



House Finance and Appropriations Committee
Public Testimony: Impact of Potential Senate Budget Decisions
Douglas E. Lumpkin, Director,
Ohio Department of Job and Family Services
3 p.m., Thursday, July 2, 2009

Good afternoon, Chairman Sykes, Ranking Member Amstutz, and members of the House Finance and Appropriations Committee. I am Douglas Lumpkin, Director of the Ohio Department of Job and Family Services. Thank you for the opportunity to appear before you today, to discuss the potential ramifications of an additional reduction to the Governor's Executive Budget framework.

As you know, our agency develops and supervises the state's public assistance, child protection, child support, Medicaid, workforce development and unemployment compensation programs. In times of crisis, we are the safety net for our state's most vulnerable citizens.

The Governor's Executive Budget framework reduced our General Revenue funding by nearly 20 percent. We understand that these are difficult financial times. Although this reduction would be painful, we have begun to identify strategies for implementing it.

The additional reductions now being discussed would severely compromise our ability to deliver the most basic safety net services—including Food Assistance, cash assistance and Medicaid—in a timely fashion. Here are some examples of what services and programs will be affected:

Family Stability Programs

- **Temporary Assistance to Needy Families and Food Assistance.**

Currently 1.5 million Ohioans receive Food Assistance, and nearly 200,000 receive cash assistance, on a monthly basis.

States are required to maintain “**Maintenance of Effort,**” or MOE, expenditures to continue to draw down the full amount of federal TANF dollars. If Ohio does not meet its MOE expenditure level, we will be penalized dollar for dollar in the next federal fiscal year’s TANF Block Grant, and will have to back-fill the amount with GRF. This will result in even fewer TANF funds available for cash assistance, child care, county administrative funds, and funds for Prevention, Retention and Contingency, or PRC, programs. In fact, counties may not be able to offer PRC programs at all.

Ohio is at great risk of **federal penalties for noncompliance** with federal law and regulations. The federal penalty for not meeting the Food Assistance payment accuracy requirements could be anywhere from \$3 million to \$5 million. Federal penalties for noncompliance with TANF requirements could range from a 2 to 25 percent reduction in the state's annual TANF block grant. A 25 reduction would mean a loss of more than \$180 million—and we would have to make that up in GRF.

- **County Support.** Through our Family Stability Subsidy, we fund counties' administration of the Medicaid, Food Assistance and Disability Financial Assistance programs. This line item also serves as the state match for federal Food Assistance and Medicaid administration dollars. An additional reduction in the county allocation will mean more layoffs. County agencies will likely have to reduce the number of hours or even days they are open for business.

Child and Adult Protective Services

An additional funding reduction also would severely hurt our Child and Adult Protective Services programs. Children's health and safety may be compromised.

At the state level, an additional reduction would compromise our ability to:

- complete mandated monitoring visits of children in foster care
- comply with federal rules and regulations, putting us at risk of federal penalties and sanctions
- complete and update federal program plan requirements
- offer needed services and an appropriate financial subsidy for children in adoptive placements.

At the county level, fewer caseworkers would be available to:

- investigate allegations of abuse and neglect in a timely manner for at-risk children and vulnerable adults
- ensure that visitation requirements for children and parents are met
- move children in agency custody to permanent living arrangements.

As for **Early Care and Education**, the Governor's Executive Budget framework maintains child care services for all families currently enrolled up to 200 percent of the federal poverty level. With an additional reduction, families with incomes between 150 and 200 percent of the federal poverty level will have services terminated immediately. This would affect nearly 5,000 children.

Staff Reductions

We estimate that an additional reduction would force us to eliminate 453 employees. This means we would not be able to ensure our compliance with all rules and requirements the federal government wants, that you and other legislators want, or that we at the agency believe are needed.

IT Projects

An additional reduction to computer projects puts at risk all our core systems, including SETS, our child support system; CRIS-E, the system counties use to determine eligibility and issue benefits for cash assistance, Food Assistance and Medicaid; SACWIS, our new child welfare case management system; and MMIS, our Medicaid Management Information System. All non-core systems would have to be shut down.

Health Care

If the Medicaid allotment is reduced below the levels envisioned in the Governor's budget framework, we will be forced to consider these options:

- Eliminating pharmacy benefit for adults
- Eliminating the ICF/MR benefit for adults
- Reducing Medicaid eligibility for children and adults to the federally required minimum levels beginning on January 1, 2011. This would result in just over a quarter million Ohioans, primarily children, losing their Medicaid coverage.

As we consider these possible cuts, it is worth keeping in mind that, because the federal government pays for the majority of the Medicaid program, we have to cut \$3.77 to save one state dollar. So when we make reductions in the Medicaid program, we reduce our share of federal revenue coming into the state.

Conclusion

Chairman Sykes, Ranking Member Amstutz, and other members of the House Finance and Appropriations Committee, in conclusion, additional cuts to our line items would be severely felt by the children and families who depend on us for the most basic safety net services.

I hope I have articulated the administrative and programmatic results of further cuts. There are many here today who can also articulate the human costs of any further cuts.

Thank you all for your attention today. I will be glad to answer any questions you may have at this time.