



**Department of
Job and Family Services**

John R. Kasich, Governor
Michael B. Colbert, Director

**Senate Finance Committee
Ohio Department of Job and Family Services
Executive Budget Recommendations SFY 2012-2013
Michael B. Colbert, Director
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Good afternoon, Chairman Widener, Vice Chairman Jones, Ranking Minority Member Skindell and other members of the Senate Finance Committee. I'm Michael Colbert, director of the Ohio Department of Job and Family Services. Here with me today are key members of my executive staff, including Bruce Madson, assistant director of Employment Services; Michael McCreight, assistant director of Health and Human Services; Edna Frezgi, chief financial officer; and Melissa Bacon, deputy director of our Office of Legislation.

Earlier, you heard from John McCarthy, our Medicaid director. Thank you for the opportunity to appear before you today to discuss the non-Medicaid portion of our budget for fiscal years 2012 and 2013.

As you know, JFS is the agency responsible for safety-net services for Ohioans. This includes services for families and children, such as child care, food assistance, cash assistance, child support, and foster care, adoption and adult protective services; and employment services, such as job training and unemployment compensation. We're also the "single state agency" for administering Ohio's Medicaid program.

A large percentage of the people in Ohio, at some point in their lives, will cross paths with our agency's services. At any given time, our customers include an estimated 1.2 million children involved in the Child Support program, more than 300,000 Ohioans receiving unemployment compensation, more than 1.8 million Ohioans receiving Food Assistance, and about 2.1 million Ohioans enrolled in Medicaid.

Our mission is to improve the well-being of Ohio's workforce and families by promoting their economic self-sufficiency, and by ensuring their safety. We do this with an annual budget of \$21.8 billion – including both federal and state dollars – and fewer than 4,000 employees. Only 3 percent of our budget is spent on personnel services and administrative functions. Almost 70 percent is federally supported – so much of what we do is dependent on federal law, policies and decisions.

We know there has been some concern about funding reductions to counties. I would just like to point out that this budget still provides nearly half a billion dollars in support of county administration. It protects the safety net for vulnerable children and families, and makes employment and training a priority. This budget maintains crucial services for vulnerable Ohioans despite the loss to the JFS budget of \$3.3 billion in stimulus and one-time funding.

I would now like to go into more detail about the budget as it relates specifically to our Services for Families and Children, and our Employment Services. First, let me take a moment to talk about the Temporary Assistance to Needy Families Budget Plan.

TANF is funded through a federal block grant and state maintenance of effort funds. Ohio's federal block grant amount is \$727 million. State maintenance of effort funding adds approximately \$417 million. Fifty percent of the agency's total non-Medicaid GRF funding is used for TANF maintenance of effort.

The TANF Budget Plan for this biennium reflects the loss of more than \$244 million in stimulus funding and \$66 million in the prior year's grant balance. That loss of one-time money, coupled with rising Ohio Works First caseloads, means that less funding is available for other TANF programs, such as publicly funded child care and Prevention, Retention and Contingency work support services.

However, this budget will allow us to provide cash assistance for 107,000 families in 2012 and 108,000 families in 2013. All of these families have children. All have extremely low incomes: no more than 50 percent of the federal poverty level. Some earn as little as \$7,000 a year. The budget also will allow us to provide child-only cash assistance to more than 44,000 children in each of the next two years.

To help ease the burden on county agencies, we have begun allowing counties to use their mandated share for Food Assistance and Medicaid. Counties that choose to do this also receive federal matching funds for it, resulting in an estimated \$56 million in combined local and federal funds. In addition, if they wish, counties can receive a portion of their TANF grant as TANF Title 20 grant funding.

One difficult decision we had to make in this budget was to slightly reduce the state's share of both the Adoption Assistance and State Adoption Maintenance Subsidy programs, from \$250 to \$230 per child per month. This will save the state \$7 million each year, and will increase the county responsibility by only \$7 per child per month.

Our child support program will face particular challenges in the next biennium, as a result of the loss of a 66 percent federal match on earned incentive dollars. Because of this federal decision, over which we had no control, county child support offices will see a funding reduction of more than \$100 million over the biennium. Unfortunately, because of limited state dollars, as well, we also must reduce GRF funding for enforcement services by \$3 million in each year of the biennium.

We know this funding loss is irreplaceable. However, in order to do what we can to ease counties' administrative burden, we are developing a Child Support Customer Service Web Portal. This portal will provide customers with 24-hour access to their case information, so that they can look up answers to their questions themselves, without having to call their local agency. The portal will leverage technology to modernize service delivery, and we believe it will help reduce both calls and lobby traffic at the county child support offices.

Many people don't realize this, but Ohio collected more than \$1.7 billion in child support last year. Our child support program also has greatly improved its cost-effectiveness ratio. For every dollar spent on the program, we collected \$6.54 in support.

The current budget protects the state's child welfare system. It continues to provide state funding in support of foster care for about 23,000 children a year, adoption assistance for about 22,000 children a year, investigations and assessments of 74,000 allegations of child abuse a year, and protective services for more than 108,000 children and more than 17,000 adults a year.

It also supports the statewide expansion of Differential Response – which offers caseworkers a second option for responding to some reports of child abuse and neglect. Differential Response keeps children safe, keeps families together, and lowers the number of children in foster care, which saves the state money.

The budget maintains caseload levels and subsidy payments for the Disability Financial Assistance Program, despite a reduction in funding of approximately \$5 million each year. This program provides monthly cash assistance to Ohioans who are unable to work because of severe physical or mental impairments, and who have not yet been approved for Social Security. They are the poorest of the poor, with incomes of no more than 14 percent of the federal poverty level.

The budget also protects food assistance programs, including the Supplemental Nutrition Assistance Program, or SNAP –formerly known as Food Stamps. I would like to mention that our Food Assistance program has been recognized as one of the best in the nation for payment accuracy – thanks to the hard work and dedication of both state and county staffs.

This budget maintains child care services for the more than 100,000 children currently enrolled in publicly funded child care each month, to support their parents' work, education and training efforts. This aligns with the priority of both the governor and myself to help Ohioans find – and keep – jobs. In order for parents to work, they need affordable and reliable child care for their children. We accomplished this in spite of the loss of \$68 million in federal stimulus dollars.

For new families applying for publicly funded child care, this budget reduces eligibility to 125 percent of the federal poverty level. However, it allows family income to rise to 200 percent of the poverty level after children are enrolled. In order to maintain these

levels, we will have to reduce provider rates by 7 percent, or about \$40 million, a year. We will continue to work with providers to determine the most appropriate way to handle the provider cuts. This budget also allows us to maintain our Step Up To Quality program, which makes it easy for parents to find high-quality programs for their children.

You may have heard that we're about to implement a new swipe-card time and attendance system for child care. This system will allow parents to record the precise times children are receiving care, by swiping a card through a point-of-service device, which is very similar to a credit card machine. It's the last step in the rollout of our new Child Care Information Data System, or CCIDS, a new system that will automate and streamline payment calculation and the eligibility process for our child care program.

Some of you may hear from providers who take issue with this system. However, I cannot emphasize to you enough its importance. CCIDS will give us better accountability, improve efficiency, improve payment accuracy, and save the state a tremendous amount of money.

I would now like to speak for a few moments about our Employment Services programs. These are a crucial part of our services, but they are funded almost entirely by the federal government. As we enter a period of extended economic recovery, strategic investments in training will be key to ensuring that workers learn skills employers need. We believe two forms of training hold particular promise. One is incumbent worker training; the other is on-the-job training.

Incumbent worker training is training provided to currently employed workers to keep them employed, avert layoffs and improve their employability. Some might ask why you would train workers who already have jobs. There are three good reasons: (1) The employee gets a promotion, (2) the company gets the skilled worker it needs, and (3) the company hires a replacement for the promoted employee.

On-the-job training is training that gives unemployed workers the chance to "earn and learn" – in other words, that allows them to be trained while they are working, and that guarantees them a job when the training ends. Both of these trainings are employer-directed, which means they train workers in skills employers actually need, which greatly improves their success rate.

Many of you are familiar with Ohio Means Jobs, one of the best tools we have for matching job seekers with businesses. Through a partnership with Monster.com, OhioMeansJobs.com gives employers free access to millions of resumes from within a 50-mile radius of the state, and gives job seekers access to tens of thousands of job openings. Ohio developed – and became the first state in the nation to adopt – this unique public-private collaboration.

Ohio Means Jobs is a completely self-serve system. In March alone this year, it had almost 3 million hits. As you return to your districts in the coming weeks, you'll begin to see Ohio Means Jobs posters at county agencies and One-Stop Centers, in libraries, and

in other places where job seekers congregate. Ohio Means Jobs is a great resource for job seekers and employers, and we are working hard to spread the word.

JFS also administers Ohio's unemployment compensation program. Our UC program provides temporary income to unemployed workers who lose their jobs through no fault of their own. Claimants can apply for benefits online – 24 hours a day, 7 days a week – or over the phone, through a toll-free line.

During the last two years, our call centers handled more than 1.8 million calls a year, or about 25,000 a week. In addition, we now have automatic call-back technology. This has saved customers more than 77 million minutes in hold time and our agency \$1.3 million in toll-free charges. In spite of the challenges of high caseloads, last year Ohio was named the top-performing large state in the nation for quickly and accurately disbursing unemployment benefits.

I know many of you are concerned about Ohio's Unemployment Insurance Trust Fund. Since January 2009, Ohio has had to borrow more than \$2.6 billion from the federal government – because it was paying out more money than it was collecting. We are one of 35 states in this situation.

You might be interested to know that, from May through December 2010, Ohio did not need to borrow for the Fund, because of the timing of tax receipts. However, unless we receive another federal waiver, our first interest payment – of an estimated \$73 million – will be due September 30. Our second interest payment – of \$122.2 million – will be due next year.

We will continue to work with the Administration and Congress toward a federal solution that includes interest forgiveness for states. If we cannot achieve a federal solution, we will use other non-GRF resources, including the State Special Administrative Fund, to pay the interest. We will work closely with the Governor as he appoints members to the Unemployment Compensation Advisory Council and will work with the council to address the long-term solvency and sustainability of the unemployment insurance system.

I would like to briefly mention our IT systems. Our eligibility, determination and benefit issuance systems are the backbone of our county agencies. In addition, many of our efforts to modernize hinge on the development and maintenance of IT systems. These systems allow us to do more with less in this time of extremely limited resources.

We also are working hard to implement MITS, our new Medicaid Information Technology System. MITS will process 6.5 million claims every month, and \$1.1 billion in payments every month. After conferring with HP, we are satisfied that testing is going well, and that the system is on track. Our new go-live date is August 2.

Before I close, I would like to briefly mention some of our recent cost-savings efforts, including more than \$77 million identified as due to the state as a result of overpayments to long-term care facilities, \$30 million in savings from improved child support payment

processing since 2002, almost \$10 million recovered in 2010 from falsely obtained unemployment benefits, about \$1.3 million in savings from consolidating field offices, and nearly \$1 million in savings from reduced travel spending between 2008 and 2011. In the coming weeks and months, we will continue to implement additional cost-savings strategies, including possibly restructuring or consolidating offices.

In conclusion, we appreciate much of the recently passed House version of the budget. Although it reflects many difficult decisions, it also protects the safety net for vulnerable children and families, and it continues to make employment and training a priority.

We worked with the House to add a provision to the bill standardizing when counties can use license suspension as a tool for recouping back payment of child support. We want noncustodial parents to meet their obligations, but we also want them to be able to work, so they can support their children. In some cases, suspending a parent's license suspends them from being able to work.

We also were pleased that the House restored partial funding for the Kinship Permanency Incentive Program. We've always believed this is a good program. Kinship care is the best out-of-home placement option for children who can't safely live with their parents. Both Differential Response and our ProtectOHIO Child Welfare Demonstration Project support kinship arrangements.

Some additional things that we recommend you consider are: (1) adding a provision allowing continuous licensing of child care settings, instead of licensing every two years, to reduce administrative burdens, and so that our licensing staff can take a center's full noncompliance history into account when taking enforcement actions, and not just the last two years; (2) eliminating the new definition of part-time care for Type B providers, as this previously was set by rule, not statute, and (3) adding a provision clarifying that the Ohio Children's Trust Fund can solicit as well as accept gifts and donations from any source.

Thank you again for the opportunity to speak today. I look forward to answering any questions you may have at this time.