



**House Health and Human Services Subcommittee
Ohio Department of Job and Family Services
Executive Budget Recommendations SFY 2012-2013
Michael B. Colbert, Director
April 5, 2011**

Good afternoon, Chairman Burke, Ranking Minority Member Goyal and members of the subcommittee. I am Michael Colbert, director of the Ohio Department of Job and Family Services. Here with me today are Michael McCreight, assistant director of our Health and Human Services programs; Bruce Madson, assistant director of Employment Services; and Edna Frezgi, chief fiscal officer. Yesterday, you heard from John McCarthy, our Medicaid director. Thank you for the opportunity to appear before you today to discuss our budget for fiscal years 2012 and 2013 in greater detail.

As I stated previously, our agency's 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.

I know you've been hearing a great deal from counties about the reductions they're facing. I would just like to point out that this budget still provides half a billion dollars in support of county administration. Yes, it required us to make some difficult decisions. However, it also protects the safety net for vulnerable children and families, and it makes employment and training a priority. I would now like to go into more detail about our submission as it relates specifically to our Services for Families and Children, and our Employment Services.

First, let me take a moment to talk about our 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 proposal 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.

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 XX grant funding. This can help offset cuts to local child welfare programs.

Although we had to reduce funding for our child care lines, we are pleased that we will be able to maintain 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, per year. We will work closely with providers as we implement this rate cut. 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.

One of the most difficult decisions we had to make in this budget was to eliminate funding for the Kinship Permanency Incentive, or KPI, program. However, it is important to remember that KPI was never designed to be the primary subsidy for families. It provides families with an incentive payment of up to \$2,000 over a three-year period, while Ohio Works First child-only provides between \$200 and \$300 each month, for the direct care of children. We want to place children with their kin whenever possible, but with the limited TANF dollars available, we felt it was important to prioritize funding for Ohio Works First, which offers those children a greater level of assistance.

Another difficult decision we had to make 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.

This budget submission completely 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.

We also are pleased to note that our ProtectOHIO waiver was extended for another five years. This allows 18 participating counties to use federal Title IV-E foster care dollars more flexibly, for services such as family team meetings and kinship support services.

Turning to our child support program, starting in state fiscal year 2012, our child support offices will lose a 66 percent federal match, as a result of a federal decision over which we had no control. As a result, 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.

As a result, we are actively pursuing strategies to provide as much fiscal flexibility to county child support offices as we can, and to ease their administrative burden. For example, we are developing a Child Support Customer Service Web Portal to 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. This leverages technology to modernize service delivery, and we believe it will help reduce both calls and lobby traffic at the county child support offices.

This budget maintains current 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.

Our budget submission also protects food assistance programs, including the Supplemental Nutrition Assistance Program, or SNAP – formerly known as Food Stamps – and funding to food banks, which saw only a slight reduction. 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.

I would now like to speak for a few moments about our Employment Services programs. These are almost entirely federally funded, primarily through the Workforce Investment Act. This budget prioritizes two types of training: incumbent worker training and on-the-job training.

Incumbent worker training is training for currently employed workers to keep them employed, avert layoffs and improve their employability. We will work closely with JobsOhio and the Board of Regents to build an incumbent worker training program that gives Ohio the skilled workforce necessary to be globally competitive. On-the-job training is training for unemployed workers. It reimburses employers for the cost of the training if the worker is hired and retained.

I know many of you are concerned about Ohio's Unemployment Insurance Trust Fund. Since January 2009, Ohio has had to borrow approximately \$2.5 billion from the federal government – because it was paying out more money than it was collecting. We are one of about 32 states in this situation. Unless we receive another federal waiver, our first interest payment – of an estimated \$71.8 million – will be due September 30. Our second interest payment – of an estimated \$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. The Governor will be appointing members to the UCAC and will expect recommendations on how to address the solvency and sustainability of the unemployment insurance system going forward. I would like to point out that from May through December 2010 Ohio did not have to borrow for the Fund. In addition, last year we were named the top-performing large state in the nation for quickly and accurately disbursing unemployment benefits.

I would like to briefly mention our IT systems. Our eligibility, determination and benefit issuance systems are the backbone of our county agencies. They include the Ohio Job Insurance System, or OJI, which is our unemployment system; the Statewide Automated Child Welfare Information System, or SACWIS, which is our case management system for foster care; the Client Registry Information System-Enhanced, or CRIS-E, which is the database for our cash and food assistance and related programs; the Support Enforcement Tracking System, or SETS, for our child support program; and the Child Care Information Data System, or CCIDS, our new automated child care information system.

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, www.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, and in January alone this year it had more than 3 million hits.

Another tool we developed to help unemployed Ohioans is Ohio Here to Help. OhioHeretoHelp.com is unique in that it can quickly connect visitors to a wide range of information and resources – from both public and private entities. It has information on just about any topic that might be a concern for unemployed workers and their families,

including financial issues, food assistance, housing, health care, and education and training opportunities. It includes information not just from JFS, but from other sources, as well.

We're also proud of ERIC, or the Employer Resource Information Center, which is a new Web-based unemployment tax system for employers. ERIC is replacing an unemployment tax delivery, wage reporting and accounting system that is nearly 30 years old. It will serve more than 200,000 employers and process more than \$1 billion in tax revenues each year. Ohio is only the second state in the nation to have fully modernized, Web-based tax and benefit systems.

We are actively pursuing other self-service options, as well, for better customer service and long-term cost savings. We launched one of those options last fall: the Ohio Online Benefit Application. The Online Benefit Application allows people to apply for cash, food or medical assistance online, wherever they can access an Internet connection, without the assistance of a caseworker. It also allows recipients to make changes to their case information.

We are working hard to implement MITS, our new Medicaid Information Technology System. As soon as we are confident that all readiness criteria have been met, we will set a new Go-Live date. Our priority is to ensure that, after Go-Live, Medicaid continue to reimburse the tens of thousands of providers that care for patients across Ohio, and pay the millions of claims we process each month.

I would like to briefly restate 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, this budget submission reflects many difficult decisions. However, it also protects the safety net for vulnerable children and families, and it makes employment and training a priority. In addition, as an agency we are committed to providing fiscal flexibility to counties whenever possible, to ease their administrative burden and to better serve children and families. Thank you again for the opportunity to speak today. I look forward to answering any questions you may have at this time.