

**House Finance and Appropriations  
Human Services Subcommittee  
Fred Williams, Assistant Director, Services to Families Division  
Ohio Department of Job and Family Services  
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Chairman Stewart, Ranking Member Brown, and Members of the Subcommittee, good morning and thank you for the opportunity to testify before you today. My name is Fred Williams and I serve as the Assistant Director, Services to Families Division, Ohio Department of Job and Family Services (ODJFS). The Services to Families Division is comprised of three major program offices (Child Support, Children and Families, and Family Stability) and is responsible for a range of programs that touch and improve the lives of Ohioans from birth through their senior years. To note, in the last year alone:

- More than 1 million families and 1.3 million children were served by the child support system;
- Over 22,000 children experienced more than 6.4 million days of foster care;
- 1,995 children achieved permanency through adoption finalization;
- Over 22,000 children were supported through adoption subsidies;
- 4,546 individuals received voluntary or court ordered Adult Protective Services;
- Over 87,000 children on average per month received child care assistance;
- An average of 23,000 children aged 0-3 received Help Me Grow services each month;
- 180,000 children and parents received Ohio Works First cash assistance;
- An average of 13,000 individuals received Disability Financial Assistance each month;
- Over 1 million Ohioans received Food Stamp benefits each month; and
- 250,000 individuals received Home Energy Assistance;

These statistics provide a snapshot of the scope of services provided or purchased by the offices in the Services to Families Division of ODJFS and illustrate the range of programs designed to protect vulnerable Ohioans and assist them in achieving and maintaining the greatest degree of self-sufficiency possible.

It would be disingenuous to leave you with the impression that these results are achieved solely through the efforts of the Ohio Department of Job and Family Services. In Ohio's state supervised – county administered human services structure, most direct service delivery occurs at the local level through a combination of county family services agencies which include 88 county departments of job and family services, 26 separate public children services

agencies, and 28 separate child support enforcement agencies. This framework represents a cooperative partnership between federal, state and local governments that best serves Ohio children and families.

The Executive Budget Recommendation, with respect to the Services to Families Division, embodies Governor Strickland's guiding principle – *to live within our means, and to invest in what matters*. The proposal before you provides resources to maintain critical services that create a safety net for vulnerable Ohio children, families and seniors while targeting strategic investments in programs known to improve the outcomes of our youngest citizens that will last throughout their lives. The Executive Budget directly supports one of the cornerstones of the Strickland-Fisher Turnaround Ohio plan for the state: “Provide a Fair Start For Every Ohio Child” through initiatives to improve the quality and expand access to early child care and education programs.

I will address each program office specifically and then lay out the Temporary Assistance for Needy Families (TANF) Budget for the biennium.

### **Office of Child Support**

Ohio's child support program is based on the premise that Ohio's children need and deserve financial and medical support from their parents. Ohio has one of the nation's leading child support programs, and the fourth largest “IV-D” designated child support caseload in the country. The executive budget supports over 1.3 million children that participate in the program with more than \$2 billion collected each year. The child support program is authorized and defined by statute, Title IV-D of the Social Security Act, and is a federal/state/local partnership to help families by promoting family self-sufficiency, parental responsibility, child well-being and cost recovery.

Ohio's child support program is committed to continuous improvement for Ohio's families and children. The federal Office of Child Support awards financial incentives to states that meet or exceed performance targets for paternity and support establishment, collections of current and past due child support, and cost effectiveness. Over the past two years, Ohio has earned nearly \$60 million which, in turn, helps Ohio counties maintain or increase the level of child support services for families. Ohio continues to earn federal incentives and, since FFY 2002, has consistently been ranked among the top three states.

In February 2006, Congress passed the Deficit Reduction Act of 2005, which eliminated states' ability to utilize earned federal incentives as local match for the child-support program. The executive budget includes an increase of \$17.2 million in state funding for Ohio counties to offset the impact of this federal funding cut.

Ohio's child support program can play an important role in strengthening Ohio's healthcare system and reducing the cost of health care coverage. The executive budget proposes that if health insurance is not available for children of a non-custodial parent whose income exceeds 150% of poverty that a cash medical support award be considered to defray the custodial parent's medical expenses or cost to the Medicaid program.

The executive budget provides resources to support the centralized child support collections contract at a cost of nearly \$11 million per year in state General Revenue Funds. The use of technology has truly benefited Ohio families and children as nearly all child support is paid electronically through direct deposit into parents' checking accounts or the "e-QuickPay" card. Over \$ 2 billion is collected and disbursed to Ohio families each year in approximately 13 million transactions.

### **Office for Children and Families**

The Office for Children and Families is responsible for programs that: prevent child abuse and neglect; provide services to children and families in the child protection system; place children for adoption; provide adult protective services; license foster homes, residential facilities, child care homes and centers; and operate the subsidized child care and early learning programs. The Executive Budget supports key child welfare and early care and education initiatives.

### **Child Welfare**

#### *Kinship & Foster Care*

Every day in Ohio extended family members open their homes and their hearts to children that, for one reason or another, cannot be raised by their birth parents. Child Welfare professionals have long held that kinship care arrangements are often the best possible option for children in these situations, with other placements, such as foster care, to be used as a last resort. In addition to the emotional and psychological resources needed for any family that takes on the responsibility of raising a young child, for low-income families in particular, the added financial strain hinders the success of such placements.

The Executive Budget maintains a \$10 million per year level of support for the Kinship Permanency Incentive Program (KPI) and expands eligibility to more relatives who provide safe, permanent homes for children. This TANF funded program was created in HB 66 of the 126<sup>th</sup> General Assembly and provides for financial incentives to relatives who obtained legal custody or guardianship of children in their care and were assessed for safety by a local PCSA.

Proposed language will enable more relatives willing to provide permanency to qualify for KPI by raising the income eligibility criteria from 200% to 300% of the Federal Poverty Level, and eliminating the restriction that applicants can only be for children with an adjudication of abuse, neglect, dependency or unruly. Children safely cared for by relatives helps abused and neglected children leave state supported foster care or prevents them from entering foster care.

The Executive Budget increases state support for child welfare and foster care programs by \$10.4 million per year. These resources will address significant systemic foster care reforms developed following the tragic death of foster child, Marcus Fiesel. Specifically, \$9.1 million of these funds directly increase county resources for child welfare programs. General Revenue Funds support for county child welfare agencies has remained constant over the previous two biennia. This increase is targeted to support necessary foster care reforms and to aid counties in the operation of their child protection function.

### *Adoption*

The Executive Budget encourages adoption of special needs children by raising the state share of adoption subsidies from \$250 to \$300 per month. These subsidies are provided to families who have adopted nearly 22,000 special needs children through the federal adoption program and 1,700 children through the state adoption program.

This increased investment in families who have made a life long commitment to youth with histories of abuse and neglect offers those youth another chance at a permanent safe family. It is projected that over 3,000 more youth will enter into the permanent custody of public child welfare agencies in the next fiscal year and many will have a goal of adoption. This additional state funding will encourage more foster parents to make a temporary placement permanent.

### **Child Care and Early Learning**

A core component of the Strickland-Fisher Turnaround Ohio plan is to “Provide every child a fair start through access to high-quality early care and education”. The Executive Budget contains a significant increase in resources combined with program improvements that will expand access to early care and education services, increase child care provider rates, and attain full enrollment in the Early Learning Initiative. These proposals will result in a broader array of **quality** care and early education choices for Ohio families, align income eligibility criteria among service options, and ultimately, provide a better start for our youngest citizens that will result in improved outcomes throughout their lives.

Each day over 300,000 children under age 5 are in some type of regulated out-of-home care. Recognizing that the quality of care provided to young children lasts a lifetime and knowing that 85% of a child's brain is developed within the first three years of life, investments **today** will enhance the success and futures of these, our youngest learners.

Specifically, the budget will increase child care provider rates by 11.5% (to reach the 65<sup>th</sup> percentile of the 2006 Market Rate Survey), with a projected cost of \$54.9 million in SFY 08 and \$57.4 million in SFY 09. Federal child care guidance encourages states to establish provider rates at the 75<sup>th</sup> percentile of the market rate. This increase ensures the health and safety of children in care, guarantees supply to meet increased demand, and supports small business owners. The budget also provides funding for child care subsidies for approximately 100,000 children each year. Given the stagnant level of federal Child Care funding, every new dollar invested in Ohio child care is a TANF dollar.

The Executive Budget contains specific improvements to the **Early Learning Initiative (ELI)**. Created by the last General Assembly, ELI is a collaboration between the Ohio Department of Job and Family Services and the Ohio Department of Education. ELI provides children three to five years old, often identified as 'at risk' of school failure, with educational experiences that help them enter kindergarten ready to succeed.

The Executive Budget maintains TANF funding for ELI at \$125.3 million per year to serve 12,000 children. It removes the one-hour per week work requirement for parents whose children participate in the program; eliminates the six-month re-determination requirement, and sets income eligibility at 200% FPL in SFY 09. These program improvements will bolster the stability of the ELI provider network, stabilize the enrollment of children of parents choosing this care option, and ensure continuity of care for preschoolers participating in the program.

Step Up To Quality is a voluntary, three-tier quality rating system that encourages, recognizes, supports and rewards child care providers as they "step up" to higher levels of quality care for children in their programs. While all centers in Ohio must meet minimum health and safety standards required for licensure, the Step Up To Quality three-star rating system signifies to parents the level of quality of care provided to children. In just 18 months, 671 programs in Ohio (about 17%) have voluntarily sought a quality rating. The Executive Budget support for the Step Up to Quality system will make the goal of having 50% of all Ohio centers voluntarily participating by SFY 09 a reality.

### **Office of Family Stability**

The Office of Family Stability is responsible for state development and oversight of programs that address the basic needs of Ohio's economically disadvantaged residents, provide work and training experiences to prepare them for entry in the workforce, and promote personal responsibility and increased self sufficiency. Programs and services include Temporary Assistance for Needy Families (TANF)/Ohio Works First, Food Stamps and Food Assistance, Disability Financial Assistance, and Refugee Services.

### **Food Programs**

Federally funded food stamp benefits will be provided to over 1.1 million low income Ohio residents to help them meet their nutritional needs. Ohio's Food Stamp program issues over \$1.3 billion each year in federal funds that are redeemed for approved food purchases at local participating grocery stores across the state via an Electronic Benefit Transaction (EBT) card.

The Executive Budget provides \$7.5 million per year for the Ohio Association of Second Harvest Foodbanks. \$5.5 million of which results in over 20 million pounds of fresh and shelf stable food products distributed through the state network of food banks and pantries. A struggling economy, increased bankruptcies and foreclosures in recent years have put additional strain on programs that help combat hunger in Ohio.

### **Disability Financial Assistance**

This program provides a minimal cash payment to individuals who are unemployed due disability while their application for Supplemental Security income (SSI) is processed. The Executive Budget provides funding for over 15,000 monthly recipients at \$115 a month.

### **Ohio Works First**

The Executive Budget provides for OWF cash assistance to 80,000 Assistance Groups, over half of which are child-only cases and a Cost of Living Adjustment in grant amounts beginning January 2009. OWF is Ohio's TANF Financial Assistance Program that provides time limited monthly cash grants to eligible families with ongoing eligibility contingent upon participation in approved work activities and cooperation with child support.

In February 2006, President Bush signed into law the Deficit Reduction Act which reauthorized the TANF program through FFY 2010. DRA instructed the US Department of Health and Human Services (HHS) to promulgate regulations by June 30, 2006 that: define which activities may count toward work participation; prescribe methods to report and verify reported hours of work; and define who is "work-eligible" and included in the work participation rates. On June 29, 2006.

HHS issued Interim final regulations which states were required to comply with by October 1, 2006.

The HHS Interim final TANF regulations provided detailed, restrictive, inflexible and mutually exclusive definitions for countable work activities; overly prescriptive methods for reporting and verifying work; and an expansion of who is included in the work participation rate.

Ohio Works First is set forth in Chapter 5107 of the Ohio Revised Code, and, with the issuance of HHS Interim final regulations, is currently in conflict with federal law. To enable Ohio to comply with federal requirements by October 1, 2006, Am. Sub. Senate Bill 238 of the 126<sup>th</sup> General Assembly instructed the Department to adopt rules necessary to bring the state into compliance with the new requirements, even if the rules deviated from Chapter 5107. These rules were issued on September 29, 2006, and are currently in effect. The Executive Budget includes statutory changes to Chapter 5107 that bring the Ohio Works First program into compliance with federal law and regulation. **The proposed amendments align state law requirements with current federal law.**

The proposed amendments preserves the philosophy, spirit and intent contained in HB 408 of the 122<sup>nd</sup> General Assembly that created the Ohio Works First program and ushered in Welfare Reform 10 years ago. The Department does seek to remove from statute the work activity definitions and requests rulemaking authority to respond quickly and maximize any flexibility that HHS may provide in relation to countable work activities.

### **Temporary Assistance for Needy Families (TANF)**

In the upcoming biennium, TANF is budgeted at \$1.45 billion in SFY 08 and \$1.49 billion in SFY 09 and estimates spending for those years at a level that results in a \$110.1 million balance at the end of '09.

The flexibility provided to Ohio with the TANF block grant provides significant resources coupled with an even greater abundance of ideas on how to expend the funds. This budget reflects, as I mentioned at the start of my testimony, the principle of **living within our means and investing in what matters**. As the budget is examined, it is important to keep in mind that Temporary Assistance for Needy Families is a **program**, not merely a funding stream. As such, there are both programmatic and fiscal regulations that govern states' use of funds. Coupled with Ohio's Cash Management Improvement Act (CMIA) agreement with the US Treasury for all federal funds, operational issues concerning "reimbursement" must be considered in all TANF funding decisions.

Over the next biennium, TANF supports OWF cash assistance and provide a Cost of Living Adjustment in '09. TANF for county departments of job and family services continues support for locally designed Prevention, Retention and Contingency (PRC) services. TANF funds continue to support Kinship Permanency, Adoption and Independent Living programs. Interagency initiatives and targeted earmarks, such as the Home Energy Assistance Program with Ohio Department of Development and the Governor's Office of Faith and Community Based Initiatives are funded. The largest funding increase over two years occurs in Child Care, and that investment in our youngest citizens today will produce large returns for years into the future.

Thank you for the opportunity to testify before you today and I would be happy to respond to any questions you may have.