



30 East Broad Street Columbus, Ohio 43215-3414
jfs.ohio.gov

**Senate Finance & Financial Institutions Committee
Ohio Department of Job and Family Services
Executive Budget Recommendations FY 2008-2009
Helen Jones-Kelley, Director
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Chairman Carey, Ranking Member Miller, and distinguished members of the Committee, my name is Helen Jones-Kelley and I am the Director of the Ohio Department of Job and Family Services (ODJFS). Thank you for the opportunity to appear before you today to provide an overview of the Strickland-Fisher Administration's vision and plan for ODJFS over the next biennium and beyond.

In my testimony today, I will:

- Provide a brief overview of the agency
- Describe agency goals, challenges and solutions
- Present ODJFS related Executive Budget recommendations

ODJFS Overview

At ODJFS we have approximately 4,000 employees throughout the state and a budget of over \$18 billion. The ODJFS family network extends throughout the state via:

- 88 county departments of job and family services;
- 26 'sister' public children services agencies, and;
- 28 'sister' child support enforcement agencies.

The federal laws mandating and funding these programs include:

Title XIX and XXI of the Social Security Act which funds Medicaid;

Temporary Assistance for Needy Families (or TANF) provides financial assistance to families seeking stability and greater opportunities;

Workforce Investment Act (or WIA) funds job training and career placement services for workers and employers;

Title III of the Social Security Act sets forth standards for administration of the Unemployment Insurance program, and Title XX, Title IV-E and Title IV-B all relate to child welfare funding.

ODJFS: Goals-Challenges-Solutions

Combined, the ODJFS family is 142 members strong. In the context of the Fortune 500 list of America's largest corporations ODJFS would be right behind McDonalds and Coca Cola in the context of budgets -- except that we don't deal with the comfort foods of french fries and soft drinks. We are responsible for the lives and well being of thousands of children and adults across Ohio.

Everyday, our goal at ODJFS and that of our agencies throughout the state, is simple:

To protect Ohio's families when they are facing challenges and emergencies.

Through our programs, ODJFS offers **solutions** to these challenges by:

- 1) helping children and families stay healthy;
- 2) offering tools so that people can earn a decent living;
- 3) assisting parents and caretakers in fulfilling their responsibilities to their children;
- 4) protecting those that might not have a family network like the disabled and aging.

ODJFS in some ways is like the Red Cross. When people are facing a challenge or emergency you call them. They offer a comprehensive system of solutions to a temporary situation and help carry out measures for preventing the same in the future. You might not need them everyday but when you do, they will be there. ODJFS, like the Red Cross, has a presence in almost every community. And in times of need, ODJFS provides a comprehensive system of solutions and prevention measures to help Ohio families:

- stay healthy;
- earn a decent living;
- fulfill their responsibilities as parents, and;
- young adults and protect those without families to rely upon.

Throughout my career, as the former Director of Montgomery County Child and Family Services and now as Director of ODJFS, I know what it is like to have the burden of a budget on your shoulders. We many times approach our budgetary issues as mathematical story problem.

Do you remember those? If Jennifer is on a train leaving from Albuquerque going 60mph while Kevin is on another train and is leaving that same station.....

These mathematical story problems include details about people and places and we are tasked with slicing away to determine the mathematical answer. We do the same thing with budgetary problems. We slice away at line items to find the budgetary solution. We drive toward a clean number to get the problem solved.

As a former County Director and now as Agency Director I still struggle—I still fight to remember that when it comes to the solutions ODJFS offers to thousands of Ohioans, we are not talking about fictitious characters in a mathematical story problem. We are dealing with challenges of real people in every community and we may lose our opportunity to protect them if we reduce them to a mathematical story problem.

ODJFS offers solutions to Ohioans across the state everyday. If a family unit is facing challenges (job training, affordable child care, access to healthcare) they can call ODJFS for a system of comprehensive solutions and ways to help prevent problems in the future. ODJFS helps Ohio families move on and up from the challenges they face.

DEPARTMENTAL BUDGET DETAILS

The Executive budget offers a comprehensive system of solutions to short and long term challenges that Ohioans experience everyday. It allows us to provide immediate solutions for Ohio families today while putting in place a comprehensive plan of supports and controls for the future--to give people the tools to find their own solutions and reduce the number of calls for ODJFS assistance in the future.

This is only possible if we invest now in what matters. Without ODJFS providing the solutions for Ohio families and children today, we jeopardize the foundation that the Executive budget has built. The solutions offered by ODJFS act as the anchor to the success of this budget. Although my written testimony provides detailed information about each program area, I will take a short time to move away from the *mathematical story problem*. Instead I will provide a picture of the challenges we and our clients face and solutions that are available with ODJFS assistance, only if the reductions in the House version of the budget are restored to the Executive budget levels. Such cuts to ODJFS' IT network, legal, fiscal and human resources will jeopardize our ability to provide key services and delay targeted initiatives and cost saving efforts.

Mr. Chairman, Ranking Member and distinguished members of the Committee, restoration of the House cuts to the Executive level will allow us to continue to offer solutions to the challenges that Ohio's children and families face each day throughout the state.

Office of Children and Families

Child Welfare & Foster Care

Problem: Children may find themselves at risk for abuse and neglect.

Solution: Implementing systemic reform within the foster care system to help prevent abuse and neglect.

ODJFS Foster Care programs offer solutions to counties regarding child welfare investigations of child abuse/neglect and training, including shares of education and training vouchers available to persons who have "aged-out" of the foster care system.

This cannot be done in a comprehensive way unless administrative cuts are restored. Without restoration, we will not be able to implement recommended solutions set forth by the Fiesel working group and recently introduced by Members of the General Assembly (systemic reforms called for following the death of foster child, Marcus

Fiesel). Such recommendations include important staffing and computer systems enhancements to improve monitoring and communication among all stakeholders.

The Executive budget increased the state support for child welfare and foster programs by \$10.4 million per year. The majority of these funds (\$9.1 million) are aimed directly at increasing county resources for child welfare programs

The House reduced the GRF administrative line item for Child Welfare by \$1 million in SFY08 and \$800,000 in SFY09 from the Executive budget. To provide solutions to these problems we request this amount be restored to Executive budget levels.

Adoption

Problem: Special needs children in adoptive homes or waiting for adoption have early learning or achievement gap challenges.

Solution: Enhance opportunities for these children by offering assistance to those who care for these children.

The Executive budget increases the state subsidy for qualifying adoptions from \$250.00 to \$300.00 per month. This subsidy will go to the families who have adopted nearly 22,000 special needs children through the federal adoption program and 1,700 children through the state adoption program. The House supported this proposal.

Child Care

Problem: Lack of affordable child care and restrictions to early learning opportunities.

Solution: Increase availability of affordable child care and increase the number of children served by Early Learning Initiative (ELI) and streamline bureaucracy to get them there.

The Executive budget recommends an increase to child care provider rates by 11.5% using TANF funding, representing an increase of \$54.9 million in SFY 2008 and \$57.4 million in SFY 2009. It would also provide funding for subsidized child care for some 100,000 children yearly.

The Executive budget supports the **Early Learning Initiative (ELI)** by providing \$125.3 million in both SFY 2008 and SFY 2009. This would allow the program to raise the number of children served to 12,000 each year. The House supported this proposal.

Childcare Provider Rate Increases/Step Up to Quality

The intent of the market rate is to provide low-income families with the opportunity to access child care services within their county. We do not recommend that the child care provider rate increases be tied to the “Step Up To Quality” rating system. If the House language remains, it will jeopardize low income families access to child care.

While it appears that the step up to quality program will mature into a helpful tool for child care needs, it should not be used as an assessment tool for increased child care rates.

Based on the assessment of the pilot program few child care centers currently would be able to meet the two star quality rating. It would also require hiring significant ODJFS staff and dedicating additional training resources to deploy the system statewide. Accordingly, we urge the Committee to reject the House provision linking these two initiatives.

Office of Family Stability

The House reduced the GRF administrative line item for the Office of Family Stability by \$250,000 in each fiscal year. While the Executive budget request held this line item to zero growth from the '06-'07 levels, the House decrease in funding will result in a reduction in the amount of training, technical assistance, oversight and support of county agencies in the operation of the Ohio Works First; Prevention, Retention and Contingency; Food Stamp; and Disability Financial Assistance programs.

The House reduced the GRF Local Entitlement Administration line item by approximately \$1.2 million in each state fiscal year. These funds provide the non federal match for both the Food Stamp and Medicaid administrative costs at the county agency level. As both of these programs continue to experience caseload growth, this reduction in state support will further stress a system with high caseloads and high county staff turnover.

Ohio Works First

Problem: Unemployment, limited education or skills, divorce, separation, or other unforeseen crises are among several obstacles that can affect a family's stability.

Solution: Temporary assistance to eliminate barriers to self-sufficiency, personal responsibility, and employment.

Ohio Works First is the financial assistance portion of Ohio's TANF program. The Executive Budget will supply cash assistance to approximately 80,000 assistance groups in the state and will provide a cost of living adjustment for cash assistance grants beginning in January of 2009.

Non Cash Family Support

Problem: Low-income children and families face barriers to self-sufficiency brought on by short-term, non-recurrent urgent problems that might otherwise cause them to need cash assistance.

Solution: Temporary assistance to eliminate barriers.

The Executive Budget recommendation will support nearly 500,000 Ohioans receiving Prevention, Retention and Contingency through TANF. It also supports programs aimed at protecting children and strengthening families, such as the Ohio Alliance of Boys and Girls Clubs, the Kinship Permanency Incentive program, hunger and nutrition programs, Independent Living Initiatives, and the Home Energy Assistance Program, as well as provides funding to projects offered through the Governor's Office of Faith Based &

Community Initiatives. Specific list of available services is determined at the County level.

Disability Financial Assistance

Problem: Some disabled and older individuals are unemployable due to mental or physical impairment, and are not eligible for other public assistance programs supported by federal dollars.

Solution: Provide a safety net to help fill the gap in meeting their basic needs and maintaining their health.

This program provides a minimal cash payment to individuals who are unemployed due to age or disabilities often as interim assistance, while their application for Supplemental Security Income is processed. The Executive budget provides funding for some 15,000 to 16,000 monthly recipients at \$115 a month. The House supported this proposal.

Food Programs

Problem: Hunger remains a problem across all of Ohio's 88 counties.

Solution: Emergency and minimal assistance to those in need.

The Executive budget supports a caseload of approximately 1.1 million individuals through the Food Stamp Program; it will also serve nearly 530,000 individuals per month through the Emergency Food Assistance Program and allows for over 20 million pounds of food products annually through the Ohio Association of Second Harvest Foodbanks.

The Ohio Benefit Bank

Problem: Every year in Ohio, nearly \$1.5 billion in tax credits and public benefits go unclaimed.

Solution: Restore \$771,642 for The Ohio Benefit Bank to help Ohioans claim these funds, 80% of which are federal dollars.

The House budget did not include the Governor's request for GRF of \$299,276 for FY 2008 and \$472,366 for FY 2009 to fund outreach and support for The Ohio Benefit Bank. Without this funding, the State would lose the opportunity to secure federal matching funds for these dollars.

Office of Child Support

Child Support Activities

Problem: Counties handle over one million children support cases annually.

Solution: Streamline the administrative process.

The Executive budget provides increased state funding to counties for child support administration by \$17.2 million to offset the impact of the federal Deficit Reduction Act; and supports disbursement of over \$2 billion dollars in annual child support payments.

Child Support Information Technology

Problem: Technological barriers to streamlining child support collections.

Solution: Expansion of existing technology to help expedite collection and disbursement.

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 and \$32 million in all funds. The use of technology has truly benefited our ability to leverage state and federal resources in our efforts to collect child support payments. I hope this Committee will support our efforts to improve our enterprise architecture and use technology to improve our systems throughout ODJFS.

Office of Workforce Development & Employment Services

Problem: Job seekers and employers need a comprehensive system for workforce development.

Solution: Provide a coordinated, responsive workforce system.

Ohio's businesses and workers deserve a strong, seamless, demand-driven workforce development system. The Executive Budget lays the groundwork to begin that task by including language to unify coordination of workforce activities between the Ohio Department of Development and ODJFS resulting in a joint economic development strategy supported by the full range of our available resources. It should be noted that the Governor's discretionary WIA funds are limited.

An integral part of the Turn Around Ohio plan is maximizing the use of federal resources. Under expenditures in Workforce Investment Act funds, while significant, have been localized in a small number of areas. 85% of the Adult and Youth funds and 60% of the Dislocated Worker funds are allocated directly to local communities. Ohio's remaining discretionary resources should be reserved and used to support the Governor's realignment of Ohio's Economic and Talent Development efforts, and are critical to our efforts to implement the Turn Around Ohio agenda.

Problem: Unemployed and underemployed youth and workers.

Solution: Comprehensive training programs with multiple resources for youth and adults.

The Executive budget will provide employment and training services to up to 46,000 adult, youth and dislocated workers per year; allow over 23,000 Ohioans to participate in registered apprenticeship training programs; deliver labor exchange services to over 800,000 customers and refer over 300,000 individuals to job openings; sponsor web-based employment research; and support the operation of local one-stop workforce centers throughout Ohio.

The Executive budget also specifically creates a \$6 million program at ODJFS funded via the federal Workforce Investment Act or WIA. The youth employment initiative would encourage job training and job creation activities for young people in low income communities by providing funds to employers to support the training and wages of those young employees. In addition, the Executive budget also includes \$1.9 million in FY

2008 and \$2.2 million in FY 2009 from WIA resources for the Ohio State Apprenticeship Council to expand access to apprenticeship training in well-paid occupations to historically underserved regions of the State and to target increased outreach to Ohio industries facing critical skill shortages. Over the biennium, we expect to almost double the number of registered sponsors and increase the number of apprentices in training by fifty percent.

Unemployment Insurance

Problem: Significant volume of workers compensation claims/ employer collections.

Solution: Expand capacity for efficient and timely claim processing and employer collections.

The Executive budget recommendation will support the collection of over \$1 billion in tax contributions from over 230,000 employers; the processing of approximately 800,000 unemployment claims; and the disbursement of over \$1 billion in temporary benefits to support Ohio families while sustaining local economies during times of economic transition.

Trade Programs

Problem: Displaced workers lack health insurance and training/employment opportunities.

Solution: Provide workforce and healthcare assistance to displaced workers.

The Executive budget includes funding to process 1,300 retraining contracts for Ohio workers displaced due to increased imports or shifts in production to foreign countries; provides 50 percent of the wage differential for older displaced workers earning less than \$50,000 in a new job; and provides eligible individuals a Health Coverage Tax Credit of 65 percent of the monthly health insurance premiums.

Veterans Employment and Training

Problem: Veterans and Servicemembers transitioning from military status need high quality and timely employment services and career development assistance.

Solution: Provide supportive services to veterans and families.

In addition to regular WIA and Employment Security program services, ODJFS administers the federally-funded Veterans Employment and Training Service program. Through this program we employ staff located in local One-Stop Workforce Centers that are responsible for veterans' advocacy, technical assistance to state and local service providers, transition assistance for veterans and their spouses, as well as intensive, one-on-one employment services and case management for disabled veterans.

Office of Ohio Health Plans or Medicaid

Healthcare Coverage/Costs

Problem: Lack of access to healthcare coverage for families and children/rising cost of healthcare.

Solution: Proactive expansion of coverage to key groups/increase reimbursement rate
Expanding access to healthcare for Ohioans is one of the most imperative goals of this budget and one that will serve to greatly improve the quality of life for thousands of Ohioans. The Executive budget called for a 1.8% increase in GRF health-care spending during FY 2008, and a 5.4% increase in FY 2009, which would bring the total ODJFS GRF spending on healthcare services to \$10.1 billion in FY 2009.

ODJFS directly manages about 85 percent of total Medicaid program resources, with the Departments of MR/DD, Aging, Mental Health, and Alcohol and Drug Addiction Services administering the remaining funds.

Governor Strickland's FY 2008-2009 biennial budget proposal would pay for cost-effective growth in several Medicaid programs, for example the Executive budget recommends funding to support:

- Expanding eligibility to SCHIP from 200% to 300% of the federal poverty level, to cover about 20,000 additional children. Parents with family incomes above 300% of the poverty level could buy in to the program, to cover about 4,000 more children;
- Increasing Medicaid eligibility for pregnant women from 150% to 200% of poverty, to cover an additional 3,800 women;
- Restoring Medicaid coverage for parents between 90% and 100% of poverty, to cover about 25,000 additional adults;
- Raising reimbursement rates for certain Medicaid providers: inpatient hospitalization services would increase approximately 3%; state plan community services would get a 3% hike each year; and Intermediate Care Facilities for people with Mental Retardation (ICF/MR) providers would receive a 2% increase each year.
- Allowing disabled Ohioans that want to work, but are at risk of losing their Medicaid coverage, to buy into the program, adding about 7,300 citizens; and,
- Boosting funding for the PASSPORT program for an additional 5,600 seniors.

The Executive Budget improves efficiency through numerous Medicaid initiatives to save over \$160 million in FY 2008 and \$221 million in FY year 2009; implementing “best practices” for third party liability in Medicaid will provide a significant portion of these savings.

Medicaid Administration

Problem: Jeopardizes our ability to administer existing and new initiatives (i.e.-3rd party liability)

Solution: Restore administrative cuts to Medicaid to Executive levels.

The House severely reduced the state administrative dollars needed to run the Medicaid program. Specifically, the state administrative line item was reduced by \$4 million in SFY08 and \$3.9 million in SFY09 from the Executive budget.

These dollars are important because they fund:

- staff, training as well as contract obligations such as the Auditor of State
- the federally mandated actuary contract for managed care rates and disability determination.

Moreover, such a decrease in administrative funds may prevent the implementation of several important projects and long awaited technology improvements that the General Assembly and several oversight bodies have expressly called for such as:

- MITS (Medicaid Information Technology System)
- Improvements to the Data Warehouse and Medicaid Decision Support System
- Money Follows the Person Initiative.

House Provisions of Concern

The House passed budget includes a host of provisions with respect to Medicaid that would hinder the agency's ability to administer existing programs.

They include:

- a rate increase for nursing facilities, with an all funds cost of \$50 million per year;
- language that negates a key provision of the pricing model put into law in House Bill 66 that will delay the progression of nursing homes toward a more cost efficient and competitive environment;
- removal of Medicaid eligibility for working parents with incomes between 90-100% of Federal Poverty Level;
- removal of Medicaid premium participation program for uninsured children in families with incomes above 300% of the federal poverty level;
- prohibitions on ODJFS and our contracted managed care plans to prior authorize mental health drugs(estimated costs \$47 million);
- criteria utilized by the Ohio Department of Insurance that oversees and approves capitation payment rates for Medicaid managed care goes beyond intent and will create significant costs to Medicaid; and,
- the creation of the Medicaid reserve fund that would require ODJFS to seek additional approval at the Controlling Board for planned spending.

Information Technology

Problem: Aging technology systems statewide that prevent efficient administration and timely compliance of federal and state programs.

Solution: Deploy new and enhance existing systems throughout our technological infrastructure.

ODJFS Information Technology infrastructure supports 25,000 state, county and partner users in more than 200 locations throughout the state, maintains over 3,000 network printers and 500 servers and maintains a common email platform for 30 million inbound emails per year. This system touches all that we do. Regardless of caseloads or

expansion or reduction of scope of programs, our technology infrastructure must be maintained but also updated as the outside world demands.

The Executive budget recommended funding of \$390 million in FY 2008 (\$145.3 million GRF share) and \$376.1 million in FY 2009 (\$147.4 million GRF share) to support information technology systems within ODJFS, including the Office of Management Information Services (MIS).

The House reduced the GRF amount by \$8 million in SFY08 and \$9.8 million in SFY09. These cuts jeopardize the deployment of Statewide Automated Child Welfare Information System, Medicaid Information Technology System, and Benefit Eligibility System, which is to replace the aging CRIS-E (Client Registry Information System-Enhanced) technology. These systems are difficult to maintain which requires a higher commitment of time and resources than would newer systems in order to stay current with optional and mandated state/federal policy changes. **We urge the restoration of these cuts to the Executive level.**

Support Services

Problem: Timely and proper administration of ODJFS programs including key information technology systems.

Solution: Trained and professional staff to ensure proper implementation of ODJFS programs.

The Support Services GRF line item provides administrative dollars to ensure ODFJS technology systems work. We cannot accomplish our goals as an agency without this support. Systems are at risk without the skilled staff to make them work. The House reduced the Support Services GRF line by \$4.6 million in SFY08 and \$4.5 million in SFY09 from the Executive budget. Again, such reductions will jeopardize our ability to administer programs and provide key services in cost efficient and timely manner. Our support services and technology line items must be held harmless to ensure we do not paralyze our statewide technology infrastructure and risk the efficiency of everyday ODJFS business across the state. I cannot emphasize enough the importance of this funding and how integral it is to the success the agency and the Governor's vision set forth in the Executive budget.

CONCLUSION

ODJFS helps protect Ohio families in every county and in virtually every community throughout this state. As I mentioned earlier, ODJFS and its extended family statewide offer a comprehensive system of solutions to a temporary situation and help carry out measures for preventing the same in the future. ODJFS helps Ohio families stay healthy, earn a decent living, fulfill their responsibilities as parents and young adults, and protects those without families to rely upon.

The Executive budget offers solutions to short and long term problems that Ohioans experience everyday. It allows us to serve as the Red Cross for Ohio families today, while putting in place a comprehensive plan of supports and controls for the future---to

give people the tools to find their own solutions and reduce the number of calls for ODJFS assistance in the future. We are integral to the communities we serve and to the success of the Executive budget. **Without ODJFS providing the solutions for Ohio families and children today, we jeopardize the foundation that the Executive budget has built. Without ODJFS being fully able to offer these solutions to Ohioans, this long term plan is put at risk.** We must restore the cuts made during the House version of the budget, ODJFS can offer these solutions by *living within our means and investing in what matters for present and future generations of Ohioans.*

Mr. Chairman, Ranking Member Miller, members of the Committee, in conclusion, I am privileged to serve as the Director of ODJFS and respectfully request that we be allowed, through restoration of the cuts to our budget, to continue to protect the families of Ohio.

I appreciate the opportunity to speak before you today and I look forward to answering your questions.