



# John de la Howe School

South Carolina's Home for Children



**Thomas W. Mayer**  
President

**BOARD OF TRUSTEES**

**Janet L. Duncan**  
Chair  
Anderson, SC

**Rosalind F. Neal**  
Vice-Chair  
McCormick, SC

**Felicia Sampson Preston**  
Secretary  
Columbia, SC

**Barbara Devinney**  
McCormick, SC

**Ted O. McGee**  
Lexington, SC

**Donna Moore Wesby**  
Aiken, SC

January 9, 2014

**VIA EMAIL AND US MAIL**

Mr. Patrick J. Maley, Inspector General  
South Carolina Office of Inspector General  
111 Executive Center Drive; Suite 204  
Columbia, South Carolina 29210

Dear Inspector General Maley:

Over the span of several weeks, beginning with a three hour introductory meeting on October 15, 2013, with John De La Howe School Board of Trustee's Chair Janet L. Duncan and President Thomas W. Mayer, the Office of the Inspector General (OIG) conducted a review of the John De La Howe School which included an additional two days spent on the School campus on October 29-30 for approximately six hours each day reviewing files and reports and holding brief discussions with the School's leadership team followed by a meeting with the Board of Trustees on November 22, 2013, to discuss your preliminary findings and recommendations. Following the November 22 meeting, the OIG released an initial draft report on November 27, 2013, with a request that the Agency respond to the report not later than December 15. As a result of a series of questions and concerns posed by the Board of Trustees regarding the initial report, a subsequent draft report was released on December 23, 2013. This letter represents the Agency's response to your final draft report. We appreciate very much the additional time your office allowed, in consideration of the holiday season, for the Agency to respond to your draft report.

The Board of Trustees of the John de la Howe School recognizes the many benefits that come from external feedback and are pleased to note that your report, in many respects, reflects organizational governance and management issues that have been the on-going focus of the Agency Head and the Board of Trustees. Indeed, these issues have been openly discussed by the Board of Trustees and shared with appropriate legislative committees as well as a broader community of stakeholders.

We must reiterate our firm position that the 1797 will of Dr. John De La Howe and the ensuing enabling legislation (Sect. 59-49-20, et. al.) of the

**January 9, 2014**

**Mr. Patrick J. Maley, Inspector General**

**Page 2**

Agency charging the Board of Trustees with responsibility for “The business, property, and affairs of the school...” represents the commitment of the South Carolina General Assembly to ensure the Agency’s mission of focusing exclusively on the needs of children requiring residential intervention, and their families, is a priority. In that regard, the John De La Howe School remains dedicated to reframing and reforming its programs to ensure that every child and family served receives the right services and supports, in the right amount, at the right time.

Having carefully reviewed your report’s findings and recommendations, we note that several have immediate appeal and logic. However, the Board is dismayed at what appears to be the absence of an evidence-base for many of the report’s conclusions. Absent citations of studies, references, and other data sources, we find it difficult to objectively evaluate much of the report’s narrative.

We take specific issue with the report’s suggestion of a lack of Board oversight and general Agency inertia while noting that there was no review by the OIG of Board deliberations and official actions nor was any reference made to the current efforts underway by the Agency to establish a strategic plan. This strategic planning effort represents a clear appreciation and understanding, on the part of the staff and Board, of the necessity to address many of the issues referenced in the OIG report.

While a passing reference is made to the results of prior year budget reductions on this small yet complex agency, the report fails to reference the on-going efforts and success the organization has had in fulfilling its mission and mandate from the General Assembly to focus appropriated general fund resources toward serving capacity enrollment. Working from what can best be described as an unwritten mandate by the Legislature for State agencies to “do more with less” the John De La Howe School leveraged significant recurring operating funds toward deferred maintenance issues that had been neglected for nearly a decade and yet this prudent stewardship of dollars is neither highlighted nor taken into account when deriving per student costs. Likewise, the realignment of the agency through the shifting of existing Full-Time Equivalent (FTE) resources into frontline direct care services is not noted. Nor is there any clear distinction made or comparison offered that addresses the diverse behavioral health, family counseling, academic, experiential learning, and healthcare management services that distinguish the John De La Howe School as a unique *public* entity with a focus on providing affordable access to services for children and families in need.

We disagree with and dispute your methodology for deriving per student costs inasmuch as your report provides only a superficial analysis of the variables used to derive this figure. The analysis is skewed toward cost comparisons for congregate care and effectively fails to address the dual mission focus of behavioral health and academic instruction within a congregate care milieu. In fact, until 2013, the Agency had reporting responsibility (for agency funding) to both the Education and Special Schools Subcommittee of the House Ways and Means Committee and

January 9, 2014

Mr. Patrick J. Maley, Inspector General

Page 3

the Health and Human Services Subcommittee of the Senate Finance Committee, as recognition of this distinct dual mission focus.

We find it interesting that the report references, seemingly as more cost effective, an example from the SIG having "...visited a state operated congregate care school providing a program of academics and structured discipline for at-risk children leading to a General Educational Development certificate. This school was similar to JDLH in most ways, to include on-campus school, with an estimated \$150 student cost/day" without recognizing the vast cost differences in delivering core curriculum instruction versus adult education services for completion of the GED. One could easily conclude that if JDLHS cost per student was indeed \$250 per day and JDLHS is delivering core curriculum and experiential learning that the costs would be competitive. We would note that using the formula (*Exhibit 1*) provided by the staff of the House Ways and Means Subcommittee on Education and Special Schools several months ago, our average cost per student estimate reflects an approximate \$79.00 average daily cost per student across all funding sources.

*Exhibit 1*

John De La Howe School							
Average Annual Cost Per Student Served							
Fiscal Year	No. of Students Served	General Fund Expenditures	General Fund Cost per Student	Federal Fund Expenditures	Federal Fund Cost per Student	Total Cost Per Student	
2012-2013	139	4,465,021	32,122	61,846	445	32,567	
2011-2012	178	4,420,045	24,832	136,479	767	25,598	
2010-2011	113	3,085,907	27,309	135,209	1,197	28,505	
Total	430	11,970,973		333,534		86,671	
Average Expenditures By Fund and Cost per Student By Fund	143	3,990,324	28,087	111,178	803	28,890	

**January 9, 2014**

**Mr. Patrick J. Maley, Inspector General**

**Page 4**

We appreciate your recognition that staff to student ratios are driven by external licensing and accreditation entities and not on the whim of the Agency. However, the absence of a true side by side comparison of the John De La Howe School to the "state operated congregate care school...similar to JDLH" offers no opportunity to determine the accuracy of the comparison.

In addition, your report compares John De La Howe School's per student costs against the "daily rate" paid by the Department of Social Services and the Department of Juvenile Justice to service providers and does not reflect the actual costs incurred by the provider. On its face, this approach seems to be an inadequate and faulty comparison as you are evaluating what you have calculated as actual provider costs versus what an entity is willing to compensate a provider.

Finally, it has been noted that in your exit conference with the Agency leadership team on October 29, 2013, you stated that "*the agency seems to be functioning at full capacity with its current resources.*" Your draft report seems to support this inasmuch as your report states on *Page 12, Paragraph 6*, "The current JDHL excessive cost (\$250) seems to be a function of underutilization and not necessarily of cost structure" and your suggestion on *Page 14, Paragraph 5*, that with an additional appropriation of \$1,049,000, the school could then reach full capacity enrollment of 116 students thereby driving down the cost/student to \$141/day.

We recognize that the Agency, not unlike many others in State government, has its challenges and that President Mayer and his staff have demonstrated much progress on many fronts during his tenure including focusing resources on required deferred maintenance, recruiting and retaining competent and capable staff, deploying an evidence-based behavioral health model, establishing a more clearly defined systems of care and program services, placing emphasis on safety and security planning, and reversing an organizational culture that had been gripped in deep uncertainty as the result of budget reductions and prior efforts to "repurpose" the Agency.

By your own analysis, the John De La Howe School is functioning at capacity with the resources it has and with a minimal level of additional resourcing would represent even greater cost effectiveness. With deferred maintenance completed on 11 of 12 cottages and re-licensing concluded in late October 2013, the Agency is now positioned to ramp-up enrollment efforts consistent with its legislative mandate.

Fully recognizing and appreciating its governance and oversight role, and its legislative charge and attendant flexibility to ensure the Agency operates programs which meet the needs of children from across South Carolina, the Board is poised to engage in meaningful dialogue with public officials and other stakeholders to assess the practicality of becoming embedded within a larger agency where economies of scale would possibly accrue to the benefit of the children and families from across the State in need of the services and programs provided under the established legislative mission of the John De La Howe School. We would note that as recently as November 3, 2010, President Mayer appeared before State Agency Restructuring Study

January 9, 2014

Mr. Patrick J. Maley, Inspector General

Page 5

Committee, a joint committee of the General Assembly, to address questions of possible consolidation and/or realignment of the agency within the systems of care with outcomes yielding no conclusion that such a consolidation or realignment would yield costs savings or improved quality of services for the State. Nonetheless, we are particularly interested in *H.4409* being advanced by Representative Jenny Horne of Charleston and have had initial contact with her office to open dialogue.

We thank you and your staff for bringing, if not a degree of clarity to the challenges and opportunities before the Board, an external perspective that will aid in forging our path forward.

**ON BEHALF OF THE BOARD OF TRUSTEES**

Sincerely,



Janet L. Duncan  
Board Chairperson