



ORANGE COUNTY MAYOR
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May 29, 2018

To: Board of County Commissioners
From: Mayor Teresa Jacobs 
Subject: Update on Independent Evaluation of Children's Needs in Orange County

The purpose of this memo is to provide an update regarding our efforts on this issue since the April 24, 2018 work session and to inform you of significant findings regarding additional inaccurate data contained in the three needs assessment reports produced by or for the Children's Trust political committee.

Regarding the independent evaluation of the needs of children in Orange County, to expedite this process we sole-sourced the hiring of a consultant, thereby saving approximately three months. It was the expectation of the BCC that the consultant would be able to validate the data contained in the three needs assessment reports conducted by or for the Children's Trust, including the Children's Trust Spring 2016 Report, the Children's Trust Fall 2017 Report (both reports contain the same data with only minor revisions to the narrative, hence they will be referred to as CT Reports) and the report produced by Dr. Thomas Bryer (Bryer Report), which relied on the accuracy of other reports and information provided by other sources. Once validated, it was our board's further expectation that this data would serve as a baseline to compare Orange County's level of service to those jurisdictions with Children's Services Councils. Based on this information and other pertinent data, the consultant would offer recommendations to our children's advisory boards and the BCC regarding how additional funding in our upcoming FY 2018-2019 budget could best be used to benefit children in need in Orange County.

Unfortunately, as explained below, based on the error staff shared with the BCC during our work session and based on additional information we have since obtained, these expectations are no longer reasonable.

To summarize the impact of correcting just two erroneous data points in the CT Reports:

The Children's Trust is seeking a 1/2 mil tax increase that would currently generate \$58 million.
The Children's Trust Reports identified a funding gap of only about half that amount, \$27.3 million.
The Children's Trust funding gap, adjusted for accurate and current data, is only \$12.7 million.

After the April 24, 2018 staff presentation to the BCC, some members of the Children's Trust campaign criticized Orange County because the focus was on the CT Reports rather than the more current report produced by Dr. Bryer. However, the Bryer Report was released on April 23 through a press conference the afternoon before our work session. Therefore, there was no feasible opportunity for us to review and respond to the Bryer Report on April 24. However, we have now reviewed the Bryer Report and found that the two data points detailed below have similar inconsistencies as the CT Reports. In addition, while the County has not completed a full evaluation of the reports, we did discover another significant error. A recap of the previously identified errors, as well as the newly discovered error, is outlined below.

Title 1 Elementary School Afterschool Programs

On April 24, our staff reported a significant error in at least one critical data point that, upon further review, is contained in all three reports. Each report stated that only 33 of the 73 Title 1 elementary schools have afterschool programs. The CT Reports stated it would cost an additional \$4.7 million to close that gap. The Bryer Report did not identify a cost associated with this gap. This seemed highly implausible so we contacted Orange County Public Schools and found that all Title I elementary schools offer afterschool programs, either directly by the school or through a provider of those services.

School Readiness Program Wait List for Subsidized Childcare

Shortly after the April 24 work session, staff learned of another significantly overstated funding gap of \$9.9 million in the CT Reports and \$17 million in the Bryer Report.

In summary:

CT Reports – March 2016 childcare waitlist of 2,738 with a funding gap of \$9.9 million
Bryer Report – February 16, 2018 waitlist of 3,400 with a funding gap of \$17 million
ELCOC Board of Directors Meeting – April 12, 2018 waitlist expected to be zero by the end of April 2018
4C Childcare Waitlist – May 25, 2018 was 500 children aged zero-to-five years; 208 school-age children

The CT Reports identified a wait list for subsidized childcare as of March 2016 of 2,738 with a corresponding funding gap of \$9.9 million. The CT Reports cite the Early Learning Coalition of Orange County (ELCOC) as their source. The Bryer Report obtained from the CEO of the ELCOC reported a wait list of 3,400 children as of February 16, 2018 with a corresponding funding gap of \$17 million. The Bryer Report cites the CEO of the ELCOC.

However, on April 12, 2018, just two months after Dr. Bryer obtained his information, the CEO of the ELCOC reported to her board of directors she was concerned the waitlist for children aged zero-to-5 years would be completely exhausted by the end of April 2018, and the waitlist for school-age children was 810. As a result, the ELCOC raised the rates it pays for infant childcare in an effort to spend its entire federal grant funding to remain eligible for the same level of funding in the upcoming grant cycle. It appears the challenge the ELCOC faces today is not due to lack of funds, but rather due to excess funds.

Some have surmised the declining waitlist may be attributed to converting to an online portal application process. However, questions remain regarding such a dramatic decline in the waitlist in the two-month period from February 16, 2018 to April 12, 2018.

Based on the most current information obtained through 4C, the childcare waitlist as of May 25, 2018 was 708 children, of which 500 are ages zero up to 5. Also, we contacted other ELCs around the state and, although they did not provide the number of children on their waitlists, all of them did indeed have waitlists.

Adjustments to Needs Assessment Reports / Substantially Lower Funding Gap

While there may be other errors in these reports, adjusting the CT Reports for the updated and corrected information referenced above, a reduction of \$4.7 million (Title 1 afterschool program) and a reduction of \$9.9 million (childcare waitlist), reduces the total funding gap by more than 50 percent, from \$27.3 million to \$12.7 million.

It is also worth noting that of the remaining \$12.7 million funding gap, the CT Reports suggest investing \$6.7 million in providing technical assistance to under-performing private day care centers. The reports do not address, however, the likelihood of success from such a significant investment. In fact, the reports do not evaluate potential specific outcomes associated with any of the proposed additional program

expenditures. There will always be limits on available funding, and it is essential to understand the outcomes associated with additional investments in various programs to ensure the most efficient and effective use of taxpayer funding.

Although the Bryer Report did not tabulate a total financial gap, a tally of the funding gaps that were identified in his report resulted in a gap of \$25.1 million. Correcting for the reduction of \$17 million (childcare wait list) reduces the total gap to only \$8.1 million.

Summary

To summarize, we have been asked to place a referendum on the ballot to create an independent taxing district with a millage rate of 1/2 mil. This entity would have a governing board, just as Orange County Government has a Board of County Commissioners (BCC). However, unlike the BCC who are elected by the citizens of Orange County, the governing board of the Children's Trust would be an appointed board in which the majority of the governing board members would not be elected. However, the Children's Trust Board would have the power to impose a tax of up to 1/2 of a mil on all taxable property in Orange County including homesteaded, owner-occupied homes, apartments, commercial and retail establishments, hotels, vacant land, etc. The Children's Trust Board would also have total responsibility for this tax revenue, which equates currently to more than \$58 million annually.

Yet, the justification for this special taxing district and tax increase is a poll and three needs assessment reports that contain outdated and erroneous data. Two of the reports identify a funding gap of \$27.3 million, about half the amount the tax would produce, annually. The third report identifies a smaller gap. After correcting and updating just two of the data points in all three reports, the funding gap is reduced to less than \$13 million, a funding shortfall that can certainly be accommodated through our \$4.1 billion budget.

Next Steps

In November of 2017, in light of previous discussions with children's advocates, I directed our Office of Management and Budget to identify and allocate an additional \$15 to \$20 million in my final proposed budget for children's services. However, based on the information outlined above, it is imperative we allow the consultant to fully and independently evaluate the funding gaps for children's services in Orange County before determining how those additional resources should be spent or awarded. Also, while we have discovered errors in these reports, there may be additional children's needs not identified that should be considered.

Finally, I would strongly recommend we expand our Citizen's Commission for Children to include broader representation, including a representative from Department of Children and Families, a superintendent of schools, a local school board member, a judge assigned to juvenile cases and a representative from the healthcare industry.

We will be providing a status report and update during our budget work session on July 17. I look forward to discussing this issue and the potential expansion of the Citizens Commission for Children at that time.

c: Ajit Lalchandani, County Administrator
 Eric Gassman, Deputy County Administrator
 Randy Singh, Assistant County Administrator
 Lonnie Bell, Director, Family Services Department