Hamilton County Tax Levy Review Committee
138 East Court Street
Cincinnati, Ohio 45202

May 18, 2026

Hamilton County Board of County Commissioners (BCC)
Hon. Stephanie Summerow Dumas, President
Hon. Alicia Reece, Vice President
Hon. Denise Driehaus, Commissioner

Re: TLRC Review of the Hamilton County Children's Services Levy

Dear Commissioners:

Gwen McFarlin, Chair of the Hamilton County Tax Levy Review Committee (TLRC), appointed a sub-committee to perform annual reviews of the Hamilton County Childrens Services Levy. The sub-committee is chaired by Gwen McFarlin, with additional members Rabbi Robert Barr, Eric Landen, Esq., and Dr. Jenny O'Donnell.

It is important to note that the TLRC serves as advisors to the Commissioners on levy requests and recommendations. The Commissioners, as the taxing authority, are responsible for final determinations on all levy issues, including levy sizing and program funding levels.

The TLRC is hopeful that the information provided in this report and recommendations will serve as a useful tool to guide the Commissioners in their review of the levy, sizing determinations, and millage approval this summer.

Children's Services Levy Overview

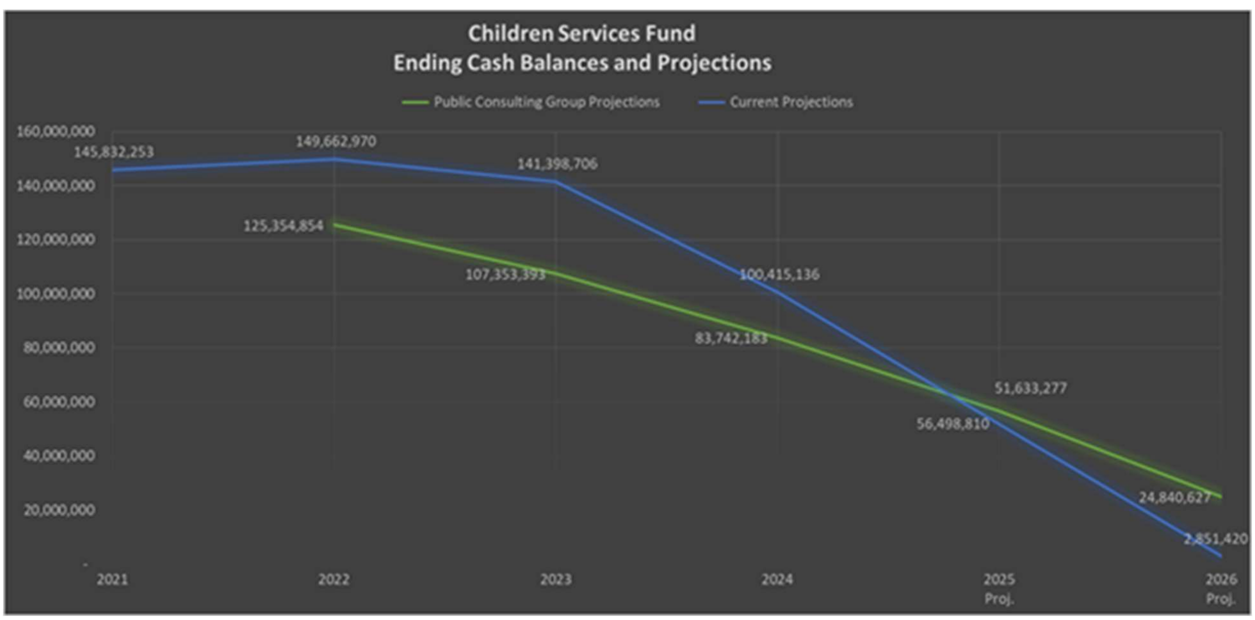
The Children's Services Levy is for " the purpose of supplementing the general fund to provide support for children's services and the care and placement of children." The current levy, which is allocated to JFS, is our largest County Levy, generating an estimated $81 million each year to fund services that the federal and state governments *mandate* but do not fund. Hamilton County property owners and taxpayers in each Ohio county are responsible for funding these mandated services. If we do not have these tax levy dollars, the cost of the mandated services will be paid from the county's general fund.

In 2018, the levy was determined to be underfunded following a significant increase in cases and expenses. The 2018 levy amount had been set in 1996. Without the recommended 2018 increase, the 1996 levy amount would not have funded even mandated services. To remedy that deficit, a supplemental levy was created to increase the fund balance and meet the demand at the time. The Board of County Commissioners approved the second levy, modeling it as a temporary levy that would expire, allowing the creation of a new "right-sized" levy at the end of 2021. With the passage of that "right-sized" levy in 2021, we are now evaluating the agency's progress using the consolidated funds of approximately $81 million each year.

It is important to remember that, unlike other levies, in which the levy fund recipients are service providers employed primarily by nonprofit agencies, Hamilton County Job and Family Services (JFS) is a county department. Hamilton County JFS employs the largest number of county employees among all Hamilton County government departments and is managed by county employees under direction of the County Commissioners. The largest revenue stream for Childrens Services is from the property tax levy generated by Hamilton County.

TLRC Review Process

The TLRC completed its mid-point review of the 2022-2026 levy on March 5, 2025. The mid-point review found that, while JFS had implemented the recommendations put forth by the Commissioners and TLRC during the build-up to the November 2021 tax levy passage, the actual costs borne by the levy were trending toward a deficit at the end of the 2026 levy cycle or shortly thereafter. At the midpoint, the TLRC believed these projections could result in a significant decrease in the fund reserve. This was a serious concern for at least two reasons, first is that the reserve serves as a buffer for the delay in payment to JFS during the first quarter of the following year – meaning the entire department could be without funding for three months if the reserve were to be depleted, and second that mandated services would then need to be funded from the county's general fund, if the escalated cost continued and the levy fund was depleted.



TLRC's midpoint recommendations were:

- Initiate the full levy review process immediately to track the funding through the next levy cycle.

- Weigh the costs and benefits of JFS services that are not mandated by state and federal laws, with the understanding that if there were any chance that mandated service costs would not be covered by the levy funds, non-mandated services would have to be paused, cut, or diverted to a new funding source. These non-mandated services are showing excellent results, but we must be clear that any mandated costs not covered by this levy will have to be paid for from the general fund.

The TLRC began its full Levy Review process of the Children's Services Levy by hiring Public Consulting Group (PCG) in July 2025. The TLRC Children's Services subcommittee worked with PCG from July 2025 to February 2026 on this review and report, holding bimonthly meetings throughout the period. The review included the following key objectives:

- Provide a summary of prior consultant reviews since 2017
- Comprehensive financial analysis of the levy over the current cycle
- Develop a comprehensive listing of mandated and non-mandated services and service levels for programming within the levy.
- Review of levy purchase service contracts for children in care
- Review of JFS's expanded efforts to increase and retain staff during the current levy period.
- Compliance with Tax Levy Review Committee (TLRC) recommendations for the current levy cycle.
- Review of the development of the JFS Strategic Plan.
- Comparison of JFS's operations with peer organizations.
- Review of current and potential state and federal funding changes and their impacts on the levy.
- Review of the levy request and prioritization of requested programming in different funding scenarios
- Recommendations for tax levy: potential cost savings, revenue enhancements, and organization or
- program improvements within Hamilton County and JFS, assuming successful passage of the proposed tax levy

PCG's report was finalized on February 20, 2026. Along with the large full report, there is a companion "consolidated report" for those wanting a more easily digested report of the findings and recommendations. Both reports have been shared with the Commissioners and are available to the public through the County website: www.hamiltoncountyohio.gov/tlrc

PCG Report Findings and Recommendations

The report from PCG found Hamilton County's Children's Services system is experiencing **significant fiscal pressure**, driven primarily by rapidly rising costs for out-of-home care, increasing acuity of youth needs, and constrained state and federal reimbursement. Without intervention, levy fund balances will continue to decline, and service reductions already planned for 2026 may prove unsustainable.

Key PCG findings through *2025* data included:

- Levy expenditures were outpacing revenues – producing ongoing deficits since 2023; the levy fund balance fell from $150M (2022 beginning balance) to $42M (2025 beginning balance)
- The cost of out-of-home care continues to be the dominant cost driver – nearly doubling from $48M (2021) to $97M (2025), primarily due to rising daily rates for congregate care.
- Gaps in available service capacity and quality – especially for higher acuity youth, prevention, outpatient therapy, and culturally responsive supports, leading to increased reliance on the more expensive congregate care.
- Title IV-E and state funding reimbursement constraints, coupled with single-source contracts for high-risk/high-acuity placements, limit local ability to control costs for out-of-home care.

What is driving these costs?

- Out-of-home placement costs are the largest driver, having nearly doubled since 2021 due to inflation, scarcity of options, and stricter certification standards requiring increased professional training and licensing.
- Per-diem rates for foster, group, and residential care have risen 30–70% statewide since 2021.
- High-acuity youth, longer lengths of stay, and limited step-down options keep children in more expensive settings longer.
- Heavy reliance on single-source contracts, which have higher rates than competitive procurements, limits cost control.

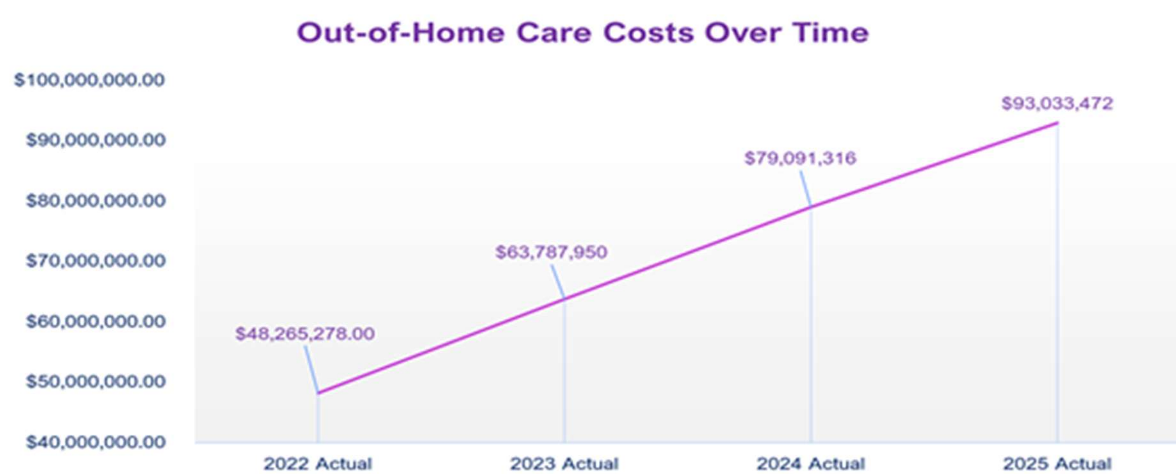
To understand the language specific to the discussion of where costs go, see the table below for definitions of the types of out-of-home costs central to this discussion. And for reference, these are 2025 costs.

Placement Setting	Overview	% of Children in Placement*	Approx. Cost**	Approx. Annual Cost per Child
Foster Home	Licensed adults (foster parents) providing care in their home.	45%	$40,000,000	$41,000
Kinship Home	Relatives, or any nonrelative adult who has a long-standing relationship or bond with the youth, who is providing care in their home.	36%	$6,000,000	$7,000
Independent Living	Supervised or semi supervised independent living environment or arrangement designed to assist older youth to make the transition from foster care to adulthood.	9%	$12,000,000	$65,000
Group Home	A licensed facility which provides placement services in the community for a maximum of 7 youth who are supervised by 1 trained staff.	5%	$11,000,000	$109,000
Residential Care	A licensed facility offering care, treatment, and services in an institutional or campus-style setting, often serving 10 plus children and with more specialized programming.	4%	$16,000,000	$168,000
Other	Includes educational and medical facilities, detention facilities, non-custodial parents, and emergency shelter care.	1%	Not provided	Not calculated

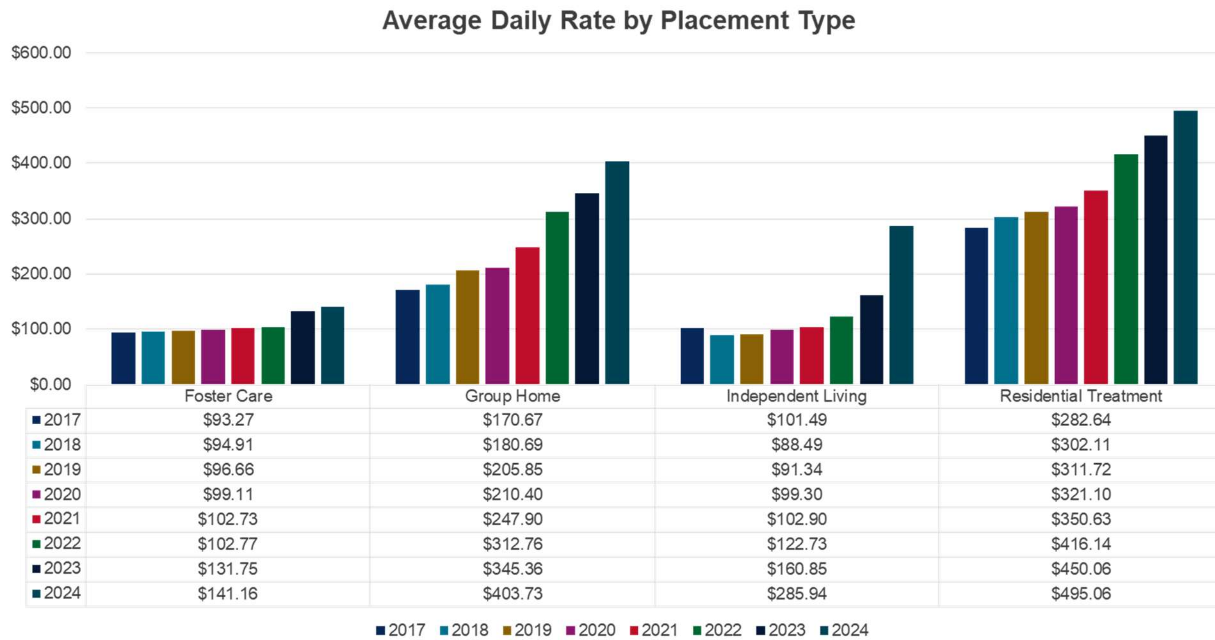
Another crucial term to understand is "Title IV-E" or "IV-E funding." It is federal reimbursement for a portion of the costs of children in JFS custody, *if the child qualifies for the benefit*. Notably, this requires the Juvenile Court to verify the youth's eligibility within a very fast time frame.

The number of Hamilton County youth deemed Title IV-E eligible is approximately 1,287 out of the approximately 1,930 youth who are in care each year. The state of Ohio reimburses roughly 60% of that youth's out-of-home placement costs.

By fall 2025, PCG's projections indicated a greater need to use fund balance due to rising out-of-home care costs.



And while all care costs have increased, the cost of placements referred to as "congregate care" (group homes and residential care) has shown the highest increases.



	Foster Care	Group Home	Independent Living	Residential Treatment
2017	$93.27	$170.67	$101.49	$282.64
2018	$94.91	$180.69	$88.49	$302.11
2019	$96.66	$205.85	$91.34	$311.72
2020	$99.11	$210.40	$99.30	$321.10
2021	$102.73	$247.90	$102.90	$350.63
2022	$102.77	$312.76	$122.73	$416.14
2023	$131.75	$345.36	$160.85	$450.06
2024	$141.16	$403.73	$285.94	$495.06

These costs of care have increased due to:

- Increases in provider costs for staffing and operations due to increasing professional standards across the licensed provider settings. Some of which have been prompted by federal legislation.
- Increases in acuity (medical, psychiatric, behavioral health) among children entering custody.
- Ohio's lack of beds available for placement leading to competition for care.
- Overall need for qualified mental health services for families and children, as well as other wraparound services.

Fortunately, Hamilton County has been dedicated to using its award-winning Kinship Model (where youth are placed with family members) and Foster Care homes for over 80% of its placement options, but that cannot offset the rising costs of safely placing the remaining 20% of youth in congregate care settings, which are nearly doubling. Note: Placement with kin when feasible is, on average, the most cost-effective placement potion. Every youth capable of being placed with kin means both substantive financial savings to the levy and the likelihood of more effective outcomes for the youth.

2026 Reduction to Take Care of the Near-Term Financial Crisis

As a result of PCG's early conclusions, JFS embarked on a plan to make immediate reductions to its 2026 budget. To balance the sharply rising costs of mandated services, JFS developed a list of budget reductions that were approved by the Commissioners in January 2026 and enacted immediately.

Reduction Type	#	Item	Total
Service Reduction	1	Reduce independent living contracts for youth 18-21	$8,000,000
	2	Reduction in payments to kinship families	$1,000,000
	3	Reduction of vouchers for Children's Services families	$300,000
	4	Reduction in caseworker reimbursement	$114,000
	5	Reduction in service contracts (KISR, Family Success Network)	$200,000
	6	Hiring slowdown	$5,000,000
	7	Reduction in budget support to Child Support Enforcement (CSEA)	$500,000
	8	Youth Employment Program – reduce to federally funded service level	$6,400,000
	9	Women Helping Women (DVERT and School Domestic Violence)	$600,000
Transferred to General Fund	10	General Fund assumption of TANF match	$3,531,838
	11	General Fund assumption of Juvenile Court placement costs	$5,000,000
	12	General Fund assumption of Guardian ad Litem costs	$1,082,681
Transferred to Different Levy	13	Payments to Complex Medical Help Program (move to Indigent Care Levy)	$2,873,328
	14	DVERT – Countywide response (move to Family Services and Treatment Levy)	$400,000
	15	Juvenile Court Medical Cost (move to Indigent Care levy)	$1,600,000
			$36,601,847

With these budgeted reductions, the levy fund was projected to end with roughly $15 million in contingency, the necessary amount to carry over to fund the 2027 first-quarter expenses.

These reductions will have long-term consequences because JFS ended up cutting the nonmandated services, which are the preventative services. While not mandated by law. Many of these services are preventative in nature. These preventative services help keep families together and keep children out of the JFS system, the criminal justice system, and other systems that are also experiencing this level of inflationary pressures.

Since those reductions went into effect (February 2026), JFS has also slowed hiring and cut administrative expenses by $2.5 million. The Agency projects that its first-quarter revenue will be higher than expected and has created best- and worst-case scenarios indicating a $20 million carryover or, at worst, a $2.3 million deficit for 2027 at the current level of levy funding.

More Information on JFS's 2026 Mitigation Measures

- The State has proposed "rate cards," or the standardization of rates that all agencies (regardless of county) will pay for the same bed and services. *While this might help with budgeting and projections, the rates are likely to be either higher or the same as those currently paid and will not address the immediate levy shortfall.*
- JFS will no longer match the payments to kinship homes once the state kinship stipend is in place. *HCJFS has been augmenting payments to kinship providers and will now only support our kinship placement with local dollars until the state dollars start. While some*

placements will be grandfathered under the old county-plus-state stipend model, new kinship homes will receive a lower stipend.

- Hiring freeze and limited advancement. *HCJFS worked very hard to decrease caseloads and increase its retention rates since the last levy. Moderation in hiring levels is likely necessary, but it has significant long-term consequences, particularly as we see an increase in the time required for managing transitioning cases.*

- Diverting prevention costs to other levies. *The indigent care and family services and treatment levies are both at their maximum levels, and added costs beyond the current year is unsustainable, requiring reconfiguration of levy plans and service levels within these levies*

- CMHA/HUD vouchers for transitioning youth. *CMHA/HUD housing vouchers could be extremely important for these transitioning youth and could reduce pressures on the levy; however, the youth will still need case management services to keep them from losing these vouchers, which are notoriously hard to manage.*

- Juvenile Court + JFS Collaboration on Title IVE Voucher qualifications. *The Title IV-E voucher program is heavily dependent on skilled staff to complete the child's application, on the Juvenile Court to fast-track the decision process, and on adherence to any additional documentation guidelines, thereafter, including the use of Title IV-E reimbursable vendors for that youth. Even then, the reimbursement rate is only at most 60% of the costs incurred.*

- JFS will continue to look at its criteria for bringing a child/family into the JFS system versus helping the family problem-solve the immediate situation without needing to bring the child into the system. *Hamilton County has a higher rate than some urban counties for bringing children into the system, but it is difficult to say if that is a significant difference or to define the specific reason for the difference.*

Public Input

The TLRC hosted two public hearings to receive input from the public on the levy. The theme focused on adults who were once JFS benefit recipients and who, with the assistance of JFS, had successfully transitioned back to the community, some of whom were now foster parents themselves.

Clark Schafer Consulting Review

The Commissioners requested a financial review of the levy to provide a third party review of the reasons for the rapid drawdown in levy balance over the past several years. In other words, the review was designed to answer the question "where did the money go?" The consultant report was finalized and presented to the Hamilton County Commissioners at their

May 12, 2026, Staff Meeting. The report provides a deeper analysis of JFS financials and County audits as well as a review of the PCG consultant report and data provided by JFS.

Key highlights of the report include:

- Executive Summary
    - The independent review confirms the decline of the fund balance "driven almost entirely by Out of Home placements"
    - The report finds no issues with the data or financial reporting
    - There are opportunities to strengthen oversight of out-of-home care and contract services
- Levy Spending Findings
    - The levy budget ran under plan 2022 and 2023, but then significantly exceeded plan in 2024 and 2025 *revenues also increased in these years, but at a slower pace than expenditures
    - Out-of-home care nearly doubled during the levy period, leading spending at 52% of total levy actuals
        - The top 6 vendors drive over half of the spend
        - Kinship programming grew from $0.5M to $8M as the County program was increased (this aligns with PCG's report findings that 38% of Hamilton County placements are with kin)
    - Top 3 contract services categories: Behavioral Health, Other County Services (Juvenile Court, Prosecutor and Guardian ad Litem services) and Youth Employment account for 60.5% of spend
        - Behavioral health services nearly quadrupled in the current levy period

TLRC Recommendations

Hamilton County's children's services system is at an inflection point. The amount of levy revenue has not been raised since 2018. The purchasing power of $100 in 2018 would now cost approximately $122. This does not account for anything beyond standard inflation, and we have seen strong arguments that there are many other forces to consider. Without additional revenue and major structural changes, the county will continue to face escalating deficits, reduced service availability, and higher long-term costs. Strategic investment—particularly in prevention, family-based care, and behavioral health offers the most effective path to both fiscal sustainability and improved outcomes for children and families.

The TLRC spent over 16 months hearing about the services and families involved with JFS and was very impressed and grateful for the services being provided. We also recognize the increasing tax burden on individual property owners, who are struggling with short and long-term inflation.

JFS's most recent projections, shared at the May 4, 2026, TLRC meeting, show a projected range of current year expenses between $157.8 and $186.6 million. This amount does not include adding any of the 2026 service reductions back into the levy.

Ongoing revenues to support JFS expenses total $116M (current levy revenues of $81M. And $35M of other revenues) It is important to note that levy revenues have not increased since 2018.

The current revenues are not enough to meet the base level of ongoing need for childrens services in Hamilton County. The TLRC recommends that at a minimum the Commissioners increase the levy to support the JFS base 2026 projection amount of $157.8M with annual expenditure increases of 4%. In addition, the TLRC recommends this increase cover JFS's base 2025 projection amount of $157.8 million, in addition to the $3.2 million from service costs diverted in 2026 to the Indigent Care and Family Services and Treatment levies, to hopefully alleviate any downstream problems from that decision. In total, our recommendation is that JFS has a need of $161 million in total revenue to support Childrens Services. Taking into account the estimated $35 million JFS receives in other revenues, the TLRC is recommending the total amount needed in levy funds to support childrens services is $144 million. This recommendation provides for a base level of funding for mandated services and allows the restoration of the necessary three months of reserve funding within the levy fund balance.

TLRC RECOMMENDED LEVY PLAN

	2027	2028	2029	2030	2031
Carry Over	$20,000,000	$33,170,000	$42,415,100	$47,617,553	$49,398,710
Total Revenue	$179,000,000	$180,050,000	$181,131,500	$182,988,075	$184,841,077
Other Revenue	$35,000,000	$36,050,000	$37,131,500	$38,988,075	$40,841,077
Levy Revenue	$144,000,000	$144,000,000	$144,000,000	$144,000,000	$144,000,000
Projected Expenditures	$165,830,000	$170,804,900	$175,929,047	$181,206,918	$186,643,126
Ending Levy Balance	$33,170,000	$42,415,100	$47,617,553	$49,398,710	$47,596,661

This recommendation will mean hard choices for JFS. At a base, it means the continuation of the 2026 reductions, continued general fund assumption of ongoing expenses (recognized as a potential strain on other operating areas of the County) and potentially further reductions if out of home care costs continue to escalate as they have in the current levy cycle. The TLRC is hopeful with continued monitoring and the prioritization of short- and long-term budget monitoring that JFS can live within this recommendation.

The TLRC specifically makes the following recommendations to support the implementation and prioritization of these cost containment strategies.

Short-Term Recommendations

- Fill the JFS Director position with someone who is invested in a long-term commitment to the agency and will be deliberative about the difference between a maximalist risk mitigation philosophy and a minimalist financial obligation/burden. The new Director needs to be someone who can work with Agency staff to balance these completing dynamics. Continue to prioritize family-based settings and expand kinship supports.
- Continue maintaining services at the reduced level to restore fiscal stability through the end of this year.
- Conduct a full review of non-mandated services and report to the Commissioners before the levy ballot vote on any reductions that can be made in the 2027-2031 levy plan to open up levy capacity for the increased need for mandated services.
- Work with Juvenile Court to strengthen Title IV-E claims and eligibility processes including determining if more resources are needed to expedite the process or improve the likelihood of having a child meet the eligibility requirements.
- Train all JFS staff on the intersection between risk-taking and resource maximization as it applies to their options in any given decision.
- Reduce reliance on single-source contracts. See that as a last resort and track that carefully to help minimize its potential.
- Carefully monitor length-of-stay issues when a transition is warranted and start transition planning on Day 0 to minimize delay when the time comes.
- Complete the JFS Strategic Plan.

Annual Recommendations

- JFS will use the County's annual budget process to review current spending and revenue trends and balance those with projected levy needs for over the current levy cycle. Any addition of non-mandated services (or increases to current non-mandated services) will be reported to the Commissioners through this process.
- JFS and the TLRC will conduct an **annual review** of the budget and projected spending for the next year and assess adherence to the short-term goals listed above and progress on the long-term goals listed below, culminating in an annual report to the commissioners from the TLRC on progress and status.

Long Term Recommendations

- Collaborate with the community to determine our community goals for every family involved and partner with like-minded nonprofits to help achieve them. For instance, every toddler or infant entering kinship or foster care receives a pre-packed sleep pack and a year's worth of diapers. For example, every JFS youth who graduates gets a scholarship to local continuing education or a housing voucher.

- Create a dashboard of metrics/outcomes; set attainable standards and stretch goals for JFS as a whole and for the youth who are entering and exiting your care; and keep those objectives and progress steps transparent. For ex. reunification rates, graduation rates, diversion rates, "victory rates," and, conversely, track what we are most concerned about (incarceration, recidivism, and relapse rates) so we can argue how to funnel resources in real time.

- Expand recruitment and retention of foster/kinship caregivers and cultivate multi-provider service capacity to reduce risk and improve family and system stability.

- Lead and collaborate with the community to build investment in a sustainable prevention service continuum, to ensure there are resources for families and JFS that allow a problem-solving approach at initial contact, rather than JFS taking in another child/family (for example, stipends for families at risk of homelessness or losing utilities, respite care, in-home caregiver support services).

- Advocate at the state level for rate reform, expanded reimbursement, and improved access to OhioRISE and related programs. **Ohio is ranked second lowest in the country in contributions to child welfare at 18%** (average contribution is 42%).

- Lobby state leaders for Title IV-E legislation that will update the eligibility requirements to current-day economic realities.

- Lobby for capped provider rates through the rate card or the county-consortium effort.

This review was the most detailed review the TLRC has undertaken in my tenure on this committee. I would like to again thank the members of this subcommittee for the hundreds of hours poured into researching JFS and the services they provide to keep the children in our community safe. This report would not have been possible otherwise. And thank you to the Hamilton County Job and Family Services team for showing up every day to help keep our community strong. The team was a collaborative partner in the development of this report.

Sincerely,

Gwen McFarla.

Gwen McFarlin, TLRC Chair and Sub-Committee Chair
Robert Barr, Rabbi TLRC, and Sub-Committee Member
Eric Landen, Esq. TLRC and Sub-Committee Member
Jenny O'Donnell, Psy.D. TLRC and Sub-Committee Member