



**Ohio House Finance Subcommittee on Health and Human Services
Ohio Department of Job and Family Services
Executive Budget Recommendations for SFY 2022-2023
Kimberly L. Henderson, Director
March 4, 2021**

Good morning, Chairman Roemer, Ranking Member West and members of the subcommittee. I am Kimberly Henderson, director of the Ohio Department of Job and Family Services. Thank you for the opportunity to be here today, to discuss the ODJFS operating budget proposal for state fiscal years 2022 and 2023.

As I mentioned in my testimony before the full House Finance Committee, ODJFS is responsible for managing vital programs that directly impact the lives of Ohio's families and children. These include foster care and adoption, child care, job training and employment services, food assistance, cash assistance, unemployment insurance, adult protective services, and child support. In "normal" years, we touch the lives of more than a million Ohioans. Over the past year, we achieved record-breaking service levels – reaching more than 3 million Ohioans.

ODJFS has more than 2,900 employees. Most are stationed in Columbus although we also have field offices in Cleveland, Lorain, Toledo, Akron, Youngstown, Reno, Lima, Dayton, Cambridge and Chillicothe. Our field office staff conduct work activities such as child care licensing and monitoring, foster care licensing and monitoring, child support distribution and reconciliation, county program and fiscal monitoring, and unemployment claims processing. In addition, some of our state staff work alongside county staff at the OhioMeansJobs centers.

Our current annual budget totals more than \$4.1 billion. Nearly 71% of that amount is federal funding. We allocate the majority of those funds to more than 150 partner agencies throughout the state, including county departments of job and family services, public children services agencies, child support enforcement agencies, and local workforce development boards. We also partner with local and statewide not-for-profit, faith-based and business organizations to further our mission and better serve Ohioans. And, of course, we partner with the General Assembly. Your support makes it possible for us to draw down federal dollars and provide critical services to Ohioans. We are extremely grateful for your past support.

The majority of our programs are state-supervised and county-administered. This means that county agencies and workforce development boards are the front door of services to Ohioans, and ODJFS provides funding and guidance necessary for their success. We are

very grateful for the hard work and commitment of these agencies to improve the lives of the Ohioans we serve.

Our mission is to support the well-being of Ohioans by strengthening families and promoting economic stability, with a focus on Stable Families, Safe Children and Economic Independence. As with my earlier testimony, my testimony today will be organized around those three pillars. I welcome the opportunity later to respond to your questions.

Priority #1: Stable Families

First, Stable Families. Our programs and services provide a lifeline for more than 1.4 million Ohioans in the Supplemental Nutrition Assistance program; approximately 850,000 children who normally receive free or reduced-price meals through the National School Lunch Program; approximately 97,000 children in our Publicly Funded Child Care Program; thousands more Ohio children who attend child care programs licensed by ODJFS; more than one million children through our child support program; and many more.

Foodbanks and Other Nutrition Programs

The Ohio Department of Job and Family Services supports the nutrition of Ohio's families through investments in Ohio's foodbanks and through the several nutrition programs. These include:

- The Supplemental Nutrition Assistance Program, or SNAP, which was formerly known as food stamps. This allows individuals who are at or below 130% of the federal poverty level (FPL) to receive an electronic benefits card to purchase food from authorized retailers.
- The Emergency Food Assistance Program (TEFAP) allows food to be distributed through food pantries, soup kitchens and shelters.
- The Commodity Supplemental Food Program (CSFP) provides low-income, elderly individuals with a monthly box of food.
- The Pandemic Electronic Benefit Transfer (P-EBT) provides benefits for children in preschool through grade 12 who normally would receive free or reduced-price meals through the National School Lunch Program. There are plans for this program to include children in child care in the near future.

As I'm sure you are aware, the need for food from local foodbanks has dramatically increased as a result of the pandemic. This executive budget includes more than \$44 million to help them purchase and distribute food for Ohioans experiencing food insecurity. We also are requesting an additional \$7 million in state fiscal year 2022 to help foodbanks expand their storage capacity and meet their transportation needs.

TANF Program Services Framework

I would like to speak to you briefly about Temporary Assistance for Needy Families funding. The U.S. Department of Health and Human Services awards Ohio \$725.6

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million each year for its TANF Block Grant. Federal law also requires states to contribute non-federal resources to receive the full grant for programs for low-income families. This is called maintenance of effort (MOE). Ohio is required to contribute \$416.9 million in MOE each federal fiscal year.

Ohio consistently meets its MOE requirement. If a state does not meet its MOE requirement, the federal government can impose penalties, including a dollar-for-dollar reduction of the following year's block grant. A state would then be required to use non-federal resources to replace the block grant reduction.

TANF and MOE resources are to be used to serve individuals and families with incomes under 200% of the FPL and only to meet any of the following four purposes:

- 1) Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives,
- 2) End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage,
- 3) Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies,
- 4) And encourage the formation and maintenance of two-parent families.

Most of Ohio's TANF Services Framework expenses fall into one of three categories:

- 1) Funding to county departments of job and family services and other local partners, such as foodbanks,
- 2) Monthly Ohio Works First cash assistance payments for approximately 10,000 adults and 85,000 children,
- 3) And payments to Publicly Funded Child Care providers. This represents the largest portion of Ohio's TANF budget, at over \$350 million annually.

Child Care

Quality child care was a priority before this emergency, and it remains a priority today. Child care will be a key component of Ohio's economic recovery, which is evidenced by the Governor's announcement that child care professionals are included in Phase 1C of the vaccine rollout starting today (March 4, 2021). We want parents to have access to child care while they engage in work and training, and we want their children's experience in child care to be a safe, quality educational experience that prepares them for kindergarten.

For Publicly Funded Child Care, this budget supports expanding eligibility by raising the initial family income limit from 130 to 138% of the federal poverty level (FPL), and to 150% FPL for families that have children with special needs. This will ease the burden on low-income working parents and caregivers and allow more children to receive the care, supervision and developmental opportunities they need. We estimate that approximately 2,000 children will benefit from this expansion in the first year and 2,300 in the second.

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Currently, a mother with two children is eligible for Publicly Funded Child Care if she earns up to \$13.57 per hour. With this expansion, she can earn up to \$14.41 per hour.

We are planning to leverage CARES Act funding to support this expansion. Once families are in the program, they may remain eligible unless their income becomes greater than 300% of the FPL. Families pay a monthly copayment based on their gross income and family size. Families with incomes under 100% of the FPL have no copay. Both the sliding income limit and monthly copay are designed to help families as they transition from public assistance to the higher salaries that can lead to their economic independence, and lessen the impact of the benefit cliff. We want to encourage parents to accept promotions and advance their careers, without having to worry that if they do, they may lose child care benefits.

Publicly Funded Child Care is supported by several funding sources, including:

- TANF Services Framework funding,
- An estimated \$330 million annual Child Care Development Fund Block Grant from the U.S. Department of Health and Human Services – although this year we also received more than \$450 million in additional Child Care Development Block Grant funding to assist in advancing and stabilizing the program over the next several years, in response to the pandemic.
- General Revenue Funding – some of which supports the Child Care Development Fund Block Grant MOE and matching federal requirements,
- And additional dedicated resources earmarked for early learning and development programs.

First, ODJFS ensures that all available Child Care Development Fund block grant and non-federal block grant resources are fully budgeted. Then it utilizes resources in the TANF Services Framework to fund child care obligations.

This budget requests more than \$1 billion in each year of the biennium for child care. For the upcoming biennium, the TANF Services Framework funding for Publicly Funded Child Care is again planned to exceed Ohio's Child Care Block Grant award. Cost drivers include the enhanced payments to providers as they move up the Step Up To Quality rating scale; the federal requirement to pay at least the 25th percentile of the Market Rate Survey; and the initial eligibility expansion to 138% FPL for all families and 150% FPL for families with a special needs child.

Step Up To Quality awards enhanced payments to child care providers based on their ratings. SB 316 of the 129th General Assembly mandated that all child care programs that receive state funding must participate in Step Up To Quality by July 1, 2020. As a result of the pandemic, HB 197 extended this timeline to September 30, 2020. I am excited to report we attained that goal, as a result of the tremendous commitment of our child care providers.

HB 64 of the 131st General Assembly mandated that all child care centers and large in-home providers that receive state funding must be highly rated by June 30, 2025. ODJFS

is committed to supporting child care providers as they become rated and improve their ratings. We continue to provide two free curriculums for child care programs, and we also provide free online professional development opportunities.

Ohio invests \$1.7 million annually in TEACH scholarships for early childhood professionals, to help them earn Child Development Associate credentials and two- and four-year degrees. In addition, during the last fiscal year, we provided more than \$600,000 in Powering Optimal Wages and Encouraging Retention (POWER) wage supplements. These were awarded to more than 1,300 early childhood professionals who completed higher education courses and degrees and stayed employed with their current early childhood programs. Depending on the semester hours passed, individuals have the opportunity to earn anywhere from \$300 to more than \$12,000.

In addition, during Ohio's Stay At Home order, ODJFS provided more than \$131 million in closure payments to child care providers, using federal CARES Act dollars. We also used CARES Act dollars to issue approximately \$86 million in direct grants to providers, to support expenses such as rent, payroll and PPE costs. As a result of these efforts, 93% of our programs re-opened and have stayed open. Let me repeat: 93% of our licensed programs are re-opened and caring for children.

Priority #2: Safe Children

Our second priority is Safe Children. Presently, Ohio has nearly 16,000 youth in out-of-home care and more than 10,000 kinship and foster caregivers who care for them. Because of the opioid epidemic, many of these children are having to stay in care longer and have very complex needs that require complex treatment. Governor DeWine believes – and I believe – that as a state, we must give our most vulnerable children the opportunities they deserve to succeed and to live fulfilling lives. That is why he made it a priority to reform Ohio's foster care system and why he created the Children Services Transformation Advisory Council to lead this effort.

The last biennial budget allocated an additional \$111 million a year in GRF to children services, raising it from \$77 million to more than \$186 million. We are extremely grateful for that investment – and it has paid off. From July 2019 to November 2020, Ohio has realized a 4% reduction in the number of children in custody. This includes an 8% reduction in children in congregate settings. In addition, county agencies have improved the timeliness of their child protection investigations by 3% and their family assessments by 4%. These are significant achievements.

After listening to the testimony of hundreds of Ohioans across the state, the Children Services Transformation Advisory Council issued its final report in November. The report's recommendations represent a collective vision for a children services and foster care system that promotes safety, permanency and well-being by strengthening families and communities. This vision depends on a public and private continuum of care that

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prioritizes children's existing networks and requires sensitive consideration of their diverse racial, cultural and economic identities. We are committed to maintaining these goals so we can achieve a thriving future for Ohio's children. We also are committed to supporting not only the foundation of good practice, such as assessment and visitation, but also innovative programming that achieves better outcomes for children and families.

This budget will allow us to maintain current programming, build upon significant investments of the current biennium, and advance investments in accelerated safety analysis, caseworker training, kinship and adoption navigation services, and family finding services. This will allow the agency to implement many of the Children Services Transformation Advisory Council recommendations, as well as complement the federal funding we receive to implement the transformational federal Family First Prevention Services Act, with its focus on prevention services and reduced reliance on congregate care settings.

Over the biennium, this budget request includes:

- **\$220 million** for the State Child Protection Allocation (SCPA) to Ohio's 88 county public children services agencies for operations and services.
- **More than \$60 million** in financial assistance to kinship caregivers while they work toward foster care licensure.
- **\$50 million** to prevent the custody relinquishment of youth with very complex needs who require simultaneous care from multiple systems.
- **Up to \$24 million** to help find permanent homes for children in foster care through Wendy's Wonderful Kids.
- **\$20 million** for Ohio START, which provides specialized services to children who have been abused or neglected because of parental drug use. (This includes funding transferred from the Ohio Department of Mental Health and Addiction Services for seamless implementation of this program.)
- **\$20 million** for evidence-based prevention services to prevent children from entering the children services system and, if children must enter foster care, to ensure that appropriate settings are used.
- **\$10 million** to provide financial support to caregivers in cases where children cannot return to their homes, through kinship guardianship assistance.
- **\$10 million** for foster parent recruitment.
- **\$10 million** to promote best practices.
- **\$6.4 million** for Title IV-B services and the Title IV-E Chafee Independent Living State Match. (Title IV-B of the Social Security Act allocates funding for a variety of services, including the prevention of maltreatment, family preservation, family reunification, services for foster and adopted children, and training for children services professionals. The Title IV-E Chafee Independent Living State Match supports transition-aged youth.)

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- **\$2 million** to help counties efficiently inspect and approve placements for foster and adoptive children.
- **\$2 million** for court-appointed special advocates, who advocate in court for the best interests of abused or neglected children.
- **More than \$1.6 million** for 30 Days to Family, a kinship locator service.
- **\$1 million** to engage college students in the protective services program, with meaningful experiences that build commitment to the children services system and quality practice.
- **\$1 million** to establish a state-level ombudsman to independently investigate and resolve complaints made by or on behalf of children and families involved with children services.
- **\$1 million** to establish the Adoption Assessor Registry to evaluate the current home assessor workforce, develop home study completion measures, and adjust requirements for assessors.

This budget request also includes funding for the Kinship Support Program, which was authorized in December by Senate Bill 310. This legislation and Governor DeWine's subsequent executive order require ODJFS to develop a system to pay kinship caregivers no later than June 1, 2021, with payments retroactive to the date the bill was signed. We estimate that \$34.5 million in General Revenue Funding will be needed to support these payments in state fiscal year 2022, and \$30 million in state fiscal year 2023. This will ensure that Ohio's 2,600-plus kinship caregivers of children who are in the custody of a public children services agency will receive the financial supports they need to help the children in their care grow and thrive.

The Kinship Support Program will provide \$10.20 per day for each eligible child placed in a kinship home. Payments will be paid for nine months while the kinship caregiver becomes a licensed foster caregiver. This licensure is important to ensure the consistent care of children in the custody of our public children services agencies and so that Ohio can leverage federal Title IV-E funding. We will provide waivers of regulations when necessary as long as the waiver does not compromise the health and safety of the child.

As another service for kinship caregivers, this budget requests \$8.5 million in each year of the biennium to continue support for the Ohio Kinship and Adoption Navigator Program, or OhioKAN. Thanks to the support of the previous General Assembly, this program launched on August 31 to make it easier for kinship caregivers and adoptive parents to access local resources and supports. OhioKAN is administered by 10 regional offices, each led by a director and a local advisory council. By visiting ohiokan.jfs.ohio.gov and/or calling 1-844-OhioKAN, kinship caregivers can learn about all the resources available to them and connect with local support groups.

OhioKAN is based on the core belief that families are inherently capable of finding solutions to the circumstances and challenges they face. It is designed to ensure that every kinship and adoptive family who wants support navigating the resources

available to them can get it. In the five months that the program has been operating, at least 259 families have met the eligibility criteria, and 209 families have received referrals. Of those served, 75% have been kinship families. The average age of the caregiver seeking assistance is 51, although kinship caregivers as young as 22 and as old as 85 have been helped. The average of the children they are caring for is 9.

Regarding youth with very complex needs who require simultaneous care from multiple systems – such as mental health, addiction or developmental disability services – as I mentioned earlier, this budget request includes \$25 million in each year of the biennium to support them. This includes funding both for youth currently in foster care and for youth who are at risk of custody relinquishment in order to secure needed treatment.

Governor DeWine’s Multi-System Youth Program has changed the lives of hundreds of families since it was launched in October 2019. As of February 16, 2021, we have received 581 applications for this program, and 431 families from 81 counties have received services. Only 29 children from these families have entered the custody of a local children services agency – as a result of child abuse or neglect, the child’s violent behaviors placing family members at risk, or to facilitate long-term supports for transition-age youth.

The Multi-System Youth allocations to county agencies also have supported the placement of foster youth in treatment facilities that provide the intensive level of care they need to address their complex issues. In addition, the increased flexibility that has been provided since the start of the pandemic has allowed youth with complex needs to remain in care instead of aging out of the system, providing them with both safety and stability.

Priority #3: Economic Independence

Workforce Development

Our third priority is Economic Independence. ODJFS recognizes the importance of job training and work experience programs for able-bodied adults receiving public assistance and those who are unemployed. Employment and training programs help Ohioans develop the skills and knowledge to secure employment and become self-sufficient. It is crucial that ODJFS provide both immediate assistance to Ohioans in crisis and long-term job training and work supports so adults can find and keep jobs. In addition, employment and training services will be the epicenter of the recovery efforts for Ohio citizens and businesses.

Our workforce services are 100% federally funded. This budget request of more than \$253 million in each year of the biennium for employment and training services will support all of our current work and prioritize Ohio’s economic recovery.

I have been encouraging our employees to think of us as Ohio’s opportunity agency – because a major part of our work is helping individuals reach their greatest employment

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potential. We have multiple initiatives under way in this arena, to help spur the economic recovery of individual Ohioans, our communities and the state as a whole. For example, we applied for and received an \$8.5 million National Dislocated Worker Grant to assist unemployed workers and employers impacted by COVID-19. We also applied for and received a two-year, \$11 million Opioid Emergency Recovery Grant, to aid 75 counties, and a four-year, \$5 million Holistic Care Grant, to aid four counties.

Our Comprehensive Case Management and Employment Program, or CCMEP, helps 14- to 24-year-olds build career paths, find employment, and break the cycle of poverty. Participants are given a wide range of services to support goals outlined in their individual opportunity plans. This can include support to obtain a high school diploma, job placement, work experience, and/or other supportive services such as child care or transportation. Participants stay in close contact with their career coach throughout this journey, as they achieve the goals in their plans. More than 21,000 individuals were served through CCMEP in fiscal year 2020. Of the nearly 9,000 who completed the program, more than 5,600 entered employment or pursued post-secondary education.

The success stories from this program are numerous. A 21-year-old single parent from Stark County now has a full-time job at a local medical center earning \$26 per hour, thanks to the career counseling, tuition assistance and gas cards she received through CCMEP, which allowed her to attend school full-time. Another young mother of four from Shelby County, who in the past relied on cash and food assistance, is now working full-time job as a police officer, thanks in no small part to the career counseling and other support she received through CCMEP. This included mileage reimbursement, help with school fees, assistance with utility costs and subsidized child care, which allowed her to earn both a GED and an associate's degree.

This budget allocates \$90.4 million in federal TANF funding and \$38.3 million in federal Workforce Innovation and Opportunity Act funding each year of the biennium to continue this invaluable program.

We also recently launched the Community College Acceleration Program. This is a partnership between community colleges and local JFS agencies to support individuals receiving food assistance who are working toward a college degree. It offers supports such as transportation, books, uniforms, licensing fees, equipment and supplies related to training, as well as other allowable items that are necessary and reasonable.

Currently, five community colleges are participating: Northwest State, Columbus State, Clark State, Lorain and Southern State. All of them signed agreements with 18 partnering county JFS agencies. The colleges have been tremendous partners in this endeavor, moving forward with this new initiative without dedicated new resources and during a pandemic and the transition to remote learning.

Through our lessons learned over the last biennium, we have requested an additional \$2.5 million per year in SNAP Employment and Training funds to support and expand current programming. This funding will allow us to fully leverage available federal resources,

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with a dollar-for-dollar match. It will help our clients adjust to virtual learning, continue to build education and training opportunities, and assist with providing wrap-around support. Additionally, Ohio requested and was given \$35,000 from the U.S. Food and Nutrition Service for the planning and operation of a “laptop loaner” program. This will allow us to purchase laptops and other equipment to support distance learning and continued participation in the SNAP Employment and Training program.

ODJFS also oversees Ohio’s registered apprenticeship system, which is called ApprenticeOhio. Ohio ranks fourth in the nation for the number of participants and first among states with state apprenticeship systems. Ohio has over 19,000 registered apprentices and more than 500 program sponsors. Registered apprentices earn while they learn the skills they need to be successful in an in-demand industry. They spend at least 2,000 hours in structured on-the-job training and 144 hours in classroom training, typically at a local college or university.

For individuals, the programs provide full-time work during the training period, decent wages, and the opportunity to avoid student loan debt. The programs incentivize apprentices to work in in-demand careers, stay in Ohio, contribute to the state’s economy and support their communities. For employers, apprenticeship programs provide a ready pipeline of skilled workers, trained to industry and organization specifications. Apprenticeships provide a good return on their training investment, and help them stay competitive in the global economy.

We believe so strongly in apprenticeships that last year we applied for and received a three-year \$9.4 million federal grant to further strengthen our apprenticeship system and expand the number of opportunities available for Ohioans. The U.S. Department of Labor awarded higher amounts to states that demonstrated excellent performance in key policy objectives, and Ohio received the maximum amount available. We’re using the grant to fund system improvements, incentives to help employers pay for the costs of training and tools, and pre-apprenticeship opportunities to better serve underrepresented populations, such as minorities, veterans, individuals with disabilities, and individuals with criminal records.

ODJFS also continues to work in partnership with local workforce development boards to provide employment and training services at 22 comprehensive and 66 affiliate OhioMeansJobs centers throughout the state. Individuals can visit [OhioMeansJobs.com](https://ohiojobs.com) or contact their local OhioMeansJobs center to find and apply for job openings, take skill and career interest assessments, create or improve their resumes, and practice interviewing. Employers also can contact the centers – and/or [OhioMeansJobs.com](https://ohiojobs.com) – to find skilled candidates for jobs, screen resumes, and access federally funded tax credits and training programs.

One of our priority areas of focus is the benefit cliff, through an initiative called the “Benefits Bridge.” We are actively working to identify strategies that can better help families transition from assistance to economic independence. Recently, in partnership with the Columbus Foundation, we embarked on a human-centered design initiative

focused on the benefit cliff. The goal was not just to focus on the monetary loss of benefits, but on the behavior and knowledge of those who experienced the benefit cliff, so that supports and services can be implemented to help them achieve economic independence.

Based on the results of that work, we are about to begin a seven-county pilot to test possible strategies. The following counties are joining us in this effort: Allen, Fairfield, Hamilton, Licking, Marion, Meigs and Stark. During Phase 1, select county staff will receive training focused on trauma and meeting the families we serve where they are. This is a free, five-hour training so staff can work at their own pace. In addition, each county has created a “Care Team” made up of individuals who will serve as peer mentors and budget coaches for participants.

Phase 2 will begin in early 2022, with the deployment of a Benefit Calculator and accompanying training. This is designed to help clients understand how changes in their income and circumstances can affect their benefits, so that they can prepare and find support, if needed. Additionally, we are hoping to create a “Top Up” initiative, which will be available to support clients who no longer receive benefits but who experience life events that could prompt their return. This would allow them to receive a small, one-time support to help them maintain employment. We are requesting \$15 million in TANF funding and \$3 million in GRF each year of the biennium for this effort.

Unemployment Insurance

We also are prioritizing investments in our unemployment program. I think everyone can agree that Ohio’s unemployment insurance system needs to be modernized to better serve Ohioans. During the final year of the Kasich administration, ODJFS issued a competitive RFP seeking a vendor to replace not only our Ohio Job Insurance benefits system, but also our employer tax system – the Employer Resource Information Center (ERIC) – and our appeals system, RC Express. That work was underway when the pandemic struck, and in spite of some delays, it continues. This budget proposes to invest more than \$10 million in each year of the biennium to continue this effort, so we can provide a more efficient administration of the unemployment insurance program in the future.

The Governor’s Executive Budget requires us to implement a new cloud-based tax and benefits system to replace outdated technology. Our goal remains for the new system to be ready in 2022. The tax portion will be implemented first, and because of the subscription-based cost model, we will not be billed until the tax functionality is in place.

This budget request also includes enhancements to SharedWork Ohio, the state’s premier voluntary layoff aversion program. SharedWork Ohio allows workers to remain employed and employers to retain trained staff during times of reduced business activity. Participating employers agree to uniformly reduce the affected employees’ hours for up to one year. In return, those employees receive SharedWork compensation, which is a prorated unemployment benefit. While available, they also may receive the weekly supplemental pandemic payments.

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This budget request codifies law authorizing full federal funding of SharedWork Ohio benefits. It also requires SharedWork Ohio plans to be approved or denied within 10 days, a reduced timeframe from the previous 30, to allow employers to make quick business decisions to use the program. This budget request also allows participating employees' hours to be reduced by up to the federal cap of 60%, instead of the previous 50%.

SharedWork is an excellent tool for employers during this pandemic. Since March 15, we have approved more than 2,200 SharedWork Ohio plans, to the benefit of more than 54,000 employees. Because of temporary full federal funding authorized by both federal stimulus packages, Ohio employers are not charged for layoff aversion benefits paid to their employees.

Our overall unemployment budget request of \$233 million in state fiscal year 2022 and \$211 million in state fiscal year 2023 will allow us to continue these and many other unemployment program improvements that we are making in response to the pandemic. For example:

- It will allow us to provide additional call center support for Ohioans receiving unemployment benefits.
- It will allow us to build on the strategies identified by the Public-Private Partnership Team, which is made up of highly-skilled experts on loan from some of Ohio's top banking and insurance companies, who have agreed to help us improve our call center, claims processing and fraud detection efforts.
- It will allow us to continue to boost staffing levels, improve our training curriculum, cross-train staff, and streamline the claims adjudication process
- It will allow us to continue offering services such as the option, for those with simple claims, to file their weekly claims via text with their mobile phones.

This budget request also will allow us to continue our efforts to combat fraud. As I have mentioned before – in my earlier budget testimony and in my Unemployment Compensation Modernization and Improvement Council testimony – unemployment fraud is a pervasive national problem, to which Ohio is not immune. It is deeply unfortunate that the criminal actions of those hoping to benefit from an international emergency have caused hardship and anxiety for honest people nationwide.

To prevent and reduce payment of fraudulent claims, we recently implemented two options for individuals and employers to report suspected identity theft to us:

1. Online reporting at unemployment.ohio.gov, through the “Report Identity Theft” button,
2. And a hotline: (833) 658-0394. This number is staffed by 50 dedicated, cross-trained customer service representatives, 8 a.m. to 5 p.m., Monday through Friday. Calls outside those hours may be answered by other agents in the contact center.

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To date, we have received more than 125,000 reports of identity theft from individuals who have used these reporting mechanisms.

For many months, we have been aware of a high level of fraudulent activity in the Pandemic Unemployment Assistance (PUA) program. This has been widely reported and is a national problem, largely because of the way the PUA program was originally set up. The Department of Labor urged states to let recipients self-certify both their eligibility and their earnings history. This allowed payments to be issued quickly, but unfortunately also opened a door for criminal activity. The recent federal stimulus legislation instituted new documentation requirements for the PUA program, in an effort to address and reduce fraudulent claims. It also imposes new limitations on backdating claims and requires states to verify the identities of new PUA claimants.

Recently, however, we began suspecting that fraud might be a significant challenge in our traditional unemployment program, as well. As a result, we are implementing more robust identity verification in the traditional unemployment program, including adding enhanced verification processes and reducing automated processes. We also are assigning additional staff to investigate claims flagged as being potentially fraudulent. Unfortunately, this will create delays in processing some legitimate claims.

We are well aware of the difficulties many Ohioans are having getting through to our call center and resolving issues with their claims. We know these are not acceptable service levels for an agency whose very mission is to assist those in need. Our continuous improvement efforts are an ongoing process, as we continue to manage the unprecedented number of claims.

As I mentioned in my earlier budget testimony, Ohio is borrowing from the federal government to meet our unemployment insurance benefit obligations. Current regulations are deferring the accrual of interest until March 14, 2021, and additional extensions are under consideration in Congress. Unless interest is deferred for the full federal fiscal year, the first annual interest payment will be due September 30, 2021. This amount is not included in this budget submission. Discussion is needed on how to address the interest payment, pending the collection of an employer surcharge, per Ohio Revised Code section 4141.251.

Closing

Technology Investments

In closing, I would like to mention that this budget request supports our statewide IT systems, which are the foundation of our services. State and county employees rely on these systems every day to administer vital programs and services across Ohio. For example, this budget request includes:

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- More than \$71 million in each state fiscal year to build and operate the ODJFS portion of Ohio Benefits, including \$12 million each year to include child care in this system by April 2022,
- \$10 million in each year of the biennium to modernize our unemployment system,
- \$6.8 million in state fiscal year 2022 to modernize the Child Support Enforcement Tracking System (SETS),
- \$5.1 million in state fiscal year 2022 and \$5.2 million in state fiscal year 2023 to maintain the Statewide Automated Child Welfare Information System,
- And \$7 million in each year of the biennium to maintain OhioMeansJobs.com, which just underwent a redesign to make it more accessible and easier to navigate.

In the case of all of these systems, and with all of our websites, we are prioritizing improvements that will lead to a better user experience. This budget request includes at least \$228 million in each year of the biennium, including more than \$62 million in GRF, for Office of Information Technology charges, software upgrades, Surface devices for state and county users, and related expenses. This budget also continues our coverage of electronic document management system (EDMS), interactive voice response (IVR) and virtual private network (VPN) tokens for our county partners.

County Allocations

ODJFS is committed to supporting the local agencies that are the backbone of so many of our services to Ohioans. County allocations are a major component of our GRF funding. This funding allows local agencies to stabilize families, keep children safe, and provide the job training and work supports that can help individuals improve their earnings and achieve economic independence. Local agencies provide child and adult protective services; ensure that low-income working parents have access to safe and quality child care; determine families' eligibility for cash, food and medical assistance; and ensure that children receive all the child support they're owed. These services are vital during "normal" times. During extraordinary times, they're even more imperative. This budget requests more than \$1 billion in each year of the biennium for county allocations, including \$363.5 million each year in GRF.

Thank you again for this opportunity to highlight our priorities and provide more detail about our next biennial budget request. I will now be happy to answer any questions.