



Department of
Job and Family Services

John R. Kasich, Governor
Cynthia C. Dungey, Director

**Ohio Senate Finance Workforce Subcommittee
Ohio Department of Job and Family Services
Executive Budget Recommendations for SFY 2016-2017
Cynthia C. Dungey, Director
April 28, 2015**

Good afternoon, Chairman Beagle, Vice Chair Williams and members of the subcommittee. I'm Cynthia Dungey, 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 our Employment Services programs, Eric Mency, our chief fiscal officer, Douglas Lumpkin, deputy director of our Office of Human Services Innovation, and Dan Fitzpatrick, deputy director of our Office of Legislation. Thank you for the opportunity to be here today, to discuss the ODJFS budget for state fiscal years 2016 and 2017.

As you know, ODJFS is responsible for managing a number of vital programs that directly impact the lives of Ohioans who rely on TANF and Ohio Works First, SNAP food assistance, job training and employment services, child care, unemployment insurance, child welfare and adoption, adult protective services, and child support programs. Our mission is to improve the well-being of Ohio's workforce and families by ensuring the safety of Ohio's most vulnerable citizens, and promoting long-term self-sufficiency.

I am pleased to say that Governor Kasich's budget supports the reforms proposed by our Office of Human Services Innovation. This office was created last fall to identify ways to better coordinate services across all public assistance programs, foster person-centered case management, and better help individuals find employment, succeed at work and stay out of poverty.

In keeping with that, the Governor's introduced budget calls for the alignment of the Temporary Assistance for Needy Families program with the Workforce Innovation and Opportunity Act program, to create an integrated comprehensive case management and employment program. This plan involves combining TANF and WIOA funding, breaking down silos, and tailoring each individual's services to his or her specific needs. In other words, the plan is to focus on people, not programs, to help Ohioans move up and out of poverty.

County JFS agencies already have made significant investments in modernizing their operations, and many have established innovative programs to help customers. These proposed reforms are an important next step.

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With your support, we propose to begin serving 16- to 24-year-olds with this model first, by the end of 2015. They face higher rates of unemployment than any other age group, and they also frequently encounter additional barriers to reaching their potential. We believe if we address these barriers for this group early, in a coordinated way, we can break the cycle of poverty for thousands of Ohioans. Later, by July 2016, we will expand this model to all eligible individuals. Our plan would redirect \$310 million in existing federal and state funding toward this effort.

The House-passed version of House Bill 64 removed this program from the bill. It is our understanding that the House intends to continue to work on this issue in separate legislation. It is important that the core elements of comprehensive case management be maintained if we are truly going to help low-income Ohioans. We believe strongly that there is no time to waste in the effort to move Ohioans up and out of poverty, off of public assistance, and on a path to self-sufficiency. I look forward to working with you on this important effort in the weeks ahead.

ODJFS has had a long-term commitment to providing high-quality early education opportunities for Ohio's most vulnerable youth. Additional reforms in House Bill 64 will make these crucial early interventions available to even more children. The reforms also will alleviate a benefit cliff that has made it difficult for many Ohioans to achieve self-sufficiency.

Right now, if a family receives subsidized child care and their income rises above 200 percent of the federal poverty level, they lose their child care subsidy. This puts many of them in a very difficult position. If they accept a better-paying job or promotion, they lose their child care benefits, which means losing income. The budget addresses this by allowing working families to keep subsidized child care longer as their incomes gradually increase, up to 300 percent of the federal poverty level, and raising the income limit for initial child care eligibility. It also waives copays for families earning 100 percent or less of the federal poverty level. These changes represent an additional investment of \$14 million annually.

The budget also gives JFS additional tools to suspend child care providers when there is evidence that children may be in danger, or in cases when the child care provider is engaged in fraudulent behavior. We believe these proposals will help ensure children's safety while protecting taxpayer dollars from reaching unethical providers.

The budget maintains current funding levels for child support. In addition, it helps unemployed noncustodial parents find work by requiring those with seek-work orders to register at OhioMeansJobs.com. Ohio consistently ranks in the top five of all states for collections on current support due. As of March, Ohio's collection rate was approximately 69 percent, almost a full percentage point above our rate a year earlier and 5 percentage points above the national average. In addition, thanks to your help in the last MBR, since September we've intercepted more than \$1.45 million in casino, racino and lottery winnings from 839 noncustodial parents with unpaid child support.

The budget prioritizes the health and safety of Ohio's children by allocating an additional \$3.2 million in annual funding for child protective services and improving mental and behavioral health services. Counties can use this money as a match to draw down \$9.6 million in additional federal funding for the John H. Chafee Foster Care Independence Program, which provides independent living services for teens likely to leave foster care without being adopted, and the Title IV-B Part 2 program, which provides family support services to keep or return children safely to their homes.

The budget maintains current funding levels for the Adoption Assistance and the State Adoption Subsidy programs, which provide monthly subsidies to eligible families that adopt children with special needs. It also maintains current funding levels for the Kinship Permanency Incentive Program. In addition to these JFS programs, you've heard from our sister agencies that the budget improves services for at-risk youth by funding better-coordinated physical and behavioral health care, school-based health care, and Strong Families, Safe Communities grants to communities for care coordination and crisis prevention.

As you know, many in Ohio would like to see our adult protective services system become more robust. This past fall, Director Greg Moody and I led an Adult Protective Services Funding Work Group, which identified programmatic and financial gaps in the system, as well as county best practices. The work group issued several recommendations and also created two one-time grant opportunities for counties: an APS Program Innovation Grant and an APS Capacity Building Grant.

In addition, Governor Kasich's budget provides both the state and counties \$3.5 million a year in APS funding, a significant increase over previous years. In each of the last two state fiscal years, \$500,000 in APS funding was divided by all 88 counties. This resulted in 29 counties receiving less than \$2,000. In each of the next two state fiscal years, each county will receive \$30,000 in APS funding. The increased funding also will allow us to implement a statewide data collection and reporting system, improve training capabilities, and develop a common assessment tool.

On the Employment Services side of our house, the good news is that Ohio's economy is improving, more Ohioans are working, and fewer Ohioans are forced to rely on unemployment insurance. Last spring, we successfully expanded OhioMeansJobs.com from a simple resume and job bank into a full-fledged employment and career center. In the first quarter of 2015, Ohioans conducted 18.3 million job searches. That's 8,500 job searches an hour.

Having said that, it's important to know that federal workforce funding and federal unemployment insurance funding continue to decline. In fact, federal funding for unemployment insurance administration has been declining for some time, and it is not enough to cover the state's expenses. Over the past several years, Ohio has received only about two-thirds of the funding needed, and previous federal funding sources that provided additional dollars are no longer available.

In this budget, we are requesting additional resources to maintain this important program: more than \$26 million annually in additional GRF. In addition, the agency is merging the offices of Unemployment Compensation and Local Operations into a new office called the Office of Unemployment Insurance Operations. We believe this consolidation will help us live within our means while also maintaining good service for our customers.

Ohio continues to diligently pay down our Unemployment Trust Fund debt. The Trust Fund borrowing balance peaked at about \$2.6 billion in April 2011 and is currently just over \$1.1 billion. Since 2011, we have made nearly \$1.5 billion in voluntary debt payments, and employers have paid an additional \$787 million through the FUTA offset credit reduction. As in past years, this budget supports employers by having the state cover the interest payments on the outstanding balance. \$38.7 million has been appropriated for 2016 and \$28.7 million for 2017 for payment of interest to the federal government.

Over the last four years, ODJFS has worked hard to reduce administrative overhead and streamline operations. That work will continue in 2016 and 2017. This budget maintains current funding levels for JFS support offices. We expect to expand our partnership with the Department of Administrative Services and share IT resources wherever possible. We also will soon launch a new state hearings computer system that will simplify and streamline our state hearings process.

In closing, we have taken many steps to operate as efficiently as possible. We continue to implement reforms proposed by our Office of Human Services Innovation. The House removed some of these reforms from the budget, but with the expansion of the Ohio Benefits system coming at the same time as a renewed examination of how we administer public assistance in Ohio, I believe we are at a historic crossroads. Now is the time to act.

We have the good fortune to be facing a rare opportunity: the opportunity to build on the good work of the past, continue our modernization efforts, and break or even prevent the cycle of poverty for thousands of Ohioans. Thank you again for the opportunity to be here today. I'll now be happy to answer any questions you may have.