



**Ohio Senate Finance Committee
Ohio Department of Job and Family Services
Executive Budget – State Fiscal Years 2026-2027
Matt Damschroder, Director
April 9, 2025**

Good morning, Chairman Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Senate Finance Committee. I am Matt Damschroder, Director of the Ohio Department of Job and Family Services. Thank you for the opportunity to discuss the budget for state fiscal years 2026 and 2027 as it relates to our department.

ODJFS is responsible for developing and supervising the state's public assistance, workforce development, adult protective services, and child support programs. To accomplish our work, we partner with more than 130 local agencies, including county departments of job and family services, child support enforcement agencies, and local workforce development boards. In addition, we run the state's unemployment insurance program.

The current biennium has been a period of transition and opportunity for ODJFS. In the last budget bill, Governor DeWine proposed, and the General Assembly supported, the creation of the Department of Children and Youth (DCY) where several programs that had historically been at ODJFS have now landed.

This strategic realignment paved the way for ODJFS to partner with other state agencies to take on some new responsibilities that align with our work, which we have proposed in this budget.

ODJFS has proposed a largely flat-funded budget as it relates to GRF with the exception of a few initiatives I will discuss shortly.

Development-ODJFS Program Transfer

One major change we are proposing is the transfer of several assistance programs from the Department of Development to ODJFS. These include the:

- Home Energy Assistance Program,
- Percentage of Income Payment Plan,
- Electric Partnership Program,
- Home Weatherization Assistance Program,
- Community Services Block Grant.

The first four eligibility-based programs help Ohioans with energy bills, home weatherization, minor repairs, and energy usage.

The fifth – the Community Services Block Grant program – provides federal funding to local Community Action Agencies to help with a variety of services such as housing, nutrition, utility, and transportation assistance; employment and education assistance; and limited crisis and emergency services.

These programs are a great fit at ODJFS and adding them to our portfolio of eligibility-based assistance programs will benefit Ohioans over time. In most counties, job and family services directors already work in concert with local Community Action Agencies, and in several workforce areas the Community Action Agency is the operator of the OhioMeansJobs center. By aligning these federal grant-based and means-tested programs into a single state agency's portfolio, Ohio will become a more efficient superintendent of these locally delivered assistance programs that largely serve the same customers.

Ohio Benefits Transfer

Another change proposed in our budget is shifting the lead governance of the Ohio Benefits system from the Department of Administrative Services (DAS) to ODJFS.

Ohio Benefits is the administrative backbone for the state's means-tested family assistance programs that are administered by the county departments of job and family services. And it is the tool by which Ohioans can check their eligibility and apply for programs like SNAP, Medicaid, and publicly funded childcare. ODJFS is the natural place for governance of this system because we already work closely with both Medicaid and the Department of Children and Youth (DCY) as the provider of shared back-office and technology services for them and the county agencies that administer our programs.

Along with these new programs, the ODJFS budget includes funding for the important work we are already doing. Here are some highlights:

Food Assistance

ODJFS oversees the federal Supplemental Nutrition Assistance Program (SNAP), which the county departments of job and family services administer. While the benefit dollars themselves are not included in the state operating budget – they are drawn down directly from the U.S. Treasury for recipients – the budget does contain funding for the administration of the program at both the state and local level.

During this biennium, we were able to address an issue many of us have been hearing about for a number of years: the Benefits Cliff. The cliff occurs when someone makes the rational economic decision to decline additional work hours, increases in pay, or promotions because it would push them over the income limitations for SNAP. The result is that a pay raise may lead to a net loss in actual economic capacity.

Last year, we were able to make a change through rule to create an “off-ramp” from SNAP, allowing workers to decrease their benefit over time as their wages increase.

This change supports Ohio workers and employers alike and helps modernize the SNAP program with a goal of self-sufficiency.

Child Support

On an annual basis, ODJFS and its local child support enforcement agency partners collect and distribute over \$1.6 billion to nearly 600,000 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, sports gaming, and the state’s casinos and racinos. In federal fiscal year 2024, we intercepted more than \$5.4 million from these sources. These funds are then redirected to pay outstanding obligations owed to Ohio’s children.

Unemployment Insurance

One of my primary goals as director of ODJFS is to look for innovative ways to serve Ohioans more efficiently and effectively. When it comes to the unemployment insurance program, we have made some important strides in the current biennium. We plan to continue building on this work.

With that said, when it comes to technology, it is well past time for an upgrade. The unemployment benefits IT system is 20 years old, and it is too costly and too functionally inadequate to maintain any longer.

I am pleased to share that the unemployment modernization project has already kicked off. We awarded a contract through an RFP process, and the vendor is well on their way to launch that system by the end of 2026. The new system will be cloud-based, with a streamlined application process, enhanced security measures, fraud tools, and advanced data analytics – all things that were recommended by the General Assembly’s Unemployment Modernization and Improvement Council and the Auditor of State, who conducted performance and other audits during the pandemic.

The customer experience for both employers and claimants will be a big improvement over the current mainframe system.

Having sufficient operating funds to run the unemployment program has long been a challenge in Ohio and other states. The federal government does not provide sufficient resources or administrative funding to states to run unemployment programs, let alone build and maintain new IT systems when needed.

That is why Governor DeWine’s budget included a technology and customer service assessment on contributory employers of up to 0.15% of the taxable wage base, on a calendar year basis, for each covered employee. This equates to a maximum of \$13.50 a year, paid in conjunction with employers’ state unemployment taxes, for each employee who earns at least \$9,000.

We do not make this ask lightly; there is a dire need to upgrade our current mainframe system. More than 25 other states and territories have assessments related to administrative support and/or technology modernization for unemployment. We will not be the first state unemployment agency to make such a request.

In the absence of such an assessment, ODJFS will not have the resources to pay for this new system. And if the system is not replaced, ODJFS would still need additional resources for the expenses of maintaining an aging mainframe system in the future.

Employment Services

The budget also includes an initiative to help Ohioans who are being laid off.

The federal WARN law requires certain employers to provide notification 60 calendar days in advance of plant closings and mass layoffs. ODJFS is proposing to add a state WARN statute that mirrors the federal law but that also allows ODJFS to determine the type of information employers must provide – for example, the contact information of the workers who are about to be laid off.

This will allow us to begin helping these workers find another job before they have even filed for unemployment. We believe this would greatly enhance our ability to help Ohioans get back on their feet quickly, limiting – or even preventing – time on unemployment.

I would like to close by highlighting our employment services program that is administered across the state by our workforce investment boards. I specifically want to highlight our apprenticeship programs. ODJFS houses ApprenticeOhio, which registers programs that meet national criteria for quality and safety. Ohio has more than 220 active occupations that offer apprenticeships, in fields as diverse as aerospace, construction, energy, health care, manufacturing, computer programming, cybersecurity, as well as the skilled trades. We added 46 new occupations in 2024 alone.

I am proud to say that Ohio ranks third in the nation and first in the Midwest in the number of apprentices, with more than 24,000 enrolled. If you've never visited an apprenticeship program in your district, we would be more than happy to connect you with a registered apprenticeship program near you.

Closing

In closing, our budget submission invests in core programs and priorities without increased GRF. It builds on Governor DeWine's success in the previous three biennia to refine and modernize our workforce and human services programs, while also taking on new opportunities that align with our mission.

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