



## **Ohio Job and Family Services Directors' Association**

37 West Broad Street, Suite 1120 ♦ Columbus, Ohio 43215

*Joel Potts, Executive Director*

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### **Ohio House Families, Aging, and Human Services Committee**

#### **House Bill 410 Interested Party Testimony**

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Chairwoman Manchester, Vice Chair Cutrona, Ranking Member Denson, and members of the Families, Aging, and Human Services Committee, thank you for the opportunity to provide interested party testimony on HB 410. My name is Joel Potts, and I am the executive director of the Ohio Job and Family Services Directors' Association (OJFSDA).

OJFSDA greatly appreciates the leadership of sponsors Click and Jarrells in the development of this important legislation. Over the past eighteen months there have been multiple meetings between the sponsors and stakeholders to better understand the multiple public assistance programs in place in Ohio and challenges low wage employees may face in the workforce as they move towards a life of financial independence. Their work has culminated in the development of this bill, creating the "Actionable Help and New Dignity for Upward Progression (A HAND UP) program.

Many workers entering the workforce that were formerly receiving public assistance face significant obstacles climbing the economic ladder. As incomes increase, vital supports may be lost to the individual and family based on numerous, complex eligibility factors. Increased incomes may result in a worker having to make difficult decisions to either turn down job advancement opportunities or the loss of healthcare, childcare, food, or workforce support services. This predicament is often referred to as the benefit cliff.

Work provides the best opportunities for individuals to get out of poverty. Increased wages mean less dependency on government programs and better opportunities for Ohioans. Increases in income lead to more reliable transportation, safer and more stable housing, and better educational opportunities for individuals and families. Programs that support work are better for the worker, family, employer community and the taxpayer.

Over the years, welfare to work strategies have seen achievement in reduction of cash assistance caseloads and improved employment opportunities for residents. However, the benefit cliff has often hindered success and limited prospects for residents. To be truly successful, employment strategies must not just help Ohioans get jobs, it must also help them get careers. This means developing workforce strategies that encourage and support career advancement and in short, make work pay.

Effective strategies through A HAND UP can be a powerful tool for Ohio as we look for mechanisms to improve the workforce system of the state and assist Ohioans reentering the workforce post-pandemic. This legislation could also be extremely helpful in the future development of public assistance and workforce programs by establishing a framework for policy makers to consider ensuring new programs strengthen welfare to work efforts.

The state department of job and family services is currently engaged with a few counties in some benefit bridge projects. House Bill 410 would substantially enhance these efforts to improve work opportunities and establish new programs and approaches, measuring results and laying a solid foundation to help move more clients from welfare to work.

Successful implementation of this legislation would include short term work supports and incentives support which could be utilized to help participants pay for health insurance premiums, deductible and childcare copays. Healthcare and childcare are often cited as the biggest impediments preventing low wage workers from moving up the economic ladder.

The bill would also ensure financial literacy as a component of A HAND UP. Understanding earnings, taxes, savings, and investments (to name a few) are regular challenges many long-term public assistance recipients and low wage workers face. Furthermore, the job and family service system already provide many substantial work supports to assist low wage workers but the complexities of understanding all the nuances can be especially challenging. Financial literacy programs have proven to be powerful tools to assist workers and help increase earnings.

The substitute bill would also seek to expand Individual Development Accounts (IDA) programs. Individual development accounts may be a powerful tool to assist clients trying to increase wages, establish savings and address many of the pitfalls of poverty. Through an IDA, a savings account is set up for a client through a third-party account (third party could include entities such as government bodies, faith-based organizations, or employers). Low wage workers often lack credit, or have bad credit, making it difficult to make large purchases such as securing better housing, reliable transportation or establishing businesses. IDA's encourage savings, help demonstrate to clients the importance of money management and provide strong incentives to participate in the savings program.

This legislation would also require the state and participating counties to study what works and report their findings to the General Assembly to determine effectiveness and future programing. A Hand Up would establish performance reviews to follow participants during and post-benefit bridge participation to determine which ideas are the most effective and provide the best opportunity to achieve the goals of the program. These studies will also help to expand successful programs and potentially encourage new investments to help residents increase earnings and reduce dependency on public assistance programs.

Madam Chairwoman and members of the committee, thank you for allowing me to speak on House Bill 410. I welcome the opportunity to work with the sponsors and the committee to further discuss A HAND UP legislation and look forward to working with you throughout the legislative process. Please let me know if you have any questions and how I may be of assistance.