

JANUARY 12, 2010

MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS

NORTH CAROLINA
MECKLENBURG COUNTY

The Board of Commissioners of Mecklenburg County, North Carolina, met in Budget/Public Policy Session in Conference Center Room 267 of the Charlotte-Mecklenburg Government Center located at 600 East Fourth Street at 3:00 p.m. on Tuesday, January 12, 2010.

ATTENDANCE

Present: Chairman Jennifer Roberts and Commissioners
Karen Bentley, Dumont Clarke, Harold Cogdell, Jr.
Neil Cooksey, George Dunlap, Vilma Leake and
Daniel Murrey
County Manager Harry L. Jones, Sr.
Deputy County Attorney Tyrone Wade
Clerk to the Board Janice S. Paige

Absent: Commissioner Bill James

Commissioner Clarke was absent when the meeting was called to order and until noted in the minutes.

The meeting was called to order by Chairman Roberts after which the following topic was addressed: Child Support Enforcement.

General Manager Michelle Lancaster addressed Child Support Enforcement (CSE). The following was covered: Incentive Funding and Performance Measures; Employee Positions and Job Descriptions; CSE Service Provision Budget Estimates.

A copy of the report is on file with the Clerk to the Board.

Comments

Commissioner Dunlap with respect to the County's Paternity Establishment Rate ranking asked whether the fact that Mecklenburg County was a metropolitan area taken into consideration. He noted that in rural areas, it's sometimes easier to establish paternity because more people know each other.

Assistant to the County Manager Janet Payne said the percentage was based solely on the number born out of wedlock and the number that paternity had been established for. She said no other factors were taken into consideration.

Commissioner Dunlap asked where did the County rank in terms of collections. *It was noted that the 99.05% listed in the handout does not go into the non-factor scoring calculation. General Manager Lancaster said that data was an aspirational goal that's set for every county.*

Commissioner Bentley asked for clarification on the State 9-Factor Report and the County's ranking, which was addressed, specifically what's taken into consideration.

Commissioner Cogdell asked for clarification on the Paternity Establishment Rate comparison which was addressed.

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General Manager Lancaster said she believed the most important components of this were paternity establishment and the cases under order. General Manager Lancaster said this was where you would want to see growth.

Commissioner Cogdell asked were all of the 9-Factors rated equally. *The response was no.*

Commissioner Murrey asked for clarification on IV-D Case Load, which was addressed.

Commissioner Murrey said it's troubling that none of the explanations seemed to explain all of the data of Mecklenburg County being "worst" in performance.

Commissioner Murrey inquired as to how the County rated in the other factors of the 9 not shown in the report. *The response was that Mecklenburg County performed poorly in all of the areas, scoring 169 out of a possible score of 792.*

Commissioner Murrey asked about the number of positions, which was addressed.

Commissioner Dunlap said he believed the performance rate of CSE was what it was because they're understaffed. Commissioner Dunlap said another factor to be considered was the fact that Mecklenburg County was close to South Carolina and that people could easily cross state lines. He said both of these factors impact collections and paternity establishment.

Commissioner Dunlap said thinks the rankings were a little unfair and do not take enough factors into consideration. He said it sends the wrong message about the performance CSE.

General Manager Lancaster said these standards were not established by the County but by the state. She said the state uses these standards in deciding whether a county gets any incentive revenue. Thus, they were important with respect to how much this was going to cost the County under any scenario.

General Manager Lancaster said the state was still going to manage that because the federal revenue, the incentive money, comes to the state and then allocated to the counties via the state.

Commissioner Leake asked what was the data source used to determine out of wedlock births. *General Manager Lancaster said it could be health department and/or hospital data but staff would confirm that.*

Commissioner Murrey commented on the issue of CSE being understaffed and the impact of that on performance.

Commissioner Murrey said if you assume the comparison was valid, the question for the Board was whether going to a private model or going to a County ran model or going to the consult model, which would get the County to the "working better piece" if the issue was performance.

General Manager Lancaster asked Deputy County Attorney Tyrone Wade to comment on his conclusion that privatization would gain the County more efficiencies in the short term to get better performance.

Attorney Wade said what staff learned was private vendors were able to bring in strategies and implement systems that the County was not able to do to improve service delivery, the collection rate, and to establish paternity.

Commissioner Clarke entered the meeting.

Attorney Wade said per the statistics, the private vendors have been able to come in and turn the CSE system around, such that the system was better and in compliance with state mandates.

Commissioner Murrey asked what were private vendors doing that the County couldn't do. He said if it's a best practice why couldn't the County adopt that best practice.

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Attorney Wade said the County could but one of the issues was the knowledge base that's necessary to be able to come in and understand the complexities of CSE and then to implement.

Attorney Wade said what staff looked at was what's the best way to learn what they know and follow it going forward since these mandates were upon the County now. He said if the County first tried to start to learn what it was to do, things would probably stay where they were now or become worse. He said staff felt one way to find out what they do was to allow the private vendor to come in and help the County learn how to manage it, how to implement it and how to be more successful. Further, that after a year or two, the County would reconsider whether it should operate the system directly.

Commissioner Murrey said there were some advantages to having the County operate it aside from the performance issue, if the County was able to find interface opportunities with the Department of Social Services and other social programs that the County provided.

Commissioner Murrey said there's probably greater potential for that interface happening within the County then there would be with a private company, but there would be a hurdle the County would have to get over in terms of getting up to speed. Commissioner Murrey said that would at least speak to the consultant helping out model.

Attorney Wade said staff looked at the consultant model and full privatization and what would work best.

Commissioner Murrey said if you go with full privatization then you're not building capacity within the County, whereas with the consultant option, you would be building capacity.

Commissioner Dunlap reiterated Commissioner Murrey's question which was what was it that a private vendor might know about how to get data that the County didn't already have in terms of looking at tax records, utility records, etc.

General Manager Lancaster referred Board members to the responses of the vendors with respect to the progress they've made.

Commissioner Cogdell asked was it fair to say the four factors the Board needed to consider were performance, cost to the taxpayer, continuum of care concerns, and the impact on employees. *General Manager Lancaster said yes.*

Commissioner Cogdell said it appeared the privatization option has proven to be or has demonstrated to improve or enhance performance with respect to the 9-Factors. He said it was somewhat of a less expense cost.

General Manager Lancaster said there's no indication from the state that there will be any additional time allowed for the County to transition CSE. The expectation was that the County would be responsible for CSE effective July 1, 2010.

General Manager Lancaster addressed staffing. The following was noted. Staff used the staffing level of 75 which was what funding was currently being provided for, even though some of those positions were frozen. There were 14 additional positions that were approved by the state that have never been funded.

General Manager Lancaster said she would recommend adding the additional 14 positions, a division director, program manager, three customer service/call center representatives, for a total of 94 positions which would raise the County's net costs by about \$400,000.

Commissioner Bentley asked if staff drew off of the private sector model to determine the staffing. *General Manager Lancaster said no, the private sector models were different from the staffing model that's being used, so staff basically just tweaked the current staffing model.*

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Commissioner Cooksey said with respect to staffing levels that would be something for the vendor to determine. He said what the County should be concerned about and would have in the contract with the vendor would be expected performance levels by the vendors, which if they didn't meet would be grounds for terminating the contract.

Commissioner Cooksey with respect to appropriate staffing level said for him one of the advantages of contracting this service out was that it's their problem to figure out how to make it work.

Commissioner Murrey said he recalled from previous discussions that there was the potential for additional services that were provided by CSE that a private vendor may not provide, such as social services types of services. Commissioner Murrey said in light of this was the County comparing "apples to apples."

Commissioner Murrey asked would the County be receiving the same product from the private vendor that it would from a County agency.

Attorney Wade said based on the information provided to staff both Young Williams and Policy Studies Inc. (PSI) have developed models where they interface with the courts, as well as, had satisfaction evaluations for families with whom they set up paternity and established support and enforcement.

Attorney Wade said performance measures and satisfaction ratings could be built into the contract.

General Manager Lancaster said each of the vendors had agreed to take all of the current employees and to offer them benefits. Further, that one vendor offered to give the employees their years of service.

Commissioner Murrey said he wanted to make sure the County doesn't take out a function that's currently being provided.

It was noted that CSE would remain at the location where it was, which also housed DSS offices.

Commissioner Cooksey asked if the County had any recourse with respect to the state "dumping" this function on the County and what would happen if the County refused to take this service over. *Attorney Wade said it was federally mandated, state managed, and county ran. Attorney Wade said Mecklenburg County just resisted over the years from absorbing it. He said other counties had done it for years.*

General Manager Lancaster said there were only 28 counties operated at the state level and that back in the 70's counties had the option of letting the state operate it or do it themselves. Mecklenburg County decided to let the state operate it.

Commissioner Cooksey asked whether the counties that were operating it themselves, doing so at a deficit. *Staff's response was that they had to pay for it.*

Commissioner Cooksey asked would the County's cost go up. *The response was yes.*

County Manager Jones said this was an unfunded mandate.

Attorney Wade said that's why it's critical the County is successful because of the federal incentive money connected with meeting the mandates.

Commissioner Cooksey said if you look at the performance rating, that the two top counties were ran by PSI and that their average case load was 750 – 770 per agent, which was substantially higher than any of the other counties, which tells him that "they're doing something right" with that caseload.

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Commissioner Cogdell asked was it correct all three vendors said they would be willing to hire all of the current state employees. *General Manager Lancaster said yes.*

Commissioner Cogdell asked about vendors accepting the current state employees' tenure. *General Manager Lancaster said only one vendor said they would be willing to do that.*

Commissioner Cogdell asked about the salaries of the current state employees being matched. *General Manager Lancaster said the vendors said they would, at minimum, match current salaries and that after an assessment of qualifications there would be potential for an increase but that they would at least keep them where they were currently.*

Commissioner Cogdell asked would the job description call for the continuation of the linking of services with other agencies for the continuum of care. *General Manager Lancaster said that was not asked for specifically but that staff would negotiate that in the contract.*

Commissioner Cooksey left the meeting and was away until noted in the minutes.

Commissioner Cogdell said privatization appeared to be an easy solution in light of what the County was faced with but it almost seemed too good to be true. He said he was a little skeptical when it came to believing the vendors could provide what they say they could.

Commissioner Cogdell asked what would be the County's options for getting out of the contract if it was to privatize, if the performance measures weren't met or all employees weren't hired, or, if the terms of the agreement weren't met.

Attorney Wade said it would be reflected in the contract what the County's expectations were.

General Manager Lancaster said if the County were to go with a private vendor that Assistant to the County Manager Janet Payne would manage the contract, thus the County would have a very "close eye" on what's occurring with the vendor.

Commissioner Bentley asked about employee satisfaction and whether the vendors addressed employee turnover rates when going from public to private, as well as, employee satisfaction when going from public to private. *Assistant to the County Manager Payne said that information was not included, but that she felt all vendors would be willing to provide a response to that question. She said she didn't know if the state did employee satisfaction surveys or not but would find out.*

Commissioner Dunlap said one fact that's being overlooked as it related to the cost to the taxpayer was that regardless of which model was selected the County was going to have to pay. *General Manager Lancaster said that was correct.*

Commissioner Leake said her concern was the commitment of the vendor to the community and to the process.

Chairman Roberts said whatever was done the County would monitor the program very closely because the County would still be responsible for the program.

General Manager Lancaster said there would have to be some transition funding in this current year in order to be ready for implementation July 1, 2010 under any of the models.

General Manager Lancaster addressed transition plans presented by the vendors, as well as, what the County's would be, if the decision was made to have the program operated by the County.

Commissioner Dunlap said it didn't appear to him that staff was seriously considering all three of the vendors. *General Manager Lancaster said personally she had not read the proposals until this week and that was so she could be better versed. She said she's tried to stay completely neutral because she hadn't gone through the process. She said Attorney Wade had spent time in the process and that he had looked at and met with the vendors.*

General Manager Lancaster said she didn't have a preference at this point.

Commissioner Dunlap asked based on what had been presented, which company would best suit the needs in terms of all of the factors that were laid out, from a financial standpoint and where were they in comparison to Mecklenburg County if the County were to operate the program. *The Board was referred to the handout with respect to the CSE budget estimate for in-house and outsourced.*

General Manager Lancaster explained the chart and noted the County would still have the flexibility to negotiate the rate. She said what was shown was just what the vendors had provided.

Commissioner Clarke said he felt PSI was the only vendor "playing straight with the County and that's not saying the others weren't but PSI's materials were impressive that their responses were good." He said they had a track record.

Commissioner Cooksey returned to the meeting.

Commissioner Clarke said he was not prepared to hire a firm that had not worked in North Carolina. *General Manager Lancaster said Maximus was the only vendor that had not worked in North Carolina.*

Commissioner Clarke said he would narrow it down to PSI and Young Williams.

Commissioner Clarke said he thought the County Manager and his staff were the right people to do this analysis for the transition but ultimately this was essentially a DSS function and he would sort of expect the Manager's Office not be directly involved with it.

General Manager Lancaster said the County Manager's Office did not intend to run this through DSS, that it would be ran directly out of the County Manager's Office as a separate department.

General Manager Lancaster said this was not the most common way, but it was not uncommon across the state.

Commissioner Clarke asked why. *General Manager Lancaster said the County had some opportunities that were different from other counties. She said she has a group that already functions with her, the court system planning unit. General Manager Lancaster said she sees CSE tying in with a DSS function but that there was a heavy court presence function, as well as, which she sees being stronger than the DSS function.*

General Manager Lancaster said CSE would be the seventh largest County department. General Manager Lancaster said this was not a small undertaking.

Commissioner Clarke asked would there be someone on-site that would be responsible for the day to day operations. *The response was yes, if it's a County operated department.*

Commissioner Clarke asked would staff contemplate adding anyone in Manager's Office staff or would it be additional responsibilities for existing staff. *The response was no additional staff would be hired in the County Manager's Office.*

Commissioner Clarke said that worried him a little, not that he didn't have confidence in existing staff, but he was concerned about how much any one group could handle.

Commissioner Clarke asked why can't the County move forward with hiring someone with years of experience in operating a CSE program.

General Manager Lancaster said staff would be coming back with a recommendation next week if the decision was made to operate CSE in-house.

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General Manager Lancaster reviewed the options available to the Board. She noted that staff's original recommendation was for privatization, which staff still recommends. The second option was to operate CSE in-house. This would result in staff being increased and the need for funding to be available this fiscal year for recruiting purposes.

Commissioner Clarke asked whether the in-house option involved a consultant. *The response was no.*

Commissioner Clarke asked would staff be looking for someone with years of experience in CSE to manage this program or would staff be looking for a non-traditional candidate. *The response was someone with experience.*

Commissioner Bentley asked what would be the length of the privatization contract. *The response was two years and that if staff felt comfortable with bringing the program under the County operation then that would be recommended.*

Commissioner Cooksey asked if staff felt the responses received from the vendors were responsive to the RFP and similar enough in the way that they responded that the County wouldn't have to go back out for another RFP. *Attorney Wade said he felt what the County received was good and that it wouldn't be necessary to issue another RFP.*

Commissioner Bentley left and was absent for the remainder of the meeting.

Commissioner Clarke said if the Board decided to choose the in-house model, could it be done with the understanding that there would be benchmarks for improvement of the program rankings statewide and if it's not achieved then consideration should be given to outsourcing it.

Commissioner Murrey left and was absent for the remainder of the meeting.

Commissioner Clarke said what he wanted to see under any model was improved performance, thus a better ranking.

Attorney Wade said the County had to meet the federal performance measures. Attorney Wade said if it was to be done in-house and in light of where the program currently stood with respect to performance and moving forward, the County would likely lose significantly when it came to federal dollars.

Attorney Wade said if it's brought in-house with the County being at a point of learning how to manage the program, it would be a disservice to those served, as well as, it won't be cost effective.

Commissioner Clarke asked about the lost of incentive dollars, which was addressed.

Commissioner Cogdell asked what happens if the federal standards weren't met. *Attorney Wade said it would cost the County more to operate the program.*

Commissioner Cogdell asked would a private vendor assume the risk of the lost of incentive funds if they don't meet the federal standards. *Assistant to the County Manager Payne said it would depend on the language of the contract.*

Assistant to the County Manager Payne said the federal incentive funds were paid based on a two-year review, for example the County's 2009 incentive funds were based on the 2007 performance. Thus, there's a lag.

General Manager Lancaster said the incentive dollars offset what the County had to pay.

County Manager Jones said if CSE was privatized then the County would address performance issues in the contract. If it's done in-house, then staff's job would be to work to improve

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performance.

County Manager Jones said the sooner the Board made a decision on the route it wanted to go, it would allow staff the opportunity to have some discussions with the staff currently at CSE.

Commissioner Dunlap asked was CSE meeting the four-factors. *The response was no.*

Commissioner Cooksey left and was absent for the remainder of the meeting.

Commissioner Dunlap asked for clarification regarding the receipt of federal incentive dollars, which was addressed.

This concluded the discussion.

Note: The above is not inclusive of every comment but is a summary.

ADJOURNMENT

Motion was made by Commissioner Cogdell, seconded by Commissioner Dunlap and carried 5-0 with Commissioners Clarke, Cogdell, Dunlap, Leake, and Roberts voting yes, that there being no further business to come before the Board, that the meeting be adjourned at 5:20 p.m.

Janice S. Paige, Clerk

Jennifer Roberts, Chairman