

**Ohio House Finance Subcommittee on Health and Human Services
Ohio Department of Job and Family Services
Executive Budget Recommendations for SFY 2024-2025
Matt Damschroder, Director
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Good morning, Chairwoman Carruthers, Ranking Member Liston, and members of the subcommittee. I am Matt Damschroder, director of the Ohio Department of Job and Family Services. Thank you for the opportunity to discuss the DeWine-Husted budget for state fiscal years 2024 and 2025 as it relates to our department.

The majority of our programs are state-supervised and county-administered. This means that county agencies and workforce development boards are the front door, and their employees are on the front lines of serving their communities on behalf of the state. While they administer services locally, we provide funds, technical assistance, information technology, and program supervision that contribute to their success. ODJFS partners with approximately 150 county agencies to serve Ohio's children, parents, and families with empathy, dignity, and respect. These include:

- County departments of job and family services.
- Public children services agencies.
- Child support enforcement agencies.
- Local workforce development boards.

Together, we work with urgency to respond to their needs because we know that our services can be life-changing. We are very grateful for the hard work and commitment of these agencies to improve the lives of the Ohioans we serve.

As you might imagine, we are extremely excited about Governor DeWine's proposal to create a new Ohio Department of Children and Youth. This will solidify momentum for work already under way and ensure that all initiatives for children and families improve outcomes for them. As we all know, a child's early experiences help to lay the foundation for the rest of their lives, and quality early childhood experiences give children the best shot at a bright future. A new department will:

- Reduce duplicative regulations and requirements.
- Streamline applications and eligibility.
- And increase efficiency in service delivery.

In alignment with the Governor's BOLD Beginning! initiative, this budget request further supports programs currently housed at ODJFS that impact children's health, safety, and well-being. It also supports our employment services and initiatives to ensure that Ohio's employers have a ready pipeline of skilled workers. And it includes funding to maintain and operate our IT systems, which are the backbone of our services.

I'd like to highlight and share some of these priorities now.

Child Support

Regarding child support, ODJFS collects and distributes nearly \$1.6 billion annually to nearly 1 million Ohio children. Ohio consistently ranks in the top five among the nation's largest states for collections and other important federal performance measures.

Failure to pay child support can result in a variety of enforcement actions, including the intercept of state and federal income tax refunds and winnings from the Ohio Lottery and the state's casinos and racinos. Starting this year, because of the legalization of sports betting, we also began intercepting sports gaming winnings from parents with past-due child support. In just the first two months, we intercepted more than \$208,000 in sports gaming winnings so these funds can be directed to Ohio's children.

This budget request creates a new pilot program to help parents who owe past-due support make reliable payments for their children – for example, by referring them to employment, training, and development services.

Fatherhood Engagement

This budget also proposes doubling funding to the Ohio Commission on Fatherhood for enhanced programming that meaningfully engages fathers in their children's lives. Support for fatherhood programming has important impacts not only for child support, but for enriching the lives and futures of children, as well.

Evidence-based research shows that children with engaged and responsible fathers have better academic achievement, cognitive outcomes, economic stability, and self-esteem. They tend to be more empathetic and less likely to struggle with drugs, alcohol, and pregnancy as teenagers. And pregnant women have better outcomes when they have an informed and engaged father-to-be actively participating in their wellness. This is a solid, life-changing investment, which is why it's part of Governor DeWine's BOLD Beginning! initiative.

Food Assistance

ODJFS provides an income maintenance allocation to county JFS agencies so they can administer the Supplemental Nutrition Assistance Program (SNAP) and meet federal matching-fund requirements. Over the past 10 years, this funding has been held mostly flat. To ensure that counties are adequately supported, this budget request allocates a 10% increase to county JFS agencies.

This budget request also maintains a targeted county allocation to fight fraud. It maintains funding for foodbanks, and it will allow us to create an improved data collection system for foodbanks. Right now, they're using a very labor-intensive, manual process to report their inventory levels for the Commodity Supplemental Food Program. By automating it, we can reduce errors and get real-time access to data.

Refugee Services

ODJFS also supervises the state's Refugee Services Program. We work with local resettlement agencies to provide the federal government with information regarding their ability to serve new refugees. We also oversee programs that help refugees achieve economic self-sufficiency and social adjustment following their arrival in the U.S. We were grateful to be a part of the Governor's Ohio Summit on Ukrainian Refugees last year in Parma. The event brought together many organizations to ensure that Ohio was ready to help any Ukrainian refugees invited to settle here. We continue to work with resettlement agencies to support those fleeing war in Ukraine in any way we can, and we remain committed to helping them.

Child Care

ODJFS and county JFS agencies are responsible for licensing and inspecting all child care settings in Ohio, from large child care centers to family child care homes. We also manage the state's Publicly Funded Child Care Program.

Step Up To Quality is Ohio's quality rating system for child care programs. ODJFS and the Ohio Department of Education use this comprehensive, one- to five-star rating system to assess licensed programs that choose to exceed minimum health and safety standards.

Research shows that investments in high-quality early education for at-risk children can have lifelong – and generational – ramifications. When they are exposed to a high-quality learning environment before age 5, these children are more likely to be kindergarten-ready, graduate from high school, and have higher earnings and better health. That's why we're such strong supporters of Dolly Parton's Imagination Library of Ohio, and why we're working to get books from the Imagination Library into the hands of all kids served by ODJFS and our county agencies.

Two validation studies have shown that Step Up To Quality has a positive impact on child development and kindergarten readiness. In addition, the data show that children in the Publicly Funded Child Care program who attend five-star programs are 99% more likely to achieve high scores on their Kindergarten Readiness Assessment than children attending one-star programs.

Step Up To Quality ratings are posted online, and parents can use them to choose the programs that are best for their children. All rated programs require continuing education for teachers and staff and take additional steps to help prepare children for kindergarten. In return, providers receive enhanced payments as they move up the rating scale.

Last year, as part of his BOLD Beginning! initiative, Governor DeWine recommitted to increasing the initial eligibility threshold for Publicly Funded Child Care from 142 to 150% of the federal poverty level. In proposing this executive budget, Governor DeWine is doing that and more, by expanding eligibility to 160% of the federal poverty level. This will open the program to an estimated 15,000 additional children. It will allow more parents to engage in work and training activities while their children receive the early education experience they need to be ready for kindergarten.

To address child care workforce needs, this budget allocates \$150 million in one-time federal funds to establish a child care scholarship program for those in critical occupations – such as child care providers and home health aides – who earn 161 to 200% of the federal poverty level. It also will increase access to licensed child care programs for infants and toddlers.

Every two years, ODJFS is federally required to conduct a market rate survey to establish reimbursement rates for Publicly Funded Child Care providers. However, to provide rates that better reflect the market, this DeWine-Husted budget authorizes conducting the surveys every year. This will allow us to better respond to market adjustments.

Publicly Funded Child Care is supported by several funding sources, one of which is Ohio's TANF Framework Funding. In past budgets, there have been concerns about TANF funding sustainability. As you'll see in our TANF Framework attachment, as a result of an influx of federal pandemic child care funds and increases to the federal Child Care and Development Block Grant, we expect the TANF reserve to be in the black for at least the next four state fiscal years.

Protective Services

ODJFS also oversees the state's protective services programs. These include programs that:

- Prevent child abuse and neglect.
- Provide services to abused and neglected children and their families, including birth, foster, and adoptive families.
- And license foster homes and residential facilities.

Ohio's protective services system is state-supervised and county-administered. This means that the 88 county public children services agencies deliver services to Ohio's children and families. ODJFS provides guidance and monitoring. Through all of these efforts, children's safety and well-being are the paramount concerns.

Since Governor DeWine's Children Services Transformation Advisory Council issued its final report in 2020, every single one of its 37 recommendations has either been fully implemented or is in the process of being implemented. The Governor's budget request provides funding to continue that significant progress. It also provides funding for the following key priorities:

- Continuing the new Adoption Grant Program authorized by HB 45 of the prior General Assembly.
- Strengthening normalcy standards for youth in foster care by making it easier for them to get driver's license training and insurance.
- Supporting children, families, and caseworkers by requesting an additional \$25 million in SFY 2024 and \$35 million in SFY 2025 for county public children services agencies.

- Ensuring that counties also have the resources they need to protect vulnerable older adults, by increasing the Adult Protective Services allocations for county agencies.

Because the “Best Practice Incentives” for county agencies have been successful in helping us move the needle in our children services performance metrics – for example, for timely investigations and visitations – this budget proposes raising this amount to \$10 million each state fiscal year, up from \$5 million annually.

Our Youth and Family Ombudsmen Office is a new independent office that investigates and resolves concerns made by or on behalf of youth and families involved with the children services system. This budget supports their important work, which was a recommendation of the Children Services Transformation Advisory Council.

It also continues funding for Kinnect to Family and the Wendy’s Wonderful Kids program to help ensure the best possible placements for children. Kinnect to Family is a specialized, intense family search and engagement program. The Wendy’s Wonderful Kids program trains specialized recruiters to find adoptive homes for children in foster care.

While they’re in foster care, the goal is always to place children in the least restrictive, most family-like setting possible. However, some children have more intensive needs than others. The new treatment foster care structure will create a continuum of foster care options to meet a child’s needs based on caregivers’ skills, abilities, and training. This budget provides funding to help counties align their payment rates with the new structure.

Another important resource for families is the county Family and Children First Councils. The councils streamline and coordinate services for children and families right in their own communities. Recognizing how important the councils’ work is, this budget increases funding for them.

We’re all well aware of the toll the opioid epidemic has taken on Ohio’s families. To help address it, Governor DeWine launched the Ohio START program back when he was attorney general. START stands for “Sobriety, Treatment, and Reducing Trauma.” This evidence-informed model brings together caseworkers, behavioral health providers, and family peer mentors to help families struggling with child maltreatment and substance use disorder. This budget expands Ohio START to 10 additional counties, bringing it to a total of 69 counties statewide.

Finally, I’d like to say a few words about kinship care. Kinship care represents the most desirable out-of-home placement option for children who can’t live with their parents. It allows children to maintain their connection to their family’s culture and traditions and gives them a greater sense of belonging and stability. This budget invests in our many programs for kinship caregivers, including the Kinship Support Program, the Kinship Permanency Incentive Program, the Ohio Kinship and Adoption Navigator Program, and the new Kinship Guardianship Assistance Program.

Unemployment Insurance

As you know, we have undertaken significant improvement efforts for our unemployment program. For example, we upgraded our call center software, began using data analytics and technology to process claims more efficiently, and put a variety of safeguards in place to prevent fraudulent claims.

After the Auditor of State recommended that we look into opportunities to maximize federal funding allocations, we conducted an analysis and incorporated greater scrutiny of our methodology. As a result, we achieved the maximum allowable administrative funding increase from the U.S. Department of Labor last year.

But the reality is that the federal government does not fully fund this federally required program. Even with the methodology adjustment, the federal funding that we receive for unemployment is not enough to maintain the customer service standards and fraud prevention strategies that we've established. Even before the pandemic-era programs and costs, it was not unusual for the state to supplement unemployment operational funding. However, in this budget, we are proposing a specific GRF amount. This will be necessary to maintain adequate customer service levels and continue our successful efforts to prevent fraudulent claims.

Employment Services

According to state and federal labor market data, Ohio has more jobs than workers available to fill them. To address that, we have many initiatives under way to help individuals get the training they need to fill in-demand jobs and connect them to employers that need workers. For example, we've hosted virtual statewide job fairs. We actively offer individualized, one-on-one job search assistance to veterans and their spouses. We also have a new tool that helps local workforce staff connect Ohioans with barriers to work with programs that can help them – because you can't climb the economic ladder if you're not on the ladder.

This budget will allow us to continue these and other innovative efforts to help every Ohioan who wants a job get a job, no matter their background or life experiences. In addition, to further Governor DeWine's goals of encouraging young people to live and work in Ohio, this budget prioritizes career services for high school students. These include services to promote "earn and learn" opportunities, career technical education, and post-graduation training so that all students leave high school with a plan, whether it's to go to college, complete career technical education, or take advantage of an apprenticeship.

Regarding apprenticeships, you may be interested to know that Ohio ranks third in the nation and first in the Midwest in the number of apprentices, with more than 21,000 enrolled. ODJFS oversees ApprenticeOhio, which registers programs that meet national criteria for quality and safety. Ohio has more than 310 occupations that offer apprenticeships, in fields as diverse as aerospace, construction, energy, health care, manufacturing, computer programming, and more. This includes 74 new occupations added over the last two years.

Technology

Last but certainly not least, this budget request supports improved data sharing, service delivery, and the customer experience through several major information technology projects. IT systems are the foundation of our service delivery system. It's imperative that this foundation be solid and reliable so that – together with our county partners – we can provide seamless services to the Ohioans who count on us each and every day.

Among other things, this budget request will allow us to:

- Continue work on the new modernized Child Support Enforcement Tracking System.
- Continue modernizing the Statewide Automated Child Welfare Information System and related systems to support our transformation work.
- Update our legacy unemployment benefits system so that it can better meet customers' needs.
- Continue our partnership with InnovateOhio to create a new foster care licensing system.
- Make enhancements to county call queues, call routing, virtual hold, and reporting.
- Make enhancements to ARIES, the new workforce case management system used by staff at the local OhioMeansJobs Centers.

Closing

In closing, we believe this is Ohio's time to achieve long-lasting, positive change for the families and children we serve. The DeWine-Husted proposed budget for the Ohio Department of Job and Family Services places children and families first while maximizing efficiencies and ensuring good stewardship of taxpayer dollars. It prioritizes child care, children services, and employment services, with the goal of helping all Ohioans thrive and reach their God-given potential.

Thank you again for the opportunity to be here today. I will now be happy to answer any questions.