency, routing efficiencies, and other variables specifically impacting driver staffing levels. This assessment was outside the scope of the performance audit. Therefore, the Agency should conduct an in-depth assessment of its transportation services and staffing levels to ensure operations are efficient and effective.

- **Food Service Staffing:** MMRDD's food service staffing appears high according to **Table 3-1**. However, food service staffing levels should be determined by performing an in depth analysis of food service operations, such as evaluating meals served per labor hour. Similar to transportation staffing, this assessment was outside the scope of this performance audit. Although food service staffing only comprises 1.4 total FTEs, the Agency should consider conducting an assessment of its food service operations, including staffing.

- **Leave Use and Incentives:** MMRDD provides sick leave incentives for 9 month employees using 3 or fewer sick leave days of $200 and 12 month employees using 4 or fewer sick leave days of $200 for both EADD and AFSCME staff. CMRDD and SMRDD also provide staff with sick leave incentives tied specifically to days used. However, unlike MMRDD, CMRDD and SMRDD also allow staff to convert unused sick leave to cash. WMRDD does not provide sick leave incentives to its staff.

Additionally, MMRDD provides 100 percent payment once per year to EADD staff for unused personal days. MMRDD allows staff AFSCME employees who do not use any personal days to convert them to cash. With the exception of WMRDD's agreement with the Professionals Guild of Ohio enabling staff to convert unused personal leave to sick leave, the peers do not provide personal leave incentives. While sick and personal leave incentives are intended to discourage the use of such leave, assessing leave use was outside the scope of this performance audit. Therefore, MMRDD should ensure that the incentives are helping to minimize leave use and related costs (e.g., substitute costs and overtime) prior to future negotiations. Furthermore, MMRDD should consider requiring a doctor's notice for extended absences during future negotiations with EADD, particularly if EADD employees are using a high amount of sick leave. Requiring a doctor's notice would be similar to the AFSCME and peer agreements.

- **Workers Compensation:** Workers compensation is administered by Mahoning County's Human Resource Department. Currently, the County has an experience modifier of 2.76. An experience modifier over 1.5 results in a penalty rated program. In addition, the County's workers compensation costs increased 34 percent in FY 2005, and its costs per ADM ($267) were close to five times the peer average ($57) (see **financial systems**). Although the County handles the administration of the workers compensation claims, Mahoning MRDD should actively work with the County to help manage and reduce the high workers compensation costs.

- **Days and Hours Worked:** No significant differences were found when comparing leave and other time off, including paid lunch time, at MMRDD to the peers. After accounting for holidays, personal days, vacation days, and shut down days, MMRDD's EADD (non-instructional staff) and AFSCME staff work approximately 231 days per year. This is based on the vacation days used in the first six years of employment for MMRDD (seven days) and the peers (10 days). On average, MMRDD staff receives three fewer vacation days when compared to the peers. While the number of days worked by EADD staff is similar to the peer average, the number of days worked by AFSCME staff is approximately four fewer days than the peer average. This is due, in part, to the two groupings of CMRDD's staff, similar to MMRDD's EADD and AFSCME staff, working a different number of days per year. In addition, **Table 3-2** shows the number of instructional days for teachers at MMRDD is similar to CMRDD. However, MMRDD's instructors receive two more paid holidays and one more non-instructional day when compared to CMRDD. While MMRDD generally provides a similar amount of paid time for lunch when compared to the peers, the amount varies depending upon job function. Furthermore, although SMRDD and WMRDD provide 30 minutes or an hour paid lunch for most staff, CMRDD does not provide a paid lunch for its staff.

As MMRDD begins future contract renegotiations and makes operational or programmatic changes that could impact staffing levels, it should review the number of days worked by current staff, and paid time for leave and lunch. Doing so would help the Agency ensure that productivity is maximized while simultaneously minimizing additional personnel costs, similar to the results of its most recent EADD collective bargaining agreement whereby MMRDD successfully negotiated an increase in the number of work hours for various classifications (see *Noteworthy Accomplishments*).

Recommendations

Salaries

R3.1 MMRDD should take steps to more closely align its compensation levels with peers, which should include the following:

- **Eliminate the practice of paying for a portion of the employees' retirement contribution for administrative staff, and negotiate to do likewise for EADD and AFSCME employees. In addition to bringing compensation closer to the peers, this would eliminate current inequities in the level of retirement payments for staff.**

- **Alter the salary schedules in the EADD and AFSCME collective bargaining agreements to bring them more in line with the peers. For example, MMRDD could consider reducing the beginning salary for AFSCME personnel and expand the number of steps required to reach the maximum salary in the schedules.**

- **Limit cost of living adjustments (COLA) for staff in future years, particularly if it encounters financial difficulties (see financial systems), maintains current salary schedules, or continues to pay the full employee retirement contribution.**

Table 3-4 illustrates the average salaries paid to administrative and management employees within MMRDD and its peers. **Table 3-4** also includes the impact of paying the respective portion of the employees' retirement contribution on average salaries.

Table 3-4: Administrative & Management Average Salary Comparison

	MMRDD	CMRDD	SMRDD	WMRDD	Peer Average
Administrative Services [1]	$70,215	$60,654	$93,177	$63,193	$72,341
• **Impact of Paying the Employee Retirement Contribution**	$73,375	$61,918	$95,511	$63,193	$73,541
Program Directors	$68,124	$74,088	$78,103	$62,377	$71,523
• **Impact of Paying the Employee Retirement Contribution**	$71,190	N/A	N/A	N/A	N/A
Building, Grounds, and Transportation Supervisors	$49,134	$46,427	$52,360	$52,017	$50,268
• **Impact of Paying the Employee Retirement Contribution**	$51,345	N/A	N/A	N/A	N/A

Source: Payroll records for MMRDD and peers
Note: Mahoning County's cost of doing business factor (1.01153) is lower than Clermont (1.01803), Summit (1.01807), and Warren (1.02103) counties.
[1] Includes the Superintendent, Assistant Superintendent, Technology Director, Director of Administrative Services (Chief Financial Officer), Human Resource (HR) Director, Major Unusual Incident (MUI) Investigator, Public Relations Director, or equivalent positions to provide a reliable comparison.

As indicated by **Table 3-4**, the average salary for administrative staff at MMRDD is lower than the peer average. However, MMRDD's average administrative salary is 11 and 16 percent higher than CMRDD and WMRDD, despite MMRDD providing no wage increases for administrators since September 2002. Administrators received a 2 percent COLA on September 1, 2006. Additionally, MMRDD pays 50 percent of the employee required retirement contribution for each administrator, thereby increasing total compensation by approximately 4.5 percent. By comparison, CMRDD pays the full employee retirement contribution for its director of business operations and superintendent, and SMRDD pays the full employee retirement contribution for its superintendent and assistant superintendent. However, WMRDD does not pay any portion of the employees' retirement contribution for its administrative employees. **Table 3-4** also shows that the administrative salaries at MMRDD without the payment of the employee contribution are still greater than WMRDD and CMRDD average salaries with the impact of paying the employee contribution. MMRDD is the only entity paying a portion of the program directors' and supervisors' retirement contribution (50 percent, amounting to 4.5 percent of base salary). However, the Agency's average program director and supervisor salaries including the impact of paying the employee retirement contribution are lower than two of the three peers.

Table 3-5 compares MMRDD's average salaries to the peers by functional area, and includes the impact of the Agency's payment of the employees' contribution. MMRDD pays 10 percent (increasing compensation by 1 percent) of the employee retirement contribution for all EADD employees, and 100 percent of the employees' share of the retirement contribution for AFSCME staff (increasing compensation by nine percent). In contrast, the peers do not pay any portion of the employees' retirement contributions for the following staff.

Table 3-5: EADD and AFSCME Salary Comparison

	MMRDD	MMRDD Retirement	CMRDD	SMRDD	WMRDD	Peer Average
Community Services [1]	**$54,230**	**$55,147**	**$51,207**	**$59,752**	**$42,845**	**$51,268**
• **Service and Support**	$53,673	$54,499	$49,485	$59,393	$41,343	$50,074
Adult Services [1]	**$43,797**	**$44,369**	**$36,495**	**$39,831**	**$30,209**	**$35,512**
• **Program Coordination/ Management**	$61,906	$62,525	$46,081	$48,243	$39,866	$44,730
• **Direct Care**	$39,810	$40,208	$31,833	$35,164	$26,417	$31,138
• **Licensed Staff**	$41,248	$41,660	$49,552	$81,517	$37,547	$56,205
Children Services [1]	**$54,401**	**$55,043**	**$60,819**	**$52,650**	**$49,140**	**$54,203**
• **Instructor**	$74,661	$75,408	$71,641	$64,973	N/A	$68,307
• **Instructor Assistant**	$33,696	$34,033	$33,902	$40,709	$26,537	$33,716
• **Physical/Occupational Therapy**	$47,414	$47,888	$77,334	N/A	$69,368	$73,351
• **Early Intervention**	$72,385	$73,109	$68,330	$54,182	$52,589	$58,367
• **Language Development**	$83,541	$84,376	$67,891	$70,865	$69,820	$69,525
• **Nurse (RN and LPN)**	$41,250	$41,703	$51,580	N/A	$40,161	$45,871
Fiscal	**$31,969**	**$32,289**	**$38,972**	**$35,067**	**$33,490**	**$35,843**
Clerical	**$29,653**	**$30,340**	**$35,279**	**$33,110**	**$35,391**	**$34,593**
Building and Grounds [1]	**$35,377**	**$38,310**	**$32,475**	**$31,663**	**$38,699**	**$34,279**
• **Custodial**	$32,760	$35,708	$24,943	$27,232	$22,187	$24,787
• **Maintenance**	N/A	N/A	$42,227	$34,625	$39,263	$38,705
Transportation [1]	**$29,669**	**$32,248**	**$44,990**	**$28,062**	**$29,088**	**$34,047**
• **Driver**	$32,545	$35,474	N/A	$29,430	$32,500	$30,965
• **Aide**	$24,311	$26,499	N/A	$21,767	$22,788	$22,278
• **Mechanic**	$36,435	$39,714	$44,990	$39,424	N/A	$42,207
Food Service	**$24,822**	**$27,056**	**$28,946**	**$22,183**	**N/A**	**$25,565**

Source: MMRDD and peer payroll reports
Note 1: Average salaries reflected are per FTE, equal to 8 hours per day and 260 days per year.
Note 2: Mahoning County's cost of doing business factor (1.01153) is lower than Clermont (1.01803), Summit (1.01807), and Warren (1.02103) counties.
[1] Includes management and other staff having a minimal impact on the average departmental salaries.

As illustrated by **Table 3-5**, MMRDD provides higher compensation to the following employee classifications:

- Community Services (Service and Support Administration);
- Adult Services [Program Coordination (habilitation coordinator) and Direct Care (workshop specialists)];
- Children's Services (Instructors, Early Intervention and Language Development);
- Building and Grounds(Custodial); and
- Transportation (Driver and Aides).

The higher salaries in **Table 3-5** are due to the negotiated salary schedules at MMRDD (see **Table 3-6** through **Table 3-13**), with the exception of instructors. While the instructor salary schedules are higher than CMRDD, they are lower than SMRDD and the peer averages. In addition, the beginning salaries for the bachelors and masters schedules were lower than those reported by the Ohio Department of Education for school districts in Mahoning County, for FY 2004-05.

Table 3-6 through **Table 3-12** illustrates the salary schedules for MMRDD and its peers for staff covered in the EADD collective bargaining agreement. MMRDD's EADD collective bargaining agreement contains six salary schedules for staff. Based on **Table 3-5**, three of the six schedules were further reviewed and compared to the peers' applicable schedules. By comparison, CMRDD, SMRDD and WMRDD maintain eight, four, and 10 schedules, respectively, for the positions covered by MMRDD's three salary schedules. In addition, **Table 3-13** compares MMRDD's salary schedules for select AFSCME personnel to the peers.

Table 3-6 illustrates the salary schedule for the service and support administrators for MMRDD and its peers.

Table 3-6: Service and Support Administrator

MMRDD				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$35,086	$37,156	$39,226	$41,296
5	$45,436	$47,506	$49,577	$51,647
10	$55,787	$57,857	$59,927	$61,997
13	$61,997	$64,067	$66,137	$68,207
Last Step (16)	$65,989	$68,121	$72,385	$74,517
CMRDD				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$31,694	$32,074	$32,328	$32,740
5	$38,381	$38,857	$39,142	$39,649
10	$44,403	$44,942	$45,291	$45,861
13	$48,016	$48,587	$48,967	$49,601
Last Step (25)	$52,834	$53,499	$53,911	$54,577
SMRDD				
	BA	**BA +C**	**MA**	**MA +C**
First Step	$35,483	$36,913	$37,967	$39,032
5	$41,835	$43,657	$45,112	$46,572
10	$48,186	$50,400	$52,256	$54,112
13	$51,997	$54,447	$56,543	$58,636
Last Step (24)	$65,994	$69,052	$71,763	$74,463
WMRDD (Non-bargaining position)				
First Step	$34,320	$34,320	$34,320	$34,320
5	$39,468	$39,468	$39,468	$39,468
10	$44,616	$44,616	$44,616	$44,616
13	$47,705	$47,705	$47,705	$47,705
Last Step	$49,764	$49,764	$49,764	$49,764
Peer Average				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$33,832	$34,436	$34,872	$35,364
5	$39,895	$40,661	$41,241	$41,896
10	$45,735	$46,653	$47,388	$48,196
13	$49,239	$50,246	$51,072	$51,981
Last Step	$56,197	$57,439	$58,480	$59,601

Source: MMRDD and peers salary schedules
Note 1: Employees that reach the maximum step at MMRDD are still eligible for COLAs. Although amounts vary, the peers also provide salary increases for staff that reach the maximum step.
Note 2: Table does not include the effect of the Agency's payment of a percentage of the employees' retirement contribution.

As illustrated in **Table 3-6**, MMRDD's salaries for the service and support administrators are higher than each peer, with the exception that SMRDD salaries exceed MMRDD's at the first and last steps of the BA schedule, and the last step in the BA+C schedule. As a result, MMRDD's salary schedules at each step are higher than the peer average.

Table 3-7 compares the salary for the habilitation coordinator at MMRDD to the peers, which represents the majority of the program coordination/supervising category at MMRDD.

Table 3-7: Habilitation Coordinator

MMRDD				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$35,086	$37,156	$39,226	$41,296
5	$45,436	$47,506	$49,577	$51,647
10	$55,787	$57,857	$59,927	$61,997
13	$61,997	$64,067	$66,137	$68,207
Last Step (16)	$65,989	$68,121	$72,385	$74,517
CMRDD				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$27,409	$27,738	$27,957	$28,313
5	$33,192	$33,603	$33,850	$34,289
10	$38,400	$38,866	$39,167	$39,661
13	$41,525	$42,018	$42,347	$42,895
Last Step (25)	$45,691	$46,266	$46,623	$47,198
SMRDD				
Salaried Position (Non-bargaining)				
Salary Range	$45,000 - $65,000			
WMRDD				
Non-bargaining position				
First Step	$34,320	$34,320	$34,320	$34,320
5	$39,468	$39,468	$39,468	$39,468
10	$44,616	$44,616	$44,616	$44,616
13	$47,705	$47,705	$47,705	$47,705
Last Step (20)	$49,764	$49,764	$49,764	$49,764
Peer Average [1]				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$30,865	$31,029	$31,139	$31,317
5	$36,330	$36,536	$36,659	$36,878
10	$41,508	$41,741	$41,892	$42,138
13	$44,615	$44,861	$45,026	$45,300
Last Step	$47,727	$48,015	$48,193	$48,481

Source: MMRDD and its peers salary schedules
Note 1: Employees that reach the maximum step at MMRDD are still eligible for COLAs. Although amounts vary, the peers also provide salary increases for staff that reach the maximum step.
Note 2: Table does not include the effect of the Agency's payment of a percentage of the employees' retirement contribution.
[1] Does not include SMRDD

Table 3-7 shows that MMRDD's salaries are higher than CMRDD and WMRDD at each step of the respective salary schedules. For instance, MMRDD's ending salary in the BA schedule is 38 percent higher than the peer average, even though the peers require more years of service at their respective ending salaries. While MMRDD's starting salary in the schedules are lower than SMRDD's starting salary, the Agency's ending salary in each schedule is higher than SMRDD's maximum salary. Furthermore, SMRDD's employees receive pay increases based on performance evaluations whereas MMRDD's employees receive automatic pay increases within the step schedules that are directly related to years of services, not employee performance.

Table 3-8 illustrates the workshop specialist salary schedule. Each peer's workshop specialist position has minimum educational requirements (high school diploma or equivalent) similar to the workshop specialist at MMRDD, although the position titles and requirements for advancement to higher-level positions are different. For CMRDD, this position is a habilitation technician; for SMRDD, this position is a workstation specialist, floater assistant or an instructor assistant; and for WMRDD, this position is an adult service provider.

Table 3-8: Workshop Specialists

MMRDD				
	Specialist II	**II +10**	**II+20**	
First Step	$24,168	$25,361	$26,614	
5	$28,668	$29,861	$31,114	
10	$33,168	$34,361	$35,614	
13	$35,868	$37,061	$38,314	
Last Step (14)	$37,871	$39,100	$40,390	
CMRDD				
	0-24	**25-48**	**49& over**	**AD**
First Step	$19,767	$22,139	$23,918	$25,104
5	$23,918	$26,883	$28,860	$30,046
10	$27,674	$31,034	$33,406	$34,592
13	$29,848	$33,604	$36,174	$37,360
Last Step (25)	$33,011	$36,964	$39,732	$40,918
SMRDD				
	Registered I (Floater/Instructional Assistant)	**Registered II (Production Specialist)**		
First Step	$22,650	$27,450		
5	$25,207	$30,134		
10	$30,340	$35,540		
13	$30,340	$38,702		
Last Step (15)	$30,340	$40,830		
WMRDD				
	Adult Service Provider	**Lead Adult Service Provider**		
First Step	$22,152	$24,232		
5	$25,475	$27,555		
10	$28,798	$30,878		
13	$30,791	$32,871		
Last Step (20)	$32,120	$34,200		
Peer Average[1]				
	Workshop	**Workshop Advanced**		
First Step	$21,523	$25,595		
5	$24,867	$29,245		
10	$28,937	$33,670		
13	$30,327	$36,311		
Last Step	$31,824	$38,649		

Source: MMRDD and peer salary schedules
Note 1: Employees that reach the maximum step at MMRDD are still eligible for COLAs. Although amounts vary, the peers also provide salary increases for staff that reach the maximum step.
Note 2: Table does not include the effect of the Agency's payment of a percentage of the employees' retirement contribution.
[1] Peer average includes the entry level workshop position and the most advanced salary schedule for the workshop.

According to **Table 3-8**, MMRDD's salary schedule for the Specialist II position is higher at all steps when compared to the peer average for the entry level workshop position. Likewise, the other two workshop salary schedules are higher than the peer average for the most advanced workshop position at each step. It should be noted that the advanced position schedule requires different elements at MMRDD and its peers. For example, MMRDD requires employees to obtain 20 semester hours of college credit to advance to the highest workshop salary schedule. CMRDD requires employees to obtain a degree in an adult service field in order to advance to the highest salary schedule. SMRDD requires a higher level of certification while WMRDD requires a promotion to a lead adult service provider.

Table 3-9 illustrates the salary schedules for MMRDD and its peers for the 12 month registered nurse (RN) and the licensed practical nurse (LPN).

Table 3-9: RN and LPN

MMRDD					
	LPN	**RN**			
		BA	**BA +15**	**MA**	**MA +20**
First Step	$30,709	$35,086	$37,156	$39,226	$41,296
5	$38,647	$45,436	$47,506	$49,577	$51,647
10	$43,410	$55,787	$57,857	$59,927	$61,997
13	$43,410	$61,997	$64,067	$66,137	$68,207
Last Step (16)	$43,410	$65,989	$68,121	$72,385	$74,517
CMRDD					
	LPN	**RN**			
		RN		**Bachelor's of Science in Nursing**	
First Step	$30,867	$41,579		$42,723	
5	$35,506	$47,819		$49,130	
10	$40,123	$54,059		$55,536	
13	$42,910	$57,803		$59,384	
Last Step (25)	$45,698	$62,774		$64,522	
WMRDD					
	LPN	**RN**			
First Step	$28,704	$37,888			
5	$33,010	$43,571			
10	$37,315	$49,254			
13	$39,899	$52,664			
Last Step (20)	$41,621	$54,938			
Peer Average					
	LPN	**RN (Range)**			
		RN (Excluding BSN)		**RN (Including BSN)**	
First Step	$29,786	$39,734		$40,306	
5	$34,258	$45,695		$46,350	
10	$38,719	$51,657		$52,395	
13	$41,404	$55,234		$56,024	
Last Step	$43,659	$58,856		$59,730	

Source: MMRDD and the peer salary schedules
Note 1: Employees that reach the maximum step at MMRDD are still eligible for COLAs. Although amounts vary, the peers also provide salary increases for staff that reach the maximum step.
Note 2: SMRDD contracts out this position.
Note 3: Table does not include the effect of the Agency's payment of a percentage of the employees' retirement contribution.

Table 3-9 shows that MMRDD's LPN salary schedule is higher than the peers at all levels except for the beginning and final steps offered by CMRDD. However, employees at CMRDD do not reach the ending salary until step 25, which is much higher than MMRDD (16). The RN salary schedule at MMRDD contains a range for MA and MA+20 semester hours which are not offered by the peers. The BA and BA+15 first and fifth steps are lower or similar to the peer average salary range for a RN and BSN. However, the remaining salary steps are higher than the peer averages. With the exception of the beginning salaries, the steps in the MA and MA+20 salary schedules at MMRDD are higher than the peer average.

Table 3-10 shows a comparison of salary schedules for the early intervention specialist.

Table 3-10: Early Intervention Specialist

MMRDD				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$35,086	$37,156	$39,226	$41,296
5	$45,436	$47,506	$49,577	$51,647
10	$55,787	$57,857	$59,927	$61,997
13	$61,997	$64,067	$66,137	$68,207
Last Step (16)	$65,989	$68,121	$72,385	$74,517
CMRDD				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$28,070	$29,137	$30,737	$32,224
5	$33,403	$35,172	$37,473	$39,663
10	$38,737	$41,207	$44,210	$47,101
13	$41,937	$44,828	$48,252	$51,565
Last Step (25)	$54,737	$59,312	$64,421	$69,417
SMRDD				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$35,483	$36,913	$37,967	$39,032
5	$41,835	$43,657	$45,112	$46,572
10	$48,186	$50,400	$52,256	$54,112
13	$51,997	$54,447	$56,543	$58,636
Last Step (24)	$65,994	$69,052	$71,763	$74,463
WMRDD				
	BA	**BA +30**	**MA**	**MA +30**
First Step	$37,714	$39,147	$41,297	$44,163
5	$43,371	$45,019	$47,492	$50,788
10	$49,028	$50,891	$53,686	$57,412
13	$52,422	$54,414	$57,403	$61,387
Last Step (20)	$54,685	$56,763	$59,881	$64,037
Peer Average				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$33,756	$35,066	$36,667	$38,473
5	$39,536	$41,283	$43,359	$45,674
10	$45,317	$47,499	$50,051	$52,875
13	$48,785	$51,230	$54,066	$57,196
Last Step	$58,472	$61,709	$65,355	$69,306

Source: MMRDD and its peer salary schedules
Note 1: Employees that reach the maximum step at MMRDD are still eligible for COLAs. Although amounts vary, the peers also provide salary increases for staff that reach the maximum step.
Note 2: Table does not include the effect of the Agency's payment of a percentage of the employees' retirement contribution.

As illustrated by **Table 3-10**, MMRDD's four salary schedules for the early intervention specialist position are higher than the peer average at each step. .In fact, MMRDD's salaries are higher than each peer in 12 of the 16 salary levels presented in **Table 3-10**.

Table 3-11 illustrates the salary schedules for MMRDD and its peers for the language and communication specialist.

Table 3-11: Language and Communication Specialist

		MMRDD		
	BA	**BA +15**	**MA**	**MA +20**
First Step	$35,086	$37,156	$39,226	$41,296
5	$45,436	$47,506	$49,577	$51,647
10	$55,787	$57,857	$59,927	$61,997
13	$61,997	$64,067	$66,137	$68,207
Last Step (16)	$65,989	$68,121	$72,385	$74,517
		CMRDD		
	BA	**BA +15**	**MA**	**MA +20**
First Step	$25,568	$26,540	$27,997	$29,352
5	$30,426	$32,037	$34,133	$36,128
10	$35,284	$37,534	$40,270	$42,903
13	$38,199	$40,832	$43,951	$46,968
Last Step (25)	$49,858	$54,025	$58,679	$63,230
		SMRDD		
	BA	**BA +15**	**MA**	**MA +20**
First Step	$35,483	$36,913	$37,967	$39,032
5	$30,915	$41,835	$43,657	$45,112
10	$35,572	$48,186	$50,400	$52,256
13	$38,366	$51,997	$54,447	$56,543
Last Step (24)	$45,784	$65,994	$69,052	$71,763
		WMRDD One Salary Schedule (Regardless of Degree)		
First Step		$47,840		
5		$55,016		
10		$62,192		
13		$66,498		
Last Step (20)		$69,368		
		Peer Average [1]		
	BA	**BA +15**	**MA**	**MA +20**
First Step	$30,526	$31,727	$32,982	$34,192
5	$30,670	$36,936	$38,895	$40,620
10	$35,428	$42,860	$45,335	$47,580
13	$38,283	$46,415	$49,199	$51,755
Last Step	$47,821	$60,010	$63,866	$67,497

Source: MMRDD and the peer salary schedules
Note 1: Employees that reach the maximum step at MMRDD are still eligible for COLAs. Although amounts vary, the peers also provide salary increases for staff that reach the maximum step.
Note 2: Table does not include the effect of the Agency's payment of a percentage of the employees' retirement contribution.
[1] Does not include WMRDD

As illustrated by **Table 3-11**, MMRDD's salary schedule for the language and communication specialists are higher than CMRDD and SMRDD at all steps, with the exception of SMRDD's starting salary in the BA schedule. While MMRDD's salaries at the first, 5th and 10th step are lower than WMRDD, the salaries appear similar at the 13th and last steps when compared to WMRDD. For instance, MMRDD's average salaries are $65,102 and $70,253 at the 13th and last steps, respectively. These averages are similar to WMRDD's salary of $66,498 and $69,368 at the 13th and last steps, respectively. However, WMRDD ending salary is set at 20 years, while MMRDD is set at only 16 years.

Table 3-12 compares the salary schedules for the physical therapist position at MMRDD to the peers. SMRDD does not have a physical therapist classification and therefore is excluded in **Table 3-12.**

Table 3-12: Physical Therapist

MMRDD				
	BA	**BA +15**	**MA**	**MA +20**
First Step	$35,086	$37,156	$39,226	$41,296
5	$45,436	$47,506	$49,577	$51,647
10	$55,787	$57,857	$59,927	$61,997
13	$61,997	$64,067	$66,137	$68,207
Last Step (16)	$65,989	$68,121	$72,385	$74,517
CMRDD (One Salary Schedule)				
First Step	$30,037			
5	$36,620			
10	$43,204			
13	$47,154			
Last Step (25)	$62,954			
WMRDD (One Salary Schedule)				
First Step	$47,840			
5	$55,016			
10	$62,192			
13	$66,498			
Last Step (20)	$69,368			
Peer Average				
First Step	$38,939			
5	$45,818			
10	$52,698			
13	$56,826			
Last Step	$66,161			

Source: MMRDD and peer salary schedules
Note 1: Employees that reach the maximum step at MMRDD are still eligible for COLAs. Although amounts vary, the peers also provide salary increases for staff that reach the maximum step.
Note 2: Table does not include the effect of the Agency's payment of a percentage of the employees' retirement contribution.

As indicated by **Table 3-12**, MMRDD maintains four salary schedules for physical therapists based on education levels. Conversely, CMRDD and WMRDD have one salary schedule for physical therapists regardless of degree. MMRDD's salary schedules are higher than the peer average at each step, excluding the first and fifth steps of the BA schedule, and the first step of the BA+15 schedule. In addition, MMRDD's salary schedules are higher than CMRDD at all steps. In contrast, MMRDD's salary schedules are lower at all steps when compared to WMRDD, with the exception of the last two steps in the MA+20 schedule.

Table 3-13 illustrates salary schedules for AFSCME staff at MMRDD and like positions at the peers for positions.

Table 3-13: AFSCME Selected Salary Schedules

	MMRDD	CMRDD	SMRDD	WMRDD	Peer Average
CUSTODIANS					
First Step	$13.39	$9.64	$12.82	$9.93	$10.80
Fourth Step	$15.75	$10.80	$13.50	$11.12	$11.81
Last Step	$15.75	$15.91	$16.77	$14.40	$15.69
Years of Service at Last Step	4	25	15	20	20
BUS DRIVERS					
First Step	$13.29	N/A	$12.62	$12.93	$12.78
Fourth Step	$15.63	N/A	$13.34	$13.45	$13.40
Last Step	$15.63	N/A	$17.43	$17.44	$17.44
Years of Service at Last Step	4	N/A	17	20	18.5
BUS ATTENDANTS					
First Step	$10.12	N/A	$9.54	$10.23	$9.89
Fourth Step	$11.90	N/A	$10.26	$10.64	$10.45
Last Step	$11.90	N/A	$14.35	$13.80	$14.08
Years of Service at Last Step	4	N/A	17	20	18.5
MECHANICS					
First Step	$14.55	$9.64	$16.39	N/A	$13.02
Fourth Step	$17.12	$10.80	$17.00	N/A	$13.90
Last Step	$17.12	$15.91	$18.69	N/A	$17.30
Years of Service at Last Step	4	25	10	N/A	17.5

Source: MMRDD and peer salary schedules
Note 1: MMRDD's employees after reaching the maximum receive an annual lump sum payment of $300 for years 3 to 4; $450 for years 5 to 9; $700 for years 10 to 14; $950 for years 15 to 19; and $1,200 after 20 years of service. CMRDD provides three percent increases for staff with no step increases, while SMRDD and WMRDD agreements do not specify payments or increases for staff after reaching the maximum step.
Note 2: Table does not include the effect of the Agency's payment of a percentage of the employees' retirement contribution.

Table 3-13 shows that MMRDD's salary at the first step in each position is higher than the peer average. Although the ending salaries are lower than or similar to the peer averages, MMRDD staff achieves the final salary at only the fourth step. By comparison, the peers need to be employed, on average, between 17 to 20 years in order to obtain the maximum salary. As indicated in **Table 3-13**, MMRDD's ending salary is higher than the peers' at the fourth step. More specifically, MMRDD's ending salary is higher than the peer average at the fourth step by 33 percent for custodians, 17 percent for bus drivers, 14 percent for bus attendants, and 23 percent for mechanics. Furthermore, while EADD personnel did not receive a COLA during FY 2005 and FY2006, AFSCME staff received COLAs of 3.25 and 3.5 percent in these years, respectively. When considering the impact of COLAs and step increases in the current salary schedules, the average annual increase for a bus driver, bus aide and custodian would be close to nine percent, progressing from the first step to the last step of the schedule.

In conclusion, **Tables 3-6** through **3-13** show that MMRDD provides high salaries for its EADD and AFSCME personnel, in addition to paying 10 and 100 percent of the respective employee retirement contributions. As stated previously, the peers do not pay any portion of the employee retirement contribution for similar positions covered by the Agency's EADD and AFSCME collective bargaining agreements. By providing high salaries along with paying a portion of the employees' retirement contribution, MMRDD spends more in personnel costs to operate the Agency and serve its clients. For instance, based on the ADM in FY 2005 and the Agency's salary expenditures in FY 2006 that reflect staffing reductions made in FY 2005, MMRDD's salary expenditures of $4,720 per ADM is still higher than SMRDD and WMRDD salary expenditures in FY 2005 of $4,100 and $3,652, respectively.

Financial Implication: By taking steps to bring compensation more in line with the peers, MMRDD would reduce personnel costs but still provide fair compensation to its employees. For instance, eliminating the payment of the employee retirement contribution for non-bargaining staff, EADD staff, and AFSCME staff, MMRDD would reduce personnel expenditures by approximately $63,000, $55,000, and $171,000 per year, respectively. This would amount to a total annual savings of approximately $289,000. In addition, based on current collective bargaining agreements, MMRDD's total salaries are projected to increase approximately 3.8 percent annually (see **Table 2-2** in **financial systems**). If the Agency was successful in renegotiating salary schedules and/or future COLAs that reduced the growth rate to at least 3.5 percent annually, MMRDD would reduce projected salary and benefit costs by approximately $31,000 in FY 2008, $68,000 in FY 2009, $109,000 in FY 2010, and $156,000 in FY 2011. This would result in an average annual savings of approximately $91,000 from FY 2008 to FY 2011.

Health Insurance

R3.2 During future renegotiations with EADD and AFSCME staff, and in light of the Agency's future financial condition (see financial systems), MMRDD should consider increasing the employee contribution to at least 12 percent of the monthly premium cost. In future negotiations with AFSCME, MMRDD should also consider increasing the employee contribution for part-time employees to be proportionate with the hours worked per day, similar to EADD part-time staff. Additionally, MMRDD should consider eliminating the dollar cap on all employee contributions during future renegotiations with EADD and AFSCME. Stating all future employee contributions as a percentage would help offset inflationary increases in health care premiums.

For 2006, MMRDD collective bargaining agreements required a full-time employee contribution of 10 percent of the premium cost, capped at $80. However, MMRDD increased the cap to $132 for FY 2007, which equates to 10 percent of the weighted family contribution. A 10 percent contribution is comparable to the average employee contributions reported in applicable SERB categories. Although MMRDD's employee contribution appears comparable to SERB data, it is lower than data reported in *Employer Health Benefits* (Kaiser Family Foundation and Health Research and Educational Trust, 2006). Specifically, Kaiser reported an average employee contribution of 16 and 27 percent across all single and family plans respectively. In particular, Kaiser reported an average employee contribution of 15 and 26 percent for single and family PPO plans, respectively. Within the PPO plans, Kaiser reported an average employee contribution of 6 and 18 percent, respectively, for state and local governments. This results in an average employee contribution of 12 percent. For all state and local government plans, Kaiser reported an average employee contribution of 9 and 20 percent for single and family plans, respectively. This results in average employee contributions of 14.5 percent.

For part-time EADD employees, MMRDD is required to pay only the fractional part of the monthly premium proportionate to the portion of the day worked. The employee pays the remaining fractional amount plus any established cost sharing (e.g., 10 percent). Conversely, the AFSCME negotiated agreement requires part-time employees to contribute only 16 percent of the premium, capped at $212 for FY 2007. As of July 2006, twenty-two part-time AFSCME employees (bus drivers and aides) participated in the Agency's health insurance plans, working five hours per day.

As discussed in the *Noteworthy Accomplishments* section, MMRDD has been able to provide fair and, in some case, relatively generous plan benefits at a reasonable premium cost. However, increasing the full-time employee contribution would help MMRDD improve its future financial situation (see **financial systems**) and balance the generous plan provisions when compared to data reported by Kaiser. By not requiring an equitable part-time employee contribution for all staff that is proportionate to the hours worked per day, MMRDD treats its staff inequitably and increases the costs of providing health insurance for part-time staff. Furthermore, maintaining a dollar cap increases the risk of employee contributions not rising with inflationary increases in health care costs.

Financial Implication: MMRDD would save approximately $31,000 annually by requiring part-time AFSCME employee contributions proportionate to the hours worked per day. Increasing the full-time employee contribution would save approximately $75,000 annually, resulting in a total savings of approximately $106,000 annually. These savings are based on health care costs, employee contributions, and plan participants as of July 2006.

Other Areas in the Negotiated Agreements

R3.3 MMRDD should seek to institute annual evaluations for all employees, similar to the peer practices and as stated within its policies and procedures. Annual evaluations would provide timely feedback to employees, facilitate the development of performance standards, identify training needs, and help improve communication between management and staff. This, in turn, could help improve overall services and operations.

In line with the EADD collective bargaining agreement, MMRDD currently completes evaluations annually on certificated/licensed employees for the first three years of employment. Thereafter, evaluations occur bi-annually. Furthermore, classified personnel do not receive evaluations. The evaluation practices conflict with MMRDD's Personnel Policy 4320, which states that "each employee will be evaluated annually, at a minimum." However, this policy is superseded by the EADD and AFSCME collective bargaining agreements. The AFSCME collective bargaining agreement language does not define the frequency of staff evaluations, thus it does not preclude MMRDD from annually evaluating AFSCME staff. According to the Human Resource Director annual evaluations may not be occurring because the Agency provides disciplinary hearings to individuals when behavior is inappropriate or negative. As a result, the Agency does not appear to be using evaluations to recognize positive behavior.

All of the peers collective bargaining agreements require at least annual evaluations of staff, with the exception of the CMRDD agreement that covers staff similar to MMRDD's AFSCME agreement (see **Tables 3-2** and **3-3**). According to *Performance Appraisal as an Employee Development Tool* (Society of Human Resource Managers, 1999), all employees must understand job expectations, and management creates a high percentage of problems by ignoring the need to inform employees of job performance. This subsequently creates a high level of uncertainty, anxiety, low productivity, and in many cases, the loss of loyal and productive employees. Without regular, coordinated employee performance evaluations, the Agency may hinder employee development and productivity, and superior or poor performance may go unrecognized by management.

R3.4 During future negotiations with EADD and AFSCME, the Agency should seek to reduce the cap on the amount of sick leave paid at retirement to be more comparable to CMRDD and WMRDD. In addition, MMRDD should negotiate with EADD to pay sick leave severance only to those staff who retire. This could be accomplished by eliminating the provision that allows staff who separate service with 10 years of service credit to receive a sick leave payout, using language similar to the AFSCME agreement.

For EADD staff with 10 years of service, MMRDD provides payment of 35 percent of up to 240 sick leave days, or the equivalent of 84 days. The AFSCME agreement provides 40 percent of the maximum accumulation of 200 days, or the equivalent of 80 days. In contrast, CMRDD and WMRDD agreements place a cap on the amount of sick days paid out at 30 days (WMRDD is for employees hired after April 3, 1985), although SMRDD's agreements do not place a cap on the sick leave payout. ORC § 124.39 states that sick leave payout shall not exceed the value of 30 days of accrued sick leave. However, section (C) permits political subdivisions to compensate employees for more than 30 days. Additionally, MMRDD provides a maximum of 37.5 sick leave days paid out to staff with less then 10 years of service at MMRDD. The Agency's EADD agreement also provides a maximum payout of 30 days to staff who leave with 10 years of service credit at MMRDD. However, the Agency's AFSCME agreement does not have a similar provision, and instead provides the payout only to retirees.

Requiring all staff to retire in order to receive a severance payment and lowering the cap on the amount of sick leave paid out at retirement would help the Agency reduce its long term costs, while still providing a fair severance payment to its retiring employees.

The financial impact of reducing the cap in sick leave paid at retirement is not readily quantifiable. It will depend on the number and timing of employee retirements and the amount of their accumulated sick leave.

R3.5 During future contract negotiations with AFSCME, MMRDD should attempt to eliminate the provision guaranteeing a minimum of 3.5 hours for emergency call-ins. The Agency should seek to base the payment for emergency call-ins on the employees' regular rate when hours are not subject to overtime as established by the Fair Labor Standards Act (FLSA) and reduce the minimum number of guaranteed hours paid.

As shown in **Table 3-3**, MMRDD's current negotiated agreement with AFSCME employees requires the Board to pay the greater of 3.5 hours of extra pay or 1.5 times the individual's hourly rate for all emergency call-ins. In contrast, CMRDD and WMRDD provide employees with 2 hours at their regular rate of pay unless it exceeds 40 hours for the week, while SMRDD does not state a minimum number of hours for emergency call-ins in the current agreement. According to ORC § 4111.03 and the Fair Labor Standards Act (FLSA), the only hours the Agency is required to pay at time and a half are those worked in excess of 40 per week. According to the Director of Administrative Services, the guaranteed hour provision cost the Agency approximately $465 in 2005 and $808 in 2006. Although the cost was not significant in the last two years, MMRDD's current AFSCME contract exceeds the hours provided by each of the peers and also the ORC standards for compensation of minimum call-in hours.

Financial Implications Summary

The following tables are summaries of estimated annual cost savings for this section of the report. The financial implications are divided into two groups: those that are subject to negotiations, and those that are not.

Recommendations Subject to Negotiations

Recommendation	Annual Cost Savings
R3.1 Discontinue payment of employee retirement contribution for EADD and AFSCME personnel.	$226,000
R3.1 Alter salary schedules and/or limit COLAs	$91,000 (four year average)
R3.2 Increase full-time employee contributions to at least 12 percent	$75,000
R3.2 Increase employee contribution for part-time AFSCME staff	$31,000
Totals	**$423,000**

Recommendations Not Subject to Negotiations

Recommendation	Annual Cost Savings
R3.1 Discontinue payment of employee contribution for non-bargaining staff	$63,000
Total	**$63,000**

COMPLIANCE

Compliance

Background

This section of the performance audit reviews the Mahoning County Board of Mental Retardation and Developmental Disabilities (MMRDD or the Agency) compliance with state and federal rules and regulations. The objective is to determine whether MMRDD complies with applicable state and federal statutes and develop recommendations for non-compliant areas, if necessary. The following agencies provide accreditation and compliance reviews of Mental Retardation and Developmental Disabilities (MRDD) programs: the Ohio Department of Education (ODE), the Ohio Department of Jobs and Family Services (ODJFS), the Ohio Department of Health (ODH), and the Ohio Department of Mental Retardation and Developmental Disabilities (ODMRDD).

The performance audit used and analyzed the results of prior compliance and accreditation reviews prepared by the applicable oversight agencies, as well as the results of internal reviews conducted by MMRDD. Interviews were conducted and documentation was reviewed to verify the implementation of previous corrective action steps.

With the exception of MMRDD's 2006 self review (see **R4.1**), the performance audit found no significant areas of non-compliance. MMRDD has undergone past external compliance reviews and submitted acceptable plans of correction to address problems noted in the external compliance reviews.

Summary of Compliance

Federal Laws

The services provided by MMRDD are governed by the following federal statutes:

- Individuals with Disabilities Education Act of 1997 (IDEA);
- Individuals with Disabilities Education Improvement Act of 2004 (IDEIA);
- Medicaid: United States Code (USC) §1396-1396v, subchapter XIX, chapter 7, Title 42;
- Health Insurance Portability and Accountability Act of 1996 (HIPAA): Public Law (PL) 104-191;
- Family Educational Rights and Privacy Act (FERPA): 20 USC §1232g; 34 CFR Part 99; and
- Assistance to States for the Education of Children with Disabilities: 34 CFR 300.

Each of these statutes is monitored by a state governing body which assures compliance with the applicable laws and regulations. At the time of this performance audit, no major compliance issues with any of the federal mandates were identified.

State Laws

Ohio Revised Code (ORC) § 3323 and ORC § 5126 provide the guidelines for county boards of mental retardation and developmental disabilities to administer and operate facilities, programs, and services. According to ORC § 5126.02, each county shall either have its own county board of mental retardation and developmental disabilities or be a member of a multi-county board of mental retardation and developmental disabilities. In addition, a county board shall be operated as a separate administrative and service entity. Although there are no local laws or ordinances directly affecting the delivery of MMRDD services, the other sections of this performance audit would address county-wide policies impacting the scope of work in those respective sections.

ODMRDD

ORC § 5126.081 requires that ODMRDD establish a system of accreditation for county boards of MRDD. The purpose of the accreditation system is to ensure county board compliance with all applicable rules and regulations (state and federal). ODMRDD established the accreditation process though Ohio Administrative Code (OAC) § 5123:2-4-01. Per OAC § 5123:2-4-01, the county board accreditation processes encompasses a review of four domains. A domain is a compilation of requirements that are categorically similar in their management and implementation, and include ORC, OAC, and federal requirements. The four domains in OAC are:

- Health, safety, and welfare;
- Rights;
- Service planning and delivery; and
- Administration.

However, for 2006, ODMRDD expanded and restructured the four domains into five, which stem from its Quality Framework (Framework):

- Physical health and prevention;
- Personal and emotional well-being;
- Community;
- Employment and business; and
- Leadership and organizational management.

In brief, the Framework is centered on subjects important to individuals with disabilities and other stakeholders. Each domain in the Framework has outcomes, which are "end result[s] that an organization would want to achieve. Outcomes are further divided into Core Indicators expressing how the system will know if the Outcome is present." Lastly, the Framework has performance measures, which are "specific criteria for measurement and provide a mechanism for calculation." According to ODMRDD, "minimum compliance reflects the requirements of state and federal statutes and administrative rules that align with the core indicators in the Quality Framework." See the **client services and case management** section of this report for further analysis of performance measures and outcomes.

The Office of Provider Standards and Review within ODMRDD is responsible for conducting accreditation reviews. The reviews occur based upon the expiration dates of county board accreditations. The actual review involves an ODMRDD review team sampling various items (e.g. employee files, client files, provider files, etc.), reviewing annual plans and policies/procedures, and conducting onsite reviews of evidence (e.g. posted facility signs, client and agency files, and case manager notes). After completing the review, ODMRDD provides the county board with a final report and holds an exit conference.

Depending on the outcome of a review, accreditation is granted for periods up to five years, which includes an additional year granted after ODMRDD awards a county MRDD with an area of excellence for meeting best practice criteria. Each year of accreditation indicates a greater level of compliance with rules and statutes. For example, a one-year accreditation indicates that a county board has complied with all mandates of the health, safety, and welfare domain. A two-year accreditation indicates that a county board has complied with all health, safety, and welfare rules, plus all the requirements listed in the rights, service planning and delivery, and administration domains. In order for a county board to be awarded the full five-year accreditation, it has to meet the following requirements of OAC 5123:2-4-01:

- ODMRDD determines that the county board meets best practice criteria; or
- ODMRDD determines that the county board has maintained accreditation through the Commission on Accreditation of Rehabilitation Facilities or the Accreditation Council for at least three years, prior to ODMRDD's onsite accreditation review.

In addition to these two requirements, ODMRDD stated that the county MRDD must have attained four-year accreditation prior to submission for an award of excellence related to meeting the best practice criteria.

Depending on the outcome of the initial accreditation review, a county board may also be subjected to future on-site reviews by ODMRDD and/or may be required to submit a plan of correction (POC). A POC is required for any violation of rule or law, and typically encompasses all the steps that will be taken to bring the practice into compliance, an anticipated date of completion, and the party responsible for the completion. ODMRDD may use a POC in a future accreditation review to ensure that corrections needed were actually implemented.

MMRDD's first accreditation review occurred in 2001, and resulted in a two-year accreditation. A second accreditation review occurred in March 2004, and resulted in a three-year accreditation. The 2004 accreditation report, however, noted some areas of non-compliance with state laws and regulations. Some of these citations include:

- Failure to begin initial assessments within 60 days of establishing eligibility when service and supports were requested; and
- The 2004 Annual Plan did not address family support services as required by OAC § 5123:2-1-09.

Also, as part of an accreditation review, county boards of MRDD are allowed the opportunity to challenge a citation. For the 2004 accreditation review, MMRDD challenged 6 citations resulting in 3 citations being overturned. In the instances where citations were challenged, MMRDD provided additional evidence to demonstrate compliance (e.g. notes, files, etc.).

MMRDD submitted a POC for the 2004 Accreditation Review in July 2004. ODMRDD approved the POC in September 2004, noting that the Agency's implementation of the POC would be considered in future accreditation reviews. The POC was divided among the different functional areas of MMRDD, instead of having one entity delegating responsibilities to individual departments. For example, violations under the administration domain were the responsibility of the Assistant Superintendent while violations of the service planning and delivery domain were the responsibility of the Director of Community Services.

MMRDD uses its POC to help make necessary changes to its operations. For example, prior to the accreditation review, service and support administrators (SSAs) were assigned caseloads in primarily one area (e.g. children's services, adult services). The accreditation review noted a lack of communication among the adult services staff. Specifically, adult habilitation service notes and coordination of service notes were not always up to date. In response, MMRDD reorganized the Agency so that SSAs handled all service coordination. Another example is the citation for insufficient evidence that the Annual Plan was made available to the staff, community, etc. In response, MMRDD published the Annual Plan on its web site, and has continued to do so.

ODE

Schools operated by MRDD's must meet the same standards as any public school district and additional requirements for the education of handicapped children. In the past, ODE conducted School Improvement Review visits at each district and MRDD facility on a seven year cycle. However, this process changed in 2004, and districts are now evaluated at random. MMRDD's last review occurred in 1997.

While ODE no longer conducts cyclical reviews of schools, it still maintains some oversight. Self evaluations are available to school districts and community schools via the Program Audit and Compliance Tracking System (PACTS). PACTS is available through a web application on ODE's website. PACTS evaluations are designed to help entities measure compliance with the No Child Left Behind Act and other federally funded programs. A review covers each of the legal requirements for the particular type of federal funding received, and allows an entity to verify that it has documentation indicating how it meets the requirement. MMRDD's most recent self review took place in 2004 and encompassed the requirements of Title V, Part B of IDEA, and the Early Childhood Special Education requirements of IDEA. The review found MMRDD to be compliant with all rules and regulations.

Internal Programmatic Quality Assurance

In addition to oversight provided by the State, MMRDD and the Northeast Ohio Network (NEON) conduct various quality assurance (QA) assessments of services and programs. For example, the Family Support Services (FSS) program provides respite care, adaptive equipment, home modifications, and other services designed to help consumers remain in their homes instead of an institution. According to the 2006-07 Annual Plan, MMRDD provides services to 172 families. FSS is governed by OAC § 5123:2-1-09, which details the requirements for determining eligibility, planning, service reimbursement, and provider evaluation. Examples of requirements include a response to requests for services within seven days and payment for services within 45 days of receipt of invoice. For 2005 and 2006, MMRDD contracted with a private company to administer the Family Support Service Program. In order to ensure oversight and contractor compliance with laws and regulations, MMRDD surveys Family Support Service recipients or their parent/guardian. The consumer surveys focus on determining whether the home is safe and secure; the provider generally provides satisfactory service; the Agency is meeting the aforementioned 45 day and seven day timelines; and the providers have the appropriate training. Although violations were identified in the three surveys provided to AOS, the violations were rectified shortly after the surveys were conducted (e.g. less than one week).

Another example of quality assurance is found in reviews of in-home care providers (typically nurses). OAC § 5123:2-6-02 permits MRDD personnel (either contracted or directly employed) to assist individuals in the self-administration of medication. Personnel providing medication assistance must go through training conducted by a certified nurse trainer. The assistance provided can be in the form of opening bottles, applying topical medications, securing medication, etc. In order to ensure client safety, and personnel compliance with rules and regulations, quality assessments are conducted by registered nurses at least once every three years. The Northeast Ohio Network (NEON) performs these reviews on behalf of MMRDD. The quality assessments are based on forms created by ODMRDD and include the following areas:

- Evidence of policy for administration of medication and performance of health-related activities;
- Evidence that personnel training focuses on an individual's needs, prior to administration of medication to an individual;
- Method for ensuring that the individual being medicated is receiving the correct medication;
- Evidence that each medication had a corresponding prescription from a prescriptive authority; and
- Evidence that medication is securely stored.

Upon completion, the review is submitted to NEON, and a copy is also provided to MMRDD's Quality Assurance Specialist. Depending on the issues identified in the review, the provider may be required to submit a written POC or may lose its certification if found to be excessively non-compliant. A sample of two reviews provided to AOS did find areas of non-compliance. However, due to the timing of the reviews, AOS was unable to verify that identified areas of weakness were corrected.

An additional level of oversight and compliance stems from Supported Living Quality Assurance (SLQA) reviews. Supported living is designed to help individuals live in their homes instead of a care facility by making support services available in the home. To ensure provider compliance with all applicable laws, OAC §5123:2-12-01 requires a county board of MRDD to conduct quality assurance reviews of supported living providers at least once every three years. In addition to MMRDD's review of providers, ODMRDD conducts QA reviews of MMRDD. The QA reviews are similar in nature to the accreditation review in that ODMRDD reviews the county board's compliance with ORC and OAC regarding supported living. If ODMRDD identifies areas of non-compliance, MMRDD is required to submit a POC. Depending on ODMRDD's review of the POC, the Agency could avoid further on-site review. In March 2003, ODMRDD reviewed MMRDD's SLQA reviews and identified seven areas of non-compliance, for which MMRDD provided a POC in July 2003. According to ODMRDD, all findings were satisfactorily addressed. ODMRDD has subsequently included reviews of the SLQA in the accreditation review process. ODMRDD's most recent review of MMRDD occurred for the 2004 accreditation and no citations were noted for SLQA.

Although not specifically required by either the OAC or ORC, MMRDD conducts service monitoring through its Service and Support Administrator Supervisors as part of their job duties. The Agency's Service and Support Administrators conduct on-site reviews of individuals to ensure adherence to individual service plans, as well as the health and safety of consumers.

Lastly, NEON, on behalf of MMRDD, conducts provider compliance reviews. Provider compliance reviews are intended to verify that providers are maintaining the standards and qualifications of applicable waiver services (Medicaid). According to ORC § 5123.2-9-08, certified Home and Community Based Services (HCBS) waiver providers must be reviewed at least once every five years. According to MMRDD, using NEON to conduct provider compliance reviews eliminates the possibility of bias. ODMRDD also helps to limit bias and ensure consistency in reviews through a standardized compliance review format and a protocol guide, which are made available on its web site. If deficiencies are noted, the provider must submit a plan of compliance. Compliance audits also carry significant penalties for failure to comply with applicable rules and regulations. A provider's certification may be revoked or suspended for substantial violations, patterns of non-compliance with plans of compliance, and patterns of continuing noncompliance with laws and regulations. A sample of two provider compliance reviews provided to AOS found no significant health or safety violations. Some citations were noted in the reviews; however, each provider submitted plans of correction that satisfactorily addressed the issues.

Recommendation

R4.1 MMRDD should complete a self review and develop a plan of correction to address problem areas addressed in all accreditation evaluations performed by ODMRDD. Doing so could save MMRDD time and money, help increase the Agency's length of accreditation, and demonstrate accountability to ODMRDD and its stakeholders.

As part of the accreditation process, OAC requires each county board of MRDD to conduct an annual self review. The self-review is to be conducted using forms provided by ODMRDD. The self review tool is designed to assist county boards in preparation for accreditation reviews and may also be used as a continuous quality assurance (QA) component. In the past, self-reviews encompassed the same four domains as the ODMRDD accreditation review. The self reviews changed in 2006 to reflect the changes made to the accreditation reviews, which resulted in changing and restructuring the four domains into five domains (see page 4-2 to 4-3). As with an ODMRDD accreditation review, a self review also requires a county board of MRDD to create a plan of correction for any area identified as noncompliant.

MMRDD's most recent self review occurred in 2006 and identified several areas of non-compliance. The majority of violations occurred in the rights and service planning and delivery domains. The self review noted 11 violations without a plan of correction, and 1 entire standard without an indication of compliance/non-compliance.

As MMRDD is expected to make the self review available to ODMRDD during an accreditation review, fully completing the self review would demonstrate the Agency's commitment to continually and proactively reviewing and improving its operations. It would also help demonstrate accountability to stakeholders, which could improve and strengthen community support. Assuming that some issues could require significant resources to rectify, the Agency could minimize costs by correcting problems before they become significant. Also, consistently completing self reviews and correcting problems as they are found would likely result in longer periods of accreditation (e.g. four years). Meeting the four-year accreditation criteria would allow MMRDD the opportunity to focus on the requirements for an area of excellence and achieving a five-year accreditation.

In March 2007, ODMRDD performed an assessment of MMRDD's operations, as part of the accreditation process. Although ODMRDD's final report is not yet available, the Director of Community Services expressed satisfaction with the results.

CLIENT SERVICES
&
CASE MANAGEMENT

Client Services and Case Management

Introduction

This section of the performance audit reviews client services and case management operations at the Mahoning County Board of Mental Retardation and Developmental Disabilities (MMRDD or the Agency). Comparisons are made throughout this section to the following peers: Clermont County MRDD (CMRDD); Summit County MRDD (SMRDD); and Warren County MRDD (WMRDD). CMRDD, SMRDD and WMRDD were selected for benchmarking purposes based on various data, such as clients served, revenues, expenditures, services, and accreditation status. At the time of this performance audit, the accreditation status of WMRDD was equal to MMRDD, while the accreditation status of both CMRDD and SMRDD was higher than MMRDD. Information from applicable sources such as the Ohio Department of Mental Retardation and Developmental Disabilities (OMRDD), the Voinovich Center for Leadership and Public Affairs, and the Commission on Accreditation of Rehabilitation Facilities (CARF) was also used for comparison purposes.

Background

MMRDD offers various programs for its clients in the categories of children, adult and family support services. Children's services are available from birth through age 21, while adult services are for anyone age 22 and above. Additionally, family support services are available to qualified recipients.

Children's Services

Early intervention (EI) and preschool programs serve children in the ages of 0-3 years and 4-5 years, respectively. Due to budgetary constraints, MMRDD phased out the preschool program by June 2006 and early intervention in December 2006, and transferred these programs to other providers already receiving funding for these programs. Mahoning County Family and Children First operates and receives funding for the "Help Me Grow" EI program. The Mahoning County Educational Service Center operates the preschool and receives related funding from the Ohio Department of Education. According to the Superintendent, the transition to these providers was accomplished without interrupting any of the client services.

School-aged services at MMRDD are provided through the Leonard Kirtz School (LKS), a special education school, which provides programs and education for school age children with developmental disabilities, including social, academic, and vocational programs. Additionally, the Ohio Department of Education (ODE) requires each student to have an Individual Education

Plan (IEP) to ensure the client's needs are met. Students who require intervention may receive services such as speech, physical, and occupational therapy. Students may also receive nursing, transportation, and case management services. Lastly, Camp Rachael is a six week summer day camp program for school-aged children that is partially funded by MMRDD and administered by the Mahoning County Council for Retarded Citizens.

Table 5-1 compares children service offerings at MMRDD to the peers.

Table 5-1: Children's Services Offered

Age Group	Services Offered	MMRDD	CMRDD	SMRDD	WMRDD
0-3 Years	Early Intervention – Home Based	No [1]	Yes	Yes	Yes
0-3 Years	Early Intervention – Center Based	No [1]	Yes	Yes	Yes
4-5 Years	Preschool	No [2]	No	Yes/ Phasing out	No
6-22 Years	School	Yes	Yes	Yes/ Phasing out	No
6-22 Years	Speech and Language Therapist	Yes	Yes	Yes [3]	Yes [3]
6-22 Years	Summer Recreation	Yes [4]	No	Yes [3]	No
0-22 Years	Professional Nursing	Yes	Yes	Yes [3]	No

Source: Requested information from MMRDD and peers which was verified through interview
[1] This program was phased out in January 2007.
[2] This program was phased out in June 2006
[3] Contracted out
[4] Contracted out through the Mahoning County Council for Retarded Citizens

Table 5-1 indicates that MMRDD is the only entity offering all four of these services: school, speech and language therapist, summer recreation, and professional nursing. Contrary to WMRDD, MMRDD and CMRDD both operate a school while SMRDD is phasing out its school program. Although the Agency no longer offers EI or preschool programs, clients can obtain these services from other providers, as previously mentioned.

Adult Services

Adult services at MMRDD encompass several different areas and are regulated by the Ohio Department of Mental Retardation and Developmental Disability (ODMRDD). OAC 5123:2-1-06 states that adult persons with developmental disabilities have the right to receive the full range of supports and services they need to be participating members of their communities, including the following:

- Employment services;
- Continuing education;
- Transportation services;

- Technological supports; and
- Therapeutic services.

OAC § 5123:2-1-06 also states that employment options should include competitive employment, supported employment, mobile work crews, enclaves, entrepreneurships and sheltered employment. Additionally, individuals should have the supports as needed to access retirement, recreational, social, and employment activities.

MMRDD operates three Board-owned buildings to support adult services. Javit court is a habilitation center that offers programs for clients over age 55 and medically fragile adults who cannot participate in production work. MMRDD contracts with MASCO, Inc, (a nonprofit organization) for provision of services that include the handling of client payroll for the sheltered workshops, and sponsoring most of the client recreational activities and special events for the consumers at the workshops. MASCO, Inc. operates the Bev MASCO and Meshel MASCO buildings, which are sheltered workshops. Additionally, all clients may receive nursing, transportation, and case management services as needed.

Table 5-2 compares the adult services that are offered at MMRDD to the peers.

Table 5-2: Adult Services Offered

Services Offered	MMRDD	CMRDD	SMRDD	WMRDD
Occupational Skills	Yes	Yes	Yes	Yes
Functional Life Skills	Yes	No	Yes	No
Habilitation	Yes [1]	Yes [1]	Yes [1]	Yes [1]
Organizational Employment Services/Work Experience	Yes	Yes	Yes [1]	Yes
Facility Based Transitional Work Experience	Yes	Yes	Yes [1]	Yes
Community Supported Employment/Work Stations	Yes	Yes	Yes [1]	Yes
Extended Day Treatment	No	No	Yes [1]	No
Retirement (Adult over 55)	Yes	Yes	Yes [1]	Yes
Occupational Therapy	Yes [1]	Yes [1]	Yes [1]	Yes [1]
Physical Therapy	Yes [1]	Yes [1]	Yes [1]	Yes [1]
Counseling / Psychology	Yes [1]	No	Yes [1]	Yes [1]
Psychiatric	No	No	Yes [1]	No
Job Coaching	Yes	Yes	Yes	Yes
Job Development/Enrollment	Yes	Yes	Yes	Yes
Job Placement	Yes	Yes	Yes	Yes
Follow Along [2]	Yes	Yes	Yes	Yes
Interpreter Services (Bi-lingual Services)	Yes [1]	Yes [1]	Yes [1]	Yes
Payeeship Services (Assistance with Paying Bills)	Yes [1]	No	Yes [1]	Yes [1]
Professional Nursing	Yes	Yes	Yes [1]	Yes
Social Programs [3]	Yes	Yes	Yes	Yes [1]

Source: Requested information from MMRDD and peers which was verified through interview
[1] Contracted out. MMRRR, CMRDD and SMRDD also internally employ some habilitation staff.
[2] MRDD's supervision of adult clients at the work site
[5] Social programs help adults that have transitioned from the workshops to community supported employment

As shown in **Table 5-2**, MMRDD offers all but two services for adults. By comparison, SMRDD offers all of the services, while CMRDD and WMRDD offer all but five and three services, respectively. **Table 5-2** also shows that MMRDD contracts for six services, which is the same as WMRDD, more than CMRDD, and less than SMRDD.

Family Support Services

Family support services (FSS) ensure the availability of supports to help people live as they choose; and promotes their health, safety and welfare. The Ohio Department of Mental Retardation Developmental Disabilities (ODMRDD) provides funding for FSS to each county board of MRDD. According to the Superintendent, MMRDD also provides $175,000 in local funds for FSS, which exceeds the ODMRDD allocation for FSS. According to ODMRDD, the primary goal of families using this service is to assist in caring for individual family members in their homes. Family support service funds cover the following services:

- Respite care;
- Adaptive equipment;
- Home modifications to accommodate the family member with disability;
- Special diets; and
- Other services or items that are individualized to meet the family needs.

Table 5-3 compares MMRDD's FSS offerings to the peers.

Table 5-3: Family Support Services Offered

Age Group	Services Offered	MMRDD	CMRDD	SMRDD	WMRDD
Child	Foster Care	No	No	Yes [3]	No
Adult	Cost to Live	No	No	Yes [1]	Yes [2]
Adult	Semi-Independent Living	Yes [3]	Yes [3]	Yes [3]	Yes [3]
Child/Adult	Recreational Respite	Yes [3]	Yes [3]	Yes [3]	Yes [3]
Child/Adult	Temporary Emergency Residential Services [4]	Yes	No	Yes [3]	Yes

Source: Requested information from MMRDD and peers which was verified through interview
[1] SMRDD provides a subsidy for living expenses
[2] WMRDD provides temporary Section 8 rental subsidy until a voucher can be obtained
[3] Contracted out
[4] Emergency residential service is provided prior to waiver placement, if needed.

Table 5-3 shows that MMRDD offers three of the five services. This is more than CMRDD, but less than SMRDD and WMRDD. Similar to the peers, MMRDD contracts for the majority of offered services for family support. MMRDD's largest contract is with the North East Ohio Network (NEON) to administer the FSS program. NEON is a regional council of governments organized pursuant to Chapter 167 of the Ohio Revised Code. According to the contract, NEON contracts with 12 county MRDD members who are billed based on the services provided to each individual.

As shown in **Tables 5-1**, **5-2** and **5-3**, MMRDD and the peers contract for numerous services. In an effort to determine whether the level of contracted services potentially impacts variances in staffing levels, AOS compared service contract costs from the ODMRDD cost reports at MMRDD to the peers. In FY 2005, MMRDD spent $2,313 per student in service contract costs, which was slightly higher than the peer average of $2,241 per student. However, case management significantly skews this comparison. More specifically, case management expenditures only make up about two and one percent of MMRDD's and the peer average service contract expenditures, respectively, while case management ADM comprises 28 and 31 percent of total ADM, respectively. When excluding case management, MMRDD spent $3,135 per ADM in FY 2005, which is five percent lower than the peer average ($3,309), and 20 and 14 percent lower than SMRDD and WMRDD, respectively.

From FY 2005 to FY 2006, MMRDD's contracted and professional service expenditures increased by 8.3 percent, partially due to increased costs for day programming services and the first full year of transportation services for supported employment (see **financial systems** for more information). Considering that the Agency's ADM remained relatively constant from FY 2005 to FY 2006, MMRDD's service contract expenditures per ADM from the cost reports in FY 2006 would still likely be lower than SMRDD and WMRDD (when excluding case management). Based on these comparisons and the potential to improve aspects of the contracting process (see **R5.5**), MMRDD's level of contracted services do not impact the conclusions reached on MMRDD's staffing levels in this section [see **R5.1**, and *Assessments Not Yielding Recommendations* and *Noteworthy Accomplishments* below (**Caseloads and Staffing**, and **Adult Services Staffing and Workload**)].

Assessments Not Yielding Recommendations

In addition to the analyses presented in this section, assessments were conducted on other aspects of client services and case management, which did not warrant changes and did not yield recommendations. These areas include the following:

- **Client Interaction:** MMRDD's type and minimum frequency of contact with its clients is similar to the peers. The Agency requires Service Support Administrators (SSAs) to meet with their clients face-to-face at least once per quarter, and maintain phone contact at least twice per year. The contact between SSAs and clients is documented through case notes produced by MMRDD's contracted dictation service. SSAs are also required to maintain logs documenting their monthly client contacts, which are reviewed by the SSA Supervisors.

- **Caseloads and Staffing:** MMRDD maintains an average of 36.6 cases per case management FTE, which is higher than two of the three peers. When including all staffing in the Agency's Community Support Services Department (23 FTEs), MMRDD maintains an average of 25.5 cases per FTE. This is higher than two of the three peers.

- **Case Management:** MMRDD has established policies and procedures pertaining to case management that are in line with OAC 5123:2-1-11. MMRDD's Board must approve any revisions to the case management policies and procedures. AOS confirmed that Board approval is sought when case management policies and procedures are changed.

- **Staff Training:** MMRDD uses the ODMRDD self assessment as a tool to identify compliance issues and develop corrective action plans to ensure staff are properly registered, certified, or licensed. In addition, MMRDD has established monitoring training for providers and their staff as one of its top priorities for FY 2006-07.

- **Dispute Resolution:** MMRDD provides consumers with information on their rights throughout the eligibility process and continuing when providing services. MMRDD maintains policies and procedures for handling complaints and grievances associated with eligibility determination or services provided. In the first stages of complaint resolution, the SSA supervisors work with the SSAs to resolve the issue. If the issue is not resolved, the Director of Community Services meets with the SSA and Supervisor. If still unresolved, the Superintendent makes a final decision. Furthermore, appeals can be made to ODMRDD. MMRDD's dispute resolution process complies with Ohio Administrative Code (OAC) § 5123:2-1-12 and is similar to the peers.

- **Waiting Lists:** MMRDD's waiting list policies and procedures model the regulations set forth by OAC § 5123:2-1-08. MMRDD uses an internal database to electronically track and prioritize individuals on the waiting lists, which helps ensure it is meeting the OAC requirements.

- **Incident Investigations:** MMRDD currently has policies, procedures and established practices for responding to unusual incidents that could adversely affect the health and safety of its consumers, in accordance with OAC 5123-2-17-02. MMRDD uses a Help Hotline to take all phone calls for reporting incidents, and fills out a report documenting the time and nature of incident. One SSA is on call on a weekly rotation to receive phone calls from the Help Hotline, and a Supervisor is on call as backup. Additionally, service providers are responsible for tracking and documenting incidents through written logs. MMRDD has a committee made up of the Investigative Agent (IA), the principal of LKS, and two SSA Supervisors that reviews the logs to help identify patterns and trends that could result in a major unusual incident (MUI). Furthermore, during 2005, MMRDD evaluated the workload of its IA's and found the workload did not support having two positions. As a result, MMRDD reassigned one of the IAs to case management. MMRDD now contracts with the North East Ohio Network (NEON) for incident investigative services that its IA is unable to conduct.

Noteworthy Accomplishments

The following are noteworthy accomplishments identified during the course of the performance audit of MMRDD's client services and case management:

- **Adult Services Staffing and Workload:** MMRDD serves an average of 9.1 adults per FTE, which is higher than each peer.

- **Community Input:** As part of the annual planning process, MMRDD assess community needs and services provided by gathering feedback from a wide variety of stakeholders. For instance, the Agency holds an annual public forum to gather information regarding the needs and services of community members, and annually administers satisfaction surveys to its clients and stakeholders (e.g., parents and community members).

- **Outreach:** MMRDD participates in numerous collaborative and outreach efforts with other organizations. For example, the MMRDD staff participates on the Frontier Initiative, which is a statewide committee that works at the county level to help provide support to individuals with autism. Additionally, MMRDD collaborates with the Mahoning County Mental Health Department to assist individuals diagnosed with both MRDD and mental health issues.

Recommendations

Staffing

R5.1 MMRDD should consider reducing two instructor positions, particularly if it encounters financial difficulties in the future (see financial systems). The reduction of two instructors would result in staffing ratios that remain in compliance with ORC § 3301-51-09, do not deviate significantly from MMRDD's overall goal of 6 students per teacher, and are more in line with CMRDD. However, MMRDD should ensure that students would continue to receive quality services in a safe environment before implementing such reductions.

In 2005, 68 students with multiple disabilities attended LKS, including 13 students diagnosed with autism. Students attending LKS tend to be those that are severely medically fragile or have severe behavior issues that local school districts do not have the proper equipment or means to support. The staff at MMRDD stated they attempt to staff LKS at 6 students per instructor in an effort to most effectively meet the needs of the students enrolled. OAC 3301-51-09 states, in part, that an instructor shall serve no more than eight children with multiple disabilities; or no more than six children with autism, deaf-blindness, and/or traumatic brain injury.

Table 5-4 compares instructor and assistant instructor staffing levels at MMRDD to CMRDD. As stated previously, WMRDD does not operate a school and SMRDD is phasing out its school.

Table 5-4: Instructor and Assistant Staffing

Description	MMRDD	CMRDD
Students School Age Program [1]	68	55
School Age Instructors	13 [2]	9 [2]
School Age Instructor Assistants	16	12
Students per School Age Instructor	**5.23**	**6.11**
Students per School Age Instructor Assistant	**4.25**	**4.58**
Students per Instructor and Assistant	**2.34**	**2.62**

Source: MMRDD and CMRDD
Note: Instructors and assistants reflect actual positions. MMRDD's instructors and assistant work 7 hours per day, while CMRDD staff works 6.5 hours per day (excluding one employee working 5.5 hours per day). See the **human resources** section for further review of hours worked per day.
[1] This reflects enrollment for 2005. During the course of the performance audit, student enrollment became available for 2006. This showed an ADM of 65 for MMRDD and 58 for CMRDD.
[2] Includes adaptive physical education instructor

Table 5-4 shows that MMRDD serves an average of 5.23 students per instructor, which is below its stated goal of 6 students per instructor. **Table 5-4** also shows that MMRDD serves fewer students per instructor and per assistant when compared to CMRDD. In total, MMRDD serves 10.7 percent fewer students per instructor and assistant when compared to CMRDD. To meet the requirements of ORC § 3301-51-09, LKS needs a minimum of 3 instructors to teach 13 autistic children and a minimum of 7 instructors for the 55 remaining students. This results in a minimum of 10 instructors for the 68 students attending LKS. MMRDD has 12 instructors, not including the adaptive physical education position. In addition, the Principal of LKS indicated that no students were diagnosed with brain injuries and while a few students are deaf or blind, these students are listed with multiple disabilities. No student has a one-on-one instructor, but in some cases, students require a one-on-one assistant.

The Agency could reduce two instructors, and still meet the minimum staffing requirements in ORC § 3301-51-09 and come close to its overall goal of 6 students per instructor. More specifically, by reducing two instructors, MMRDD would employ 6.18 students per instructor, and 2.52 students per instructor and assistant. Additionally, these ratios would be more comparable to CMRDD.

Financial Implication: By reducing two instructor positions, MMRDD could save approximately $136,000 annually in salary and benefit costs. These savings are based on the lowest-salaried instructors.

Data Tracking and Technology

R5.2 MMRDD should purchase a centralized software system to integrate all client information and Targeted Case Management (TCM) documentation, and subsequently use this system to track and update all client information. This effort should include intake and eligibility information, such as date of referral, date of initial contact, and determination of eligibility. The Agency should use the centralized system to develop summary reports that provide information like staff chargeability, number of clients with eligibility pending, number of clients deemed eligible and ineligible, and number of intake calls.

Prior to purchasing a specific system, MMRDD should address the client server needs to ensure compatibility (see R6.3 in technology) and address other Agency requirements to ensure the selection of a system with the appropriate functions to best meet its needs. A centralized client software system would help eliminate data tracking redundancy, and allow staff to track and view the same information through a series of client files relating to eligibility, services offered and provided, and overall client history. As MMRDD implements the centralized system, it should determine whether to eliminate or maintain the dictation services by reviewing the

impact of the proposed system on workload, staffing efficiency, and client service time. In addition, the Community Support Services Department should work with the SSAs to discuss the establishment of TCM chargeability requirements, begin tracking SSA chargeability statistics on a monthly basis, and consider using chargeability statistics as a part of staff evaluations. See R3.3 in human resources for more information on staff evaluations.

MMRDD's system for maintaining client information is paper-driven and labor intensive. MMRDD contracts with a dictation service to convert interactions between its SSAs and clients into documented case notes. After an SSA has interacted with a client, the SSA must record a voice message within 48 hours for the dictation company to transcribe into a case note. The dictation company sends the case notes electronically to the Community Services Department. The Administrative Assistant in the Community Services Department electronically downloads all the case notes and prints hard copies for distribution to the SSAs. The SSAs review the case notes for accuracy, and submit corrections within 48 hours of receiving the hard copies. Once deemed accurate by SSAs, the SSA supervisors review the case notes and discuss them with the SSAs if clarification is needed.

During the course of this performance audit, MMRDD began requiring SSAs to download their own case notes instead of having the Administrative Assistant download and distribute all case notes. However, an Administrative Assistant still files and stores hard copies of the case notes. This Administrative Assistant also tracks the number of TCM hours billed for each SSA to produce a Monthly TCM Summary Report. However, this report shows only the number of TCM units billed by each SSA. As a result, MMRDD can not accurately determine TCM chargeability. Assuming MMRDD had 15 SSAs dedicated to ongoing cases in September 2006 and each SSA worked 19 days, 8 hours per day during the month, MMRD would have had a total of 2,280 possible billable hours for the month. During September 2006, MMRDD SSAs actually billed 884 TCM hours, yielding a chargeability rate of 39 percent. Furthermore, MMRDD has not established monthly chargeability targets.

MMRDD uses a separate method to track eligibility and intake data. Although MMRDD has established eligibility and intake procedures, they do not include tracking the number of clients or review dates for those determined eligible and ineligible for services. Based on a review of MMRDD's 2005 and 2006 Eligibility/Intake log (EIL) spreadsheets, the Agency inconsistently tracks and documents clients' information (e.g., dates of contact and eligibility). MMRDD does not track the average number of days between the initial request for services and completion of the eligibility and intake processes. MMRDD also fails to track the average number of days it takes for initiation of services or placement on a waiting list once the intake and eligibility processes are complete. The failure to track such data prevents MMRDD from determining when the Ohio Eligibility Determination

Instrument (OEDI) (for clients over age of 16) or Children's Ohio Eligibility Determination Instrument (COEDI) (for clients aged 6-15) was conducted and when the referral was received. This, in turn, prevents MMRDD from determining whether it complies with the following timeframe established by OAC § 5123:2-1-02:

> *"The county board shall complete eligibility determination within forty-five calendar days of the request for services or after all necessary information has been received from the referring party or applicant".*

The following are additional examples of inefficiencies and tracking redundancies that could be reduced or eliminated through the use of a centralized database system:

- The Eligibility/Intake Specialist (EIS), SSAs, and SSA Supervisors cannot view case notes from the same client's file simultaneously.

- SSAs cannot make changes to client information. Instead, the SSA must print off a hard copy of the client profile; make handwritten changes on the hard copy; and send the hard copy with changes to an Administrative Assistant who enters the proper changes in the computer system.

- The EIS and an SSA Supervisor maintain one internal database to track the eligibility and intake processes and a separate internal database to track and prioritize waiting lists for the programs offered.

- SSAs maintain a third internal database to track service and response referrals. Information on the service and response database is not linked and can not be transferred to the internal spreadsheet used to track the eligibility and intake processes.

In contrast to MMRDD, CMRDD, SMRDD, and WMRDD track monthly chargeability targets for SSAs using electronic database systems. The three peers require SSAs to type case notes into their database systems and are able to view which case notes have been entered into the system at any time. For example, SMRDD uses its software extensively for case management, and generates reports through query and standard reporting methods. The SSAs at SMRDD enter and track all notes related to a client in the system, while maintaining security and privacy controls. In addition, all three peers factor the SSAs' ability to meet established chargeability targets into the SSAs' annual evaluations. WMRDD strives to have SSAs charging 69 percent of their time to billable hours; SMRDD establishes a range of 65-69 percent for chargeability; and CMRDD requires that 50 percent of their SSAs' time be charged to billable hours. These chargeability goals are much higher than MMRDD's estimated chargeability of 39 percent in September 2006.

Also contrary to MMRDD, the peers reported the number of calls, number of clients with eligibility pending, number of clients determined eligible, and the number of clients determined ineligible. SMRDD and CMRDD both provided reports generated from their systems that are used to track both eligibility and client management.

AOS reviewed several software solutions for the MRDD industry with capabilities that include the following:

- Allocation Recovery;
- Billing Archive;
- Case Notes;
- County Billing;
- Demographics;
- Employment;
- Incident Tracking;
- Service Authorizations;
- Medical History;
- Transportation;
- Workshops; and
- Individual Service Plans.

Each application may not pertain to MMRDD operations, but there are several software options available for consideration. Furthermore, *Control Objectives for Information and Related Technologies* (COBIT) (IT Governance Institute, 2000) notes the importance of identifying automated solutions that satisfy the business requirement of ensuring an effective and efficient approach to satisfying user requirements. This can be achieved by conducting a thorough analysis before acquiring a new software application. The steps in this analysis should include:

- Knowledge of solutions available in the market;
- Acquisition and implementation methodologies;
- User involvement and buy-in;
- Alignment with enterprise and IT strategies;
- Definition of information requirements;
- Feasibility studies (costs, benefits, alternatives, etc.);
- Functionality, operability, acceptability and sustainability requirements;
- Compliance with information architecture;
- Cost-effective security and control; and
- Supplier responsibilities.

By implementing and using a centralized client information system, MMRDD could more easily retrieve, compile and update information as needed; eliminate the need for hardcopy files and multiple sources of client information; and better link all program components. This, in turn, could improve the productivity of the SSAs.

MMRDD is currently in the process of working with the dictation company on transitioning to web-based reporting of the dictation notes. This would allow each SSA to download and electronically file case notes. While MMRDD can eliminate the dictation services by implementing a centralized client information system, doing so would require SSAs to enter all of the case notes. This can reduce the amount of time SSAs spend directly serving clients. Furthermore, the cost of the dictation services in FY 2006 equated to approximately one FTE. When including one additional FTE, MMRDD would average approximately 24 ongoing cases per FTE in the Community Support Services Department. This would still be higher than two of the three peers. Nevertheless, by reviewing the impact of the proposed centralized client system on workload and staffing efficiency, client service time and the dictation services, MMRDD would be able to determine whether to eliminate or maintain the dictation service.

Financial Implication: CMRDD serves fewer clients than MMRDD, but currently spends $16,000 per year for its client software. The same vendor used by CMRDD provided an estimated cost for MMRDD of approximately $8,500 in one-time implementation costs and $22,500 in annual costs for client software, which includes all available modules.

Performance Measurement

R5.3 MMRDD should follow through on its plan to develop a performance measurement system that includes outcome measures and is incorporated in its strategic planning process (see the financial systems section for further analysis on strategic planning). Using performance measures would aide MMRDD in communicating the effects and results of its programs and services; developing and assessing long-term and short-term goals; and making effective decisions regarding the delivery of, and planning for, programs and services. MMRDD could also use performance measures to help target reductions in areas that are operating inefficiently and ineffectively, particularly in the event of a financial crisis. Furthermore, MMRDD should consider pursuing accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF).

MMRDD develops an Annual Plan (AP) in accordance with OAC § 5123:2-1-02 that includes its top ten accomplishments from the previous year, top ten organizational goals for the current year, and current year departmental goals. Each department is responsible for evaluating its progress on the achievement of the respective goals. Each department also gathers data throughout the year on progress toward goal achievement and responds at year end with a summary and plan to achieve next year's goals. However, in some cases these summaries lack specific benchmarks to gauge individual department progress. In addition, the goals are general in nature and some do not have measurable outcomes. Furthermore, MMRDD does not have performance measurements in place for financial, service, and program monitoring. This can be due, in part, to the lack of a centralized client software system that would enable the Agency to better track and report data, including performance measures (see **R5.2**).

It should be noted the Agency has begun the process of developing performance measures. According to the Superintendent, performance measures were discussed at the August 2006 supervisors meeting. The supervisors and the administrators are now in the process of defining deliverables (measures). Deliverables will then be used to set goals, measure outcomes, and make decisions based on the outcomes. In addition, MMRDD uses consumer surveys to help ensure its programs are meeting the needs of clients.

MMRDD is accredited by the Ohio Department of Mental Retardation and Developmental Disabilities (OMRDD) (see **compliance section** of this report) but is not accredited through the Commission on Accreditation of Rehabilitation Facilities (CARF). CARF requires organizations to develop a long-range planning process by focusing on outcome research and continuous quality improvement goals. ODMRDD, through the Quality Framework Initiative, has developed performance measures that MMRDD could adapt for its use. Examples of these measures include: percentage of people who have received recommended, age appropriate health screens; percentage of people with access to transportation; average length of employment; and the percentage of clients who have advanced in their employment.

WMRDD, which currently holds CARF accreditation for its children and adult programs, uses a quality improvement process called the Outcome Measurement System to monitor progress toward the achievement of the goals and objectives stated in its AP. AP goals are developed for seven departments: Adult Services, Business Services / Human Resources, Children's Program, Community Resource, Operations, Service and Support Administration, and Quality Assurance. The information collected is used to make recommendations for the planning and delivery of services provided by the organization. All of the departmental goals in WMRDD's AP are divided into five areas: effectiveness, efficiency, satisfaction, stakeholder satisfaction, and administration. Every quarter, WMRDD departments must submit a report showing their progress toward goal attainment. This information is then included in the AP. The following information is tracked within the AP:

- **Objective / Goal** – identifies what WMRDD wants to improve;
- **Task** – determines how and when the designated WMRDD staff will collect the data and generate a usable report;

- **Measurement / Progress** – identifies the figures used to assess improvement;
- **Applied to** – classifies the types of clients that are included in the assessment;
- **Time of Measure** – shows how often progress will be measured;
- **Data Source / Evaluation Criteria** – specifies the reports that contain the figures identified in Measurement / Progress;
- **Responsibilities** – specifies when and who will provide track progress and compile quarterly assessment reports; and
- **Funding** – specifies all budget codes and funds involved with each goal.

SMRDD has already developed performance targets for several different areas of operations, including the following:

- The Community Supports and Services unit provides job placement assistance. SMRDD set a target reduce the length of time it takes to obtain employment to less than five months.

- For the transportation of clients, SMRDD set a performance target for network and non-network transportation providers that they must be on time no less than 95 percent of the time.

- For the communication function, SMRDD set performance targets of a minimum of four publications per year and daily updates to the web site.

SMRDD also annually reports on progress with regard to performance targets via its Outcomes Management Summary Report.

GFOA recommends that performance measures be developed and used as an important component of long term strategic planning and decision making which should be linked to governmental budgeting. Performance measures should:

- Be based on program goals and objectives that tie to a statement of program mission or purpose;
- Measure program outcomes;
- Provide for resource allocation comparisons over time;
- Measure efficiency and effectiveness for continuous improvement;
- Be verifiable, understandable, and timely;
- Be consistent throughout the strategic plan, budget, accounting and reporting systems and to the extent practical, be consistent over time;
- Be reported internally and externally; be monitored and used in managerial decision-making processes;

- Be limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs; and
- Be designed in such a way to motivate staff at all levels to contribute toward organizational improvement.

GFOA also notes that performance measures can be divided into the following four basic types:

- **Input measures:** Input indicators measure the volume of resources, both monetary and non-monetary, that are used in delivering a program or service.
- **Output measures:** Output indicators report the quantity or volume of products and services provided by the program.
- **Effectiveness/Outcome measures:** Effectiveness indicators measure the results, accomplishments, or quality of the item or service provided.
- **Efficiency measures:** Efficiency indicators quantify the relationship between input and output, and can be expressed as productivity ratios or as unit cost ratios.

In the absence of performance measures to gauge the efficiency or effectiveness of programs or services, MMRDD may be unaware of factors impacting its costs and programs. Conversely, performance measures can illustrate the benefits that can be achieved with an additional level of resources made available to a program. Performance measures can also provide justification for targeted budget cuts rather than relying on across the board reductions. They can also enable MMRDD to measure service levels being provided to clients and their families. These measurements would provide vital information to aid in the strategic positioning and future planning of the organization.

Contracting

R5.4 MMRDD should consider negotiating agreements with participating school districts in order to recoup some or all of the excess costs of operating its school-aged program services. This would help MMRDD to continue to provide the optional school-aged program and, in turn, would avoid requiring the local school districts to serve these students.

MMRDD does not seek reimbursement from participating school districts for the excess costs of operating its school-aged programs. MMRDD receives school foundation money from the Ohio Department of Education and funds through the National School Lunch Program for the students enrolled at Leonard Kirtz School (LKS). In FY 2005, MMRDD received $1,082,171 in state foundation payments, and $15,549 from the National School Lunch Program. **Table 5-5** presents MMRDD's expenditures related to its school-aged program in FY 2005, as reported on the cost report submitted to Ohio MRDD.

Table 5-5: MMRDD School Age (6-21 yrs) 2005 Cost Report

Line Item	Expenditures
Direct Services[1]	$1,687,686
Administration and program supervision costs	$375,644
Related Services[2]	$394,912
Building Services[3]	$358,665
Capital Costs[4]	$119,398
Transportation	$315,568
TOTAL	**$3,251,873**

Source: MMRDD CY2005 Cost Report, Schedule A
[1] Includes teachers' and instructor assistants' salaries and benefits
[2] Includes dietary, nursing, speech/audiology, occupational therapy, and physical therapy
[3] Includes maintenance, operation, utilities expense and supplies
[4] Includes recent remodeling costs

As shown in **Table 5-5**, MMRDD spent approximately $3.25 million in FY 2005 to operate its school-aged program. This exceeds the State foundation and National School Lunch Program revenues by approximately $2.15 million.

In order to help offset the costs of its school-aged program, the Agency could develop a contract with the school districts in the County for reimbursement of some or all of the excess costs to operate LKS. For instance, the Director of the Wildey School operated by Clermont MRDD indicated that CMRDD partners with the local school districts using excess cost agreements. The excess costs of operating the school are calculated and charged back to the local school districts. At CMRDD, the local school districts transport the students and sometimes provide aides.

ORC § 3323.04 states the following about a school district board of education's responsibility for the education of handicapped children:

> *The state board shall require the board of education of each school district to place each handicapped child three to twenty-one years of age residing within the district in an appropriate education program in accordance with section 3319.01 of the Revised Code, which may include instruction in regular classes, a special education program, or any combination thereof. Prior to the placement of a handicapped child in a program operated under section 3323.09 of the Revised Code, the board of education shall consult the county board of mental retardation and developmental disabilities of the county in which the child resides. The board of education shall evaluate the educational placement of each handicapped child at least once each year...*

In regards to county boards of MRDD providing educational services for children, ORC § 5126.04(D) states the following:

> *On or before the first day of February prior to a school year, a county board of mental retardation and developmental disabilities may elect not to participate during that school year in the provision of or contracting for educational services for children ages six through twenty-one years of age, provided that on or before that date the board gives notice of this election to the superintendent of public instruction, each school district in the county, and the educational service center serving the county. If a board makes this election, it shall not have any responsibility for or authority to provide educational services that school year for children ages six through twenty-one years of age…*

Based on ORC § 3323.04, school districts are ultimately responsible for the education of handicapped students. Conversely, ORC § 5126.04(D) does not require MMRDD to provide educational services for children. In addition, WMRDD does not operate a school while SMRDD is in the process of phasing out its school. As MMRDD is projected to incur operating deficits beginning in FY 2009 (see **Table 2-2** in **financial systems**), it will be increasingly difficult for the Agency to continue to fully fund the school-aged program.

Financial Implication: If MMRDD was successful in negotiating agreements with local school districts that recouped at least half of the excess costs associated with the school program, it would increase revenues by approximately $1.0 million annually.

R5.5 MMRDD should include performance measures and standards in its service contracts (see R5.3 for more information on performance measures). MMRDD should also document its process and the related results for determining whether it is more cost effective to contract for a service or perform the service in-house. Furthermore, MMRDD should consider soliciting requests for proposals (RFPs) prior to contracting for major services, and adjust its policies accordingly. Likewise, MMRDD should develop formal procedures guiding the RFP process that cover items to include in RFPs and evaluation criteria, similar to those identified by the Voinovich Center for Leadership and Public Affairs. Taking these actions would help MMRDD better ensure it contracts with the "best" provider and foster increased accountability in its purchasing process.

According to Board policy, MMRDD requires that three proposals accompany purchase orders for goods or services that cost between $1,000 and $10,000. Furthermore, MMRDD has a formal policy that requires a competitive bidding process for all contracts in excess of $10,000. However, the purchase of program services is exempt from this requirement (e.g., direct and ancillary client services, case management services, residential services, and family resource services). This is similar to ORC Section 307.86, which states the following:

> *Competitive bidding is not required when any of the following applies: (D) The purchase is made by a county department of job and family services under section 329.04 of the Revised Code and consists of family services duties or workforce development activities or is made by a county board of mental retardation and developmental disabilities under section 5126.05 of the Revised Code and consists of program services, such as direct and ancillary client services, child care, case management services, residential services, and family resource services.*

Although MMRDD has policies that address this issue, it lacks formal procedures to guide the RFP process for major programs and services. MMRDD also does not formally document its methodology for determining whether to perform services in-house or to contract for the related service. For instance, according to the Superintendent, MMRDD saved $150,000 by contracting for the transportation of adults for social program service, instead of providing this service in-house. However, MMRDD did not document the methodology used to support the savings achieved by contracting for this service. In addition, MMRDD employs 25.6 transportation FTEs per 1,000 clients, which is over two times more than the peer average of 11.0 transportation FTEs per 1,000 clients (see **Table 3-1** in **human resources** for more information).

According to the Director of Administrative Services, MMRDD did not use a formal RFP process to select the four vendors providing services that include waiver, day habilitation, and/or transportation services. MMRDD's contract with the North East Ohio Network (NEON) was budgeted at approximately $2.7 million for FY 2006, comprising 66 percent of the total budgeted contract costs. NEON is a regional council of governments organized according to the laws of the State of Ohio pursuant to Chapter 167 of the ORC. NEON is organized for the purpose of providing services to and on behalf of its 12 member county boards of MRDD, each of which is represented on NEON's governing board. NEON is structured to assist MMRDD in the provision of administrative and financial services related to investigative services, quality assurance, compliance review, quality assessment registered nurse services, family support services, supported living and Medicaid waiver services. The costs of the three remaining contracts reviewed during the performance audit were capped at approximately $1.4 million in FY 2006.

The four contracts described above include key elements such as deliverables, results to be obtained, reporting requirements, performance monitoring activities, price, and payment methodology. In addition, two of the four contracts state that the MMRDD "will conduct a minimum of 20% satisfaction survey of the individuals/guardians prior to the annual review of the contract." According to the Director of Administrative Services, MMRDD surveys clients and their care givers to determine if they are satisfied with the transportation and day habilitation contracted services. However, the four contracts lack performance standards and measures.

The lack of RFPs for the above contracts can be due, in part, to MMRDD's clients' ability to choose available providers. According to ORC 5126.046(A), each county board of MRDD with local administrative authority for Medicaid is required to make available to individuals and their families a list of all persons and government entities eligible to provide habilitation, vocational or community employment services. An individual who is eligible for such services may choose the provider. While clients' ability to choose providers can impact the Agency's ability to select all providers, it does not prevent MMRDD from using RFPs particularly for major services. For example, MMRDD could have solicited RFPs prior to entering into a transportation contract with the current provider for transporting adults to certain locations (e.g., doctor's office, grocery store, etc.).

According to *The Guide to Comparing Costs Between In-House and Contracted Services* (Dr. Lawrence Martin, 1993), "The failure of governments to accurately compute the costs of in-house and contract service delivery is also related to the absence of a consistent methodology that ensures all relevant costs are included in the analysis." According to *The Contract Management Manual* (Voinovich Center for Leadership and Public Affairs, 2001), an RFP is a form of a bid, and is generally used for services that cannot be summarized in written bid specifications. It recommends numerous elements for inclusion in an RFP, including the following:

- Time table for the RFP process;
- Request that vendors submit a budget for the project or service;
- Detailed description of the services that will be performed under the contract;
- Vendor disclosures and a conflict of interest statement;
- Disclaimer indicating that the contracts resulting from the proposals are contingent on the availability of funds;
- Proposal delivery date, time, and address;
- Description of the evaluation process for proposals;
- Terms and conditions;
- Vendor project requirements and qualifications;
- Project deliverables, including performance expectations; and
- Reporting requirements.

The *Contract Management Manual* also indicates that a team should be formed to conduct advanced planning for an RFP, and a team leader should be identified to manage the effort of creating an RFP and determining the evaluation process. In creating the evaluation criteria, the team should identify the significant points to be evaluated in the RFP and assign relative weights to each point. The team also needs to develop a system for scoring the proposals. Additionally, a team should be identified to evaluate the proposal submissions, which may be the same team that conducted the advanced planning. In order to aid in the evaluation process, the *Contract Management Manual* provides the following sample evaluation criteria:

- Responsiveness to all items listed in the RFP;
- Relevance of services to be provided;
- Clarity and measurability of proposal to provide services;
- Continuous improvement strategy;
- Corporate capabilities; and
- Budget and cost-effectiveness.

Lastly, the *Contract Management Manual* notes that contracts should include deliverables, results to be obtained, reporting requirements, performance monitoring activities, and price and payment methodology. The *Contract Management Manual* further indicates that performance standards should be articulated prior to developing RFPs. These same standards should be included in the contract and should illustrate impact (indicators), be specific and definable (measurements), set benchmark criteria (benchmarks), identify the source of data, designate frequency, and have a financial impact. Performance measures should address the quantity and quality of services and effectiveness, including target levels to be achieved. (See **R5.3** for more information on performance measurement.) Furthermore, ORC § 5126.035 indicates that MRDD service contracts shall contain procedures for the county board to evaluate the quality of care and cost effectiveness of the provider's services, and procedures for ensuring fiscal accountability and the collection and reporting of programmatic data. Developing and including performance measures in contracts can help MMRDD adhere to ORC § 5126.035

Historically, contracted service and repair expenditures are MMRDD's second-highest expenditure category after salaries (see **Table 2-1** in **financial systems**). MMRDD spent approximately $6.19 in FY 2005 and $6.66 million in FY 2006 in contractual services and repairs, which comprised 25 and 29 percent of the total expenditures, respectively. Although clients' ability to choose available providers poses a challenge for MMRDD in the contracting and RFP process, developing formal procedures to guide the process, soliciting RFPs for major services, and including performance measures and standards in the contracts would better ensure that MMRDD receives the "best" service and the "best" price. Similarly, by formally documenting its decisions to contract for certain services, MMRDD would be able to fully support and explain the basis for such decisions. These practices would better ensure that the Agency is controlling and effectively managing expenditures related to contractual services and repairs. They would also demonstrate an increased level of accountability to clients and other stakeholders in MMRDD's provision of services.

Financial Implications Summary

The following table summarizes the estimated annual cost savings, implementation costs and revenue enhancements for this section of the report. For purposes of this table, only recommendations with quantifiable impacts are listed. The basis and assumptions for developing the ensuing financial implications are detailed in the respective recommendation.

Summary of Financial Implications

Recommendation	Annual Cost Savings	Implementation Cost (One Time)	Implementation Cost (Annual)	Revenue Enhancement
R5.1 Reduce two instructors	$136,000			
R5.2 Purchase a client data software package		$8,500	$22,500	
R5.4 Negotiate agreements with local school districts to help support LKS				$1,000,000
Totals	**$136,000**	**$8,500**	**$22,500**	**$1,000,000**

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Technology

Background

This section of the performance audit focuses on technology functions within the Mahoning County Board of Mental Retardation and Developmental Disabilities (MMRDD or the Agency), including planning and oversight, staffing and organization, hardware and networking, software integration, and overall technology use. MMRDD's technology practices were compared to those from applicable organizations, such as the IT Governance Institute. Additionally, some comparisons were made to the following peer MRDDs: Clermont County MRDD (CMRDD); Summit County MRDD (SMRDD); and Warren County MRDD (WMRDD). CMRDD, SMRDD and WMRDD were selected for benchmarking purposes based on various data, such as the number of clients served, revenues, expenditures, services, and accreditation level. At the time of this performance audit, the accreditation level of WMRDD was equal to MMRDD, while the accreditation level of both CMRDD and SMRDD was higher than MMRDD.

MMRDD's technology department consists of one employee; a technology coordinator (TC), who is responsible for the administration of hardware and networking, software integration, and other communications related systems (e.g., cell phones, copiers, and pagers). The TC serves as the primary support person for MMRDD's network systems. In addition, the Mahoning County (County) Information Technology Department provides MMRDD with five computers linked to the County network for payroll and financial reporting using the County software (PeopleSoft). MMRDD's internal network (separate from the County) manages the software that is used on personal computers for day to day operations. The Agency also uses outside vendors for programming services, and adding and updating servers to support business operations.

Assessments Not Yielding Recommendations

In addition to the analysis presented in this section, assessments were conducted on other areas within the technology section that did not warrant changes and did not yield any recommendations. These areas include the following:

- **Staffing**: The TC supports 99 computers, which is similar to the average of 94 computers per FTE at CMRDD and SMRDD. WMRDD uses Warren County for technology support and services.

- **Replacement of Equipment**: The average age of MMRDD's computers is 2.9 years. MMRDD's common practice is to replace computers after the three year warranty expires or when the maintenance costs exceed the purchase price. This is in accordance with guidelines from the Gartner Group, an IT consulting company, which indicate that computer replacements should be based, in part, on the return on investment. The Gartner Group also notes that software decisions are driven by business needs, and they, in turn, drive replacements. According to Gartner, desktop computers begin to reach an unacceptable level of productivity in the fourth year, and the recommended life for desktops and notebooks is four and three years, respectively. While average age of MMRDD's computers is approximately three years, 21 percent of its computers are four years of age or older. This shows that MMRDD is not following one standard for computer replacement and instead, appears to be weighing the costs and benefits related to maintaining and replacing each computer.

- **Technology Purchases**: In accordance with MMRDD Board Policy, the TC must be notified of all hardware and software purchases to ensure compatibility with the existing infrastructure and that a complete record exists of all software purchases. To help monitor and make technology purchases, MMRDD uses a technology committee made up of the Superintendent, SSA supervisor, Planning and Development Coordinator, TC, Director of Administrative Services, a teacher, and the Human Resources Director. MMRDD uses the Ohio Department of Administrative Services' (DAS) State Contracts list to purchase technology products. Using DAS has allowed MMRDD to standardize purchasing and receive negotiated pricing through the State bidding processes. Further, if MMRDD decided not to use DAS, it would need to independently solicit bids.

- **Computer Use Policies**: MMRDD has a policy on computer use and electronic data. The policy addresses the use of the Information Services Network to include hardware, software, computer communications, and protection of the integrity of Board data and computer systems. Additionally, the policy addresses the security and privacy of protected health information (PHI). The policy puts the onus on employees and contractors to "exercise good judgment" and holds them accountable for the use and misuse of the Board's computer systems. The Agency also has policies and procedures on access to inappropriate Internet sites.

Recommendations

Planning and Management

R6.1 MMRDD should develop a technology plan that identifies short and long-term technology needs and related components (e.g., costs, timeframes, and assigned responsibilities), and links to a comprehensive strategic plan (see financial systems). To help in developing an effective technology plan, MMRDD should establish a technology budget and evaluate the overall technology needs of each department based on the Agency's mission and vision. The evaluation should focus on methods for improving service delivery, providing better information for decision-making, and increasing the speed and reliability of business processes while decreasing cost. Planning should include network upgrades, software integration, remote access and increased communication needs identified by staff (see R6.3, R6.4, R6.5, and the client services and case management section for software integration). Lastly, MMRDD should actively seek alternative funding, like grants, to help support the technology budget.

The Agency replaces and upgrades its technology, and has identified the need to update its client server and communications software. However, MMRDD does not have a strategic technology plan. The lack of a comprehensive budget for technology inhibits the development of a formal technology plan. Instead, each department within MMRDD is allotted funds for technology, making Agency-wide system integration and cohesion difficult, and planning more decentralized. Additionally, MMRDD has not formally assessed its overall technology needs and does not actively seek out grants for technology purchases.

During the course of this audit, AOS evaluated some of MMRDD's technology applications by surveying a sample of six employees on the efficiency of its systems. MMRDD uses several office and publishing software applications for its process needs. Most of the software is used for specific purposes and only a few programs are used by all staff. Numerous concerns with duplication of information and gaps in software systems were identified from interviews. Some of the concerns are identified below.

- **Network:** Staff are concerned that the lack of a centralized network prevents them from accessing the most current files (see **R6.3**).

- **Software:** Current software systems do not effectively share information. The staff uses a number of spreadsheets to compile client information regarding intake and eligibility. They also use hard copy case files to access some client information, and a database to store and update other client information. The database does not have case note writing capabilities. Consequently, MMRDD maintains multiple sources of client information rather than maintaining one system to store, track and view all client information. Maintaining multiple sources of records increases the potential for error, duplication, and inefficiency (see **R6.3** and the **client services and case management** section for software integration).

- **Remote access:** While offsite, MMRDD employees are not able to consistently access needed client information from a server. A few employees have access to their desktops from their laptops, but desktops store limited information since client records are archived in a paper-based system.

- **Communication:** Staff find it inefficient to schedule meetings because they have neither invitation capabilities through Outlook nor access to other employees' calendars. Staff are dissatisfied with the e-mail system because it does not have synchronization capabilities between their web mail access and Outlook. If staff are offsite and access their e-mail through the internet, that information cannot be saved in Outlook (see **R6.5**)

According to *Control Objectives for Information and Related Technologies* (COBIT) (IT Governance Institute, 2000), a strategic technology plan should balance information technology opportunities and IT business requirements or needs. A strategic planning process done at regular intervals gives rise to long-term plans. These long-term goals should be translated into an operational plan setting clear and concrete short-term goals. Some areas to consider in the planning process include:

- Enterprise business strategy;
- Definition of how IT supports agency objectives;
- Inventory of technological solutions and current infrastructure;
- Monitoring the technology markets;
- Timely feasibility studies and reality checks;
- Existing systems assessments;
- Enterprise position on risk; and
- Need for senior management buy-in, support and critical review.

MMRDD's commitment to a comprehensive technology plan would better allow for the implementation of high quality applications with increased operational efficiency. By developing a comprehensive assessment of all software and hardware needs, MMRDD would have the necessary tools to develop a comprehensive technology plan and be better equipped to make decisions, such as whether to upgrade its client server or have the County provide these services. See the **client services and case management** section for software integration, and **R6.4, R6.5,** and **R6.6** for further analysis of hardware and software needs.

R6.2 MMRDD should establish a disaster recovery plan, which includes formal procedures for minimizing potential computer disruptions. Disaster recovery procedures should be updated and tested annually to ensure employee awareness of the process. The disaster recovery plan should also provide for the availability of critical computer and communication systems in the event of a major crisis. Standard procedures for developing, maintaining and updating the plan should be documented and distributed to all personnel.

MMRDD does not have a written disaster recovery plan, but does contract with a company for off-site storage of all systems back-ups. The TC receives a daily confirmation e-mail after the back-up has been completed. However, MMRDD lacks formal procedures and policies detailing the operation and what steps to follow in the event of a technology disaster.

The Government Finance Officers Association (GFOA) recommends that every government formally establish and regularly update written policies and procedures for minimizing disruptions resulting from failures in computers or other advanced technologies following a disaster. At a minimum, a government's plan for computer disaster recovery should include the following:

- Formally assign disaster recovery coordinators for each agency or department to form a disaster recovery team;
- Make provision for the alternative processing of data, an alternative processing site, and processing priorities should it be necessary to move to an alternative processing site following a disaster;
- Establish guidelines for the immediate aftermath of a disaster; and
- Test the computer disaster recovery plan and take immediate action to remedy deficiencies identified by that testing. It is essential that such testing encompass the restoration as well as the processing of the government's data.

GFOA further notes that a government should satisfy itself concerning the adequacy of disaster recovery plans for outsourced services.

The Auditor of State's Information System Audit (ISA) division provides samples of disaster recovery plans to local governments, which include the following information:

- **Disaster recovery organizational chart:** charts disaster recovery areas that should be covered (e.g. hardware);

- **Team member responsibilities:** provides a check-list, noting who is responsible, what the task is, and timeframe; and

- **References:** includes an emergency phone listing, back-up procedures, reciprocal disaster services agreement, recovery strategies, application priorities listing, vendor contact list, inventory listing, and hardware/network configurations.

Without a formal plan, timely service to clients could be adversely affected following a crisis. For example, without formal responsibilities assigned to specific individuals, MMRDD's employees may not know what actions to take in an emergency, resulting in disruption of services to clients.

Hardware and Software

R6.3 MMRDD should consider either upgrading its peer-to-peer network to a client-based network, or joining the County network to support its organizational goals and objectives. MMRDD should identify all of the costs and benefits of each option to ensure its final decision will be the most cost effective and meet the goals of the organization. This should include whether the upgraded server can also be used to improve other technology needs, such as providing centrally-managed e-mail and database capabilities.

MMRDD's current peer-to-peer network does not have the capacity to meet the goals and objectives of the organization. For instance, in the Agency's current configuration, the personal computers operate independently with limited file sharing and network printing, resulting in the following problems:

- System access from a remote location (see **R6.1**);
- Client tracking, scheduling, and reporting (see the **client services and case management** section); and
- E-mail synchronization (see **R6.4**).

According to Sybex's *Network+ Study Guide* written by David Groth (2001), the purpose of networking is to share resources. Peer-to-peer networks do not have centralized authority. Therefore, if a user on one computer wants access to a resource on another computer, the security check for access rights is the responsibility of the computer holding the resource. Peer-to-peer networks present some challenges such as backing up, security, and password management. According to an article published on Techsoup.org, *Networks 101: Peer to Peer Networks* written by Tom Jelen and Russ King (April 2003), peer to peer networks are designed to connect a small number of computers. After approximately 10-15 computers, they tend to run into problems. Although peer-to peer-networks are sometimes the least expensive alternative for connecting computers, they have limitations which include security issues, hardware inadequacies, and back- up problems. It should be noted that TechSoup.org offers nonprofit entities a one-stop resource for technology needs by providing free information, resources, and support. It is powered by CompuMentor – one of the nation's oldest and largest nonprofit technology assistance agencies.

According to the *Network+ Study Guide*, a client/server network, in contrast to a peer-to-peer network, uses a network operating system designed to manage the entire network from a centralized point, which is the server. Clients make requests of the server and the server responds with the information or access to a resource. The *Network+ Study Guide* further notes that client/server networks have some definite advantages over peer-to-peer networks, including a much more organized network, and easier to find files and resources that are stored on the server. Additionally, client/server networks generally have much tighter security. All usernames and passwords are stored in the same server database and individual users cannot use the server as a workstation. Finally, client/server networks have better performance and can scale almost infinitely. It is not uncommon to see client/server networks with thousands of workstations.

An alternative to implementing a client/server network, would be to use Mahoning County's network for all MMRDD needs. According to the County IT director, the infrastructure is in place to support MMRDD, but an analysis to determine the full needs of the Agency would be required along with a decision to integrate, replace, or create new network configurations. Additionally, there would be costs involved in joining the County for technical support. WMRDD and CMRDD have aligned themselves with their respective counties to help manage their network servers. Mahoning County's IT department currently supports other county agencies, including the courts, 911 emergency services, the auditor's office; and the engineering department.

Financial Implication: Due to the numerous variables involved with independently implementing a client-based network or using the County's network, a financial implication could not be readily quantified.

R6.4 MMRDD should consider improving e-mail and inter-office communication by either purchasing an exchange server or by identifying a provider (e.g. Mahoning County) that can perform effective communication services that meet its goals and objectives.

MMRDD does not have an effective e-mail system. Currently, MMRDD has its e-mail accounts set up through a local area internet provider at a cost of $3,000 per year.

According to several department supervisors, the current e-mail system is not useful. For instance, the account is set up as e-mail only, and does not have additional communication capabilities such as meeting scheduling, calendar sharing, appointment sharing and read-only access to each other's task lists. Furthermore, according to a manager, once the e-mail account is accessed through the provider's website, any e-mail sent or received through the web is not accessible through Outlook.

According to the TC, the Agency has considered using either the County's system or purchasing an exchange server. The TC also indicated that in order to use Blackberry technology, MMRDD will need to use an enterprise server connected to an exchange server. Blackberry technology would help MMRDD more quickly respond to major unusual incident (MUI) e-mails. Furthermore, the TC stated that the exchange servers costs approximately $18,000 if installed by a vendor. Outsourcing a corporate e-mail server may be $1,200 per month (approximately $14,400 annually). While the County currently has an exchange server with sufficient capacity and can provide this service, the charge back costs have not been identified.

A more effective communications system would better ensure that the Agency is providing its employees and stakeholders with the necessary information to foster successful decision-making and learning tools.

Financial Implication: Based on the estimates from the TC, MMRDD could incur a one time cost of approximately $18,000 to purchasing an exchange server. As stated above, this financial implication could vary if MMRDD contracts for a corporate e-mail server at a cost of $14,400 per year or uses the County's exchange server. Additionally, CMRDD stated that it pays approximately $4,000 to $5,000 to purchase a server, and relies on its technology coordinator for maintaining the network.

R6.5 MMRDD should consider implementing internet filtering software to ensure that employees are not visiting sites that could transmit viruses and ultimately corrupt its system, and to block inappropriate websites. Implementing and using such software could be made easier by upgrading to a client based server or using the County's network (see R6.3).

The Agency has policies and procedures on access to inappropriate Internet sites, which are listed in the Board's policy manual. Although the lack of central network management tools leaves the TC with limited ability to monitor the behaviors and track internet usage, MMRDD does not use internet filtering applications. According to *Secure Computing: The Key Ingredients* (Brian Satterfield, published in Techsoup.org, April, 2006), Web-filtering software allows an administrator to block URLs or keywords and it can often be password protected so users cannot disable it.

Financial Implication: Using internet filtering software could cost the Agency approximately $4,000 annually. This is based on costs from various vendors for more comprehensive software security suites and purchasing a suite for each user, to provide a conservative estimate. However, *Secure Computing: The Key Ingredients* indicates that for larger networks (over 20 computers), an organization should consider an enterprise software solution rather than security suites, which can be controlled from a central server and extended to individual users (see **R6.3** for more information on a central server).

R6.6 MMRDD should consider implementing a formal system to monitor the timeliness of work performed, demonstrate whether issues were resolved, and evaluate customer satisfaction. The TC should attempt to develop an internal database to function as the formal system. If this is not feasible or effective, MMRDD should consider purchasing an electronic trouble ticketing system. Formally tracking requests and assessing customer service would assist the TC in reviewing and tracking common issues for training possibilities, identifying system-wide fixes, and aiding in the support and development of a comprehensive technology plan (R6.1).

MMRDD lacks formal procedures to track technology issues or customer satisfaction. Monitoring of computer repairs is done on a computer by computer basis. The TC creates a checklist of repair calls from users and addresses them as soon as possible. Once repairs are complete, each computer has a notebook located at the workstation which serves as a troubleshooting log. The checklist is only a task reminder and no information is compiled that tracks work order requests or common technical issues and their resolution. During the course of this audit, several users voiced frustration with the current system (see **R6.1** and **R6.3**).

According to the *Technology Support Index* (Dr. Chip Kimball, the International Society for Technology in Education, and the Gates Foundation), the following are exemplary practices regarding technology support:

- Documentation exists for most technical tasks and is used by most user groups. Well-written documentation production is a normal part of operations;

- All technical issues are recorded and delegated to appropriate resources through an electronic trouble ticketing system. All technical issues are tracked and evaluated through this system; and

- Quality assurance is measured by a random and automatic system that tracks customer satisfaction and closed tickets. Data is collected throughout the year. Questions asked are specific to technical support and the data is used to make adjustments.

By failing to formally track technology problems and customer satisfaction, MMRDD increases the potential for reoccurring problems, and disruptions to daily operations and services. Since MMRDD has only one technology employee and maintains a relatively small number of computers, the TC may be able to develop an internal database to function as the formal tracking system, rather than purchasing a separate electronic trouble ticketing system.

Policies

R6.7 MMRDD should implement a more comprehensive policy for password protection of computer and data assets. The policy should cover regular enforcement of password changes; minimum password length; checking of passwords against a list disallowed values; and protection of emergency passwords. Upgrading to a client/server or the County's network would help force staff to change passwords at set intervals (see R6.3).

MMRDD uses password protection for computer resources. According to the Board policy manual, all system passwords shall be changed on a periodic basis as established by the technology committee, unless other policies apply to those systems. However, the TC stated that passwords are not changed because there is no way to centrally manage passwords in the peer-to-peer network. According to Sybex *Network+ Study Guide* written by David Groth (2001), users and passwords must be maintained separately on each machine in the peer-to-peer network because security is not centralized. In a client/server network, usernames and passwords are stored and administered centrally. Users at MMRDD confirmed that they have had the same password since receiving their computers. In order to ensure security, COBIT recommends that a password policy include the following elements:

- Initial password change on first use enforced;
- An appropriate minimum password length;
- An appropriate and enforced frequency of password changes;
- Password checking against list of disallowed values (e.g., dictionary checking); and
- Adequate protection of emergency passwords.

While MMRDD has a general policy requiring periodic password changes, it lacks the elements recommended above by COBIT.

Financial Implications Summary

The following table summarizes the estimated implementation costs associated with the recommendations in this section of the performance audit. For purposes of this table, only recommendations with quantifiable impacts are listed. The basis and assumptions for developing the ensuing financial implications are detailed in the respective recommendation.

Summary of Financial Implications

	Implementation Cost (Annual)
R6.4 Improve e-mail system through provider	$14,400
R6.5 Purchase internet filtering software	$4,000
Total	**$18,400**

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AGENCY RESPONSE

Agency Response

The letter that follows is the Agency's official response to the performance audit. Throughout the audit process, staff met with Agency officials to ensure substantial agreement on the factual information presented in the report. When Agency administrators or officials disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report

In the official response, the Agency notes three concerns with the factual information contained in the report. As these concerns do not impact the audit conclusions and partially rely upon testimonial evidence, revisions were made to the final report to appropriately account for these three concerns.

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June 12, 2007

Mary Taylor, CPA
Auditor of State of Ohio
Performance Audit Section
Lausche Building
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Dear Ms. Taylor:

I am writing at this time on behalf of the Mahoning County Board of MRDD to respond to the performance audit conducted by your office. I want to compliment the professional manner of the audit team, which was led by Dawn Bendel and Cooper Martin.

The Mahoning County Board of MRDD received the Final Draft report in early May 2007, and a formal presentation of the report was made to the Board members and key administrators on May 17, 2007. Full copies of the draft report, including an Executive Summary, were provided to Board members and staff prior to the meeting.

We have had opportunities to offer clarification or correction to information contained within the Final Draft report. At this time, the only other corrections or comments we wish to offer are as follows:

1. Under the Financial Systems Section, please note on page 2-17, there is a reference to copier leases in the Equipment Section. Copier leases should not be included in the Equipment Section. The County categorizes all equipment purchases over $500 (not $1,000 as stated). There is also a sentence that says we reclassified copier leases from "professional services" to "equipment." In fact, it was reclassified from "professional services" to "leases / rental." These are minor changes; however this is the accurate statement of the cost assignment process.

2. On page 2-18, the "27^{th} pay" occurs in the year 2010, and not in the year 2011, as is currently written.
3. In the Technology Section, on page 6-2, please note the Technology Committee also includes a teacher and the Human Resources Director.

The performance audit was initiated in 2005 by the Board of Commissioners of Mahoning County for non-general fund agencies. The purpose of the audit was to provide the Commissioners and the public with an external review of financial management practices prior to placing future tax levies before the voters. The Mahoning County Children Services agency conducted its audit in the summer of 2005.

The Mahoning County Board of MRDD views the audit experience as a positive one. The report provides a wealth of comparison information from the three peer counties on virtually every aspect of our program operation. There is verification that the wage and benefits package in this county is relatively high when compared to the peer counties. This labor information will be helpful when economic issues are discussed with the county board's two bargaining units in the upcoming year.

The Mahoning County Board of MRDD was acknowledged by the AOS team for its efforts to contain costs during the past few years. The staff and Board members appreciate the acknowledgment for these accomplishments.

With regard to the overall report and set of recommendations, we believe there are five areas in which the performance audit will be helpful to this agency's long range planning and operations:

1. The five year projection of expenses and revenue confirms that the Mahoning County Board of MRDD will eventually need to obtain additional revenue to sustain current program operations. This will be necessary even with the implementation of some or all of the cost containment measures mentioned in the report.
2. The analysis of compensation packages relative to the peer counties is useful information as the Board enters labor negotiations in the summer of 2007. The variety of information provides detailed comparison data that was not previously available to the board. The data comes from possibly the most credible source of financial evaluation that we could have used (AOS).
3. The recommendation for a formal written strategic plan will be implemented this year. The county board and administrators have done a significant amount of strategic planning since 2001, although never in a formal written format. We expect that a Strategic Plan will be completed by the end of December 2007.
4. The Technology Section offers some specific recommendations related to software, equipment and internal processes. We will respond to these recommendations with an eye to correcting current issues we face, as well as future technology needs of this agency.

5. Finally, we should note that some of the recommendations regarding personnel positions, wages and benefits may be areas that will require coordination or negotiations with our two bargaining units. Nonetheless, the recommendations will all be considered and addressed.

Once again, I would like to thank Ms. Bendel and Mr. Martin for their assistance and diligence in managing this project. We will make use of the information received. The MRDD management team and Board will now undertake the next step of responding internally to the specific recommendations contained within the Final Draft report.

Sincerely,

Larry Duck

Larry Duck
Superintendent

dgs
c: MCBMRDD Board Members
Mahoning County Commissioners
George Tablack
Marty Picciano
Dean Soroka
Kristine Hodge