



OHIO JOB AND FAMILY SERVICES DIRECTORS' ASSOCIATION

37 West Broad Street, Suite 1120 Columbus, Ohio 43215

Joel Potts, Executive Director

Government Oversight and Reform Committee

Interested Party Testimony on Senate Bill 17

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Madam Chair Roegner, Vice-Chair McColley, Ranking Member Craig and Members of the Ohio Senate Government Oversight and Reform Committee: Thank you for the opportunity to provide interested party testimony on Senate Bill 17, my name is Joel Potts, and I am the executive director of the Ohio Job and Family Services Directors' Association (OJFSDA).

OJFSDA represents county department of job and family service (CDJFS) agencies who administer one of the largest health, human service and workforce systems in the nation, with one in four Ohioans receiving assistance from the local office at any point in time. The CDJFS is responsible for administering programs to the state's most economically vulnerable citizens.

Systems operated through the local agencies include cash assistance, food assistance/SNAP, childcare, Medicaid (including long-term care, children's health insurance and services to aged, blind and disabled), and adult protective services, as well as in many instances, child protective services (sixty five counties), child support enforcement (sixty-eight counties) and workforce development programs (including seventy-three of the state's OhioMeansJobs centers which deliver federal workforce programs at the local level).

I want to thank the sponsor for meeting with me recently for an in-depth conversation on this legislation and his expressed desire in working with the counties to review systems potentially impacted by the bill. These discussions were very beneficial to help gain a better understanding of the goals of the legislation as well as provide an opportunity to raise issues and concerns we would like to address through the legislative process. We share a goal to ensure that help is readily available to those in need, while also providing rigorous program integrity. I also appreciate the committee holding this hearing and allowing OJFSDA the chance to discuss our views on the pending bill.

It is the county's primary duty to guarantee clients receive the services they need and are entitled to obtain. Confidence in our public assistance program is paramount to successful administration of programs and open dialog is a necessary and meaningful part of developing programs that meet the desires of the state and deliver services to those who are eligible.

Despite no dedicated funding source for county agencies, Ohio is one of the leading states in program integrity. This means identifying any fraud that may be occurring and collecting from the individuals who perpetrated the fraud. Fraud and abuse investigations can be extremely complex, involving local law enforcement, and requiring prosecutor and court actions. In Ohio, while we are national leaders, we recognize there is always room for improvement.

Local JFS agencies are serving more Ohioans than ever before, the majority of whom are working, and they continue to meet the challenges and serve the community well. The counties constantly strive to

provide a viable, safe, effective, efficient system while maintaining program integrity and operate as good shepherds of the public trust.

Senate Bill 17 includes numerous provisions which would impact the eligibility determination process for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) and Medicaid programs. As the representative of the county departments of job and family services, who are responsible for collecting required information and verifying eligibility in a timely manner for Ohio’s public assistance recipients, we have several questions and concerns with the bill as currently written regarding program design, efficacy, cost, and implementation.

My comments are intended to highlight implementation questions and issues, including necessary system changes, funding concerns, and staffing challenges, which need to be addressed. County agencies are responsible for administering the bureaucracy created by state and federal laws and therefore have a unique and vested interest in the development of policies that directly impact the delivery of public assistance benefits and the residents we serve.

COUNTY FISCAL IMPACT

To best understand the impact of new mandates on the JFS system, it is important to recognize the context of the existing structure.

For more than a decade, county job and family services have experienced a severe reduction in resources, while at the same time undergoing a massive increase in caseload. As can be seen in the following charts, since the beginning of the last recession funding for county JFS operations has been dramatically reduced by 37 percent, while our caseloads have grown 75 percent as of December 2020.

YEAR	Local Program Support Line Items 600521 & 655522	Yearly Participation Averages <i>Data recorded from Public Assistance Monthly Statistics Reports and ODM Caseload Reports</i>	
		Medicaid	SNAP
2008	\$ 130,000,000	1,294,075	1,126,549
2009	\$ 130,000,000	1,795,023	1,284,289
2010	\$ 87,310,316	1,957,491	1,559,983
2011	\$ 80,223,023	2,068,876	1,756,386
2012	\$ 72,200,721	2,213,983	1,797,559
2013	\$ 72,200,721	2,382,265	1,821,827
2014	\$79,400,721	2,515,581	1,776,100
2015	\$79,400,721	2,963,843	1,690,139
2016	\$77,200,721	3,034,288	1,626,041
2017	\$77,200,721	3,088,468	1,520,331
2018	\$83,119,931	3,007,397	1,399,579
2019	\$81,868,699	2,865,431	1,374,254
*2020	\$81,868,699	2,833,308	1,396,715
Post COVID Snapshot December 2020		3,114,065	1,505,475
State Projections 2022		3,450,000 (ODM)	

Ohio's local program support appropriations are the backbone of county operations, providing core funding for the local SNAP, TANF and Medicaid programs. It primarily funds the front-line staff and their supervisors, who work directly with clients. This includes eligibility determinations and redeterminations, quality assurance reviews, fraud investigations, information verification and transportation. Resources in these line-items help families across the spectrum of JFS programs including, child protection, child support, and workforce development.

Local resources have not kept pace with caseload growth. This creates ongoing challenges for local job and family service agencies. Further mandates without adequate resources will negatively impact Ohio's ability to serve residents in the JFS system – including keeping timely with determinations and redeterminations, maintaining accuracy, and detecting and preventing fraud.

Because these line items have not been maintained at sufficient levels for more than a decade, county JFS agencies are continuously challenged to: maintain timely completion of redeterminations and initial applications for SNAP and Medicaid; perform significant fraud investigations; meet federal mandates on performance measures; provide quality customer service; and sustain robust and meaningful employment and training, "welfare to work" programs.

With a basic review of the math, it is easy to see why significant new requirements, additional verifications and meeting the needs of the residents in our system, are a major concern. Without adequate funding invested in the front end of the eligibility work, the consequences may be severe. Meanwhile, our system today has several safeguards against fraud, waste and abuse that, if counties had the capacity to ensure were considered in a timelier manner, will go a long way in the fight against fraud.

The bill currently has no appropriations included. If no revenues are added to administer the new requirements, the additional mandates to eligibility work and fraud investigations will have to be absorbed in the existing budget and workforce.

Seventy-five percent of the clients we serve are seniors, children or disabled and exempt from most of the new requirements of the bill (though their families may be impacted by the implementation of the legislation). When taking these clients out of the equation, the legislation would require additional casework for the remaining twenty-five percent. Utilizing a very conservative assumption that new mandates would result in one additional manhour per client in the existing system, the legislation would result in an additional 1.5 million manhours to complete the work. That equates to 721 county FTEs. The cost concerns have been identified by other sources as well.

In the previous General Assembly, a bill with several of these similar provisions (House Bill 200) was under consideration. A quick review of the Legislative Service Commission (LSC) fiscal analysis points to many of the concern's county agencies have with some of the changes included in Senate Bill 17. It states, "County departments of job and family services (CDJFSs) could realize a significant increase in administrative costs to carry out additional Supplemental Nutrition Assistance Program (SNAP) determinations." Furthermore, "Reducing disbursements will not result in savings to the state" and "The changes discussed in the sections below will likely result in a reduction in benefits disbursed in Ohio and, in many cases, increased administrative costs." The analysis also states, "The changes to asset and income determination, categorical eligibility, and child support payments will likely pose a significant increase in administrative costs to county departments of job and family services (CDJFS)". Regarding asset and income determination "This change will result in CDJFSs conducting additional determinations."

To properly address fraud and improve program integrity, new programs must be meaningful, impactful, and doable within the limits of existing resources. To do otherwise risks gumming up the system and slowing down the existing, high quality eligibility processes already in place in Ohio while negatively impacting Ohio residents both in need and eligible for the assistance we provide. Increased bureaucracy without resources could delay important services and threaten the health and safety of clients in need of help while also putting the state at risk of severe financial sanctions for failing to meet timeliness in eligibility determination.

IMPACT TO THE SYSTEM

Senate Bill 17 would make numerous, significant changes to the eligibility determination process and potentially impact several programs within the JFS system. These changes include prohibiting ODJFS from exercising state options regarding household SNAP income and asset calculation beyond the type and allowable amounts permitted by the Secretary of the United States Department of Agriculture. The legislation would also require that, as a condition of SNAP eligibility, certain individuals cooperate with ODJFS regarding the establishment of paternity and establishment, modification, and enforcement of a child support order.

The bill would also eliminate the option to establish a system of quarterly or simplified reporting in lieu of change reporting requirements, nor would it permit categorical eligibility for non-cash, in-kind, or others similar benefits. The legislation further includes a requirement that SNAP cards have a color photograph of at least one adult member of the assistance group on the front, and a telephone number and website address of where suspected fraud can be reported on the back.

Medicaid program eligibility would also be impacted. The Ohio Department of Medicaid would be prohibited from implementing presumptive eligibility and accepting self-attestation in the beginning of the eligibility process. Additional eligibility verification outlined in the bill, if implemented, would require additional bureaucratic checks. When the public health emergency is lifted, the bill would require the state and counties to conduct redeterminations on all Medicaid recipients for whom a redetermination has not been conducted in the past twelve months within sixty days. The legislation would also require the state to seek permission to determine eligibility every six months, compared to the current twelve month review (this provision alone would double the number of applications reviewed and verified by county workers each year).

In 2014 the state of Utah performed a nationwide analysis of legislation requiring child support cooperation as a condition of SNAP eligibility. They found that the policy is very expensive to implement but unlikely to boost child support collections. Seven of the ten states that had initially adopted this option rescinded it when it failed to be cost effective. Furthermore, the study concluded that like Ohio, implementation of this measure would require child support agencies to create new bureaucratic infrastructures to identify SNAP recipients and to manage, track and monitor these types of cases. As a result of the thorough review in Utah, the state opted not to move forward with this requirement.

The federal Congressional Budget Office estimated a cost of nearly \$11 billion nationwide (in state and federal funds) to implement this measure. Based on their calculation, the GRF costs to Ohio for the child support provision requiring cooperation as a condition of SNAP eligibility would be an estimated \$16 million per year in general revenue funds. These reviews were only regarding the impact of the child support system. There will be corresponding costs to the public assistance program as well. Proponents

have highlighted a potential savings by reducing caseloads. While reduced SNAP caseloads would reduce benefit issuance, SNAP benefits are 100 percent federally funded. Administrative costs are shared 50/50 with the state. If SNAP caseloads decline because of this legislation, these reductions would be to the federal coffers, not state. Increased administrative costs to implement and enforce these changes would impact the state and county budgets.

In addition, the two main computer systems utilized to administer the child support program (SETS) and public assistance (Ohio Benefits) are separate and distinct operating systems. The ability to share information between the two systems would require time and funding. Currently, for counties to share information between the systems require manual processes and significant case work. This new mandate would dramatically increase our caseload and moving forward with a manual, instead of automated, process would be more costly, time consuming and likely decrease our capacity to serve our entire child support caseload.

The success of adding photo identification to the EBT card as an anti-fraud tool would be dependent on adequate resources including equipment, training, information technology support and clear guidelines for clients, retail establishments and government workers. An LSC fiscal analysis of a similar requirement in the last General Assembly stated, “Based on other states’ experiences with requirements similar to those imposed by the bill, the Ohio Department of Job and Family Services (ODJFS) and county departments of job and family services (CDJFSs) could incur one-time and ongoing costs in the millions of dollars.”

Additionally, the development and implementation of the Ohio Benefit eligibility system is the most significant information technology upgrade in Ohio’s history. While the system is a vast improvement to the old CRIS-E system, there are still issues that are currently being addressed to ensure an efficient and effective eligibility system that meets all state and federal requirements and most importantly, provides the services Ohioans are entitled to receive. New mandates on the Ohio Benefits system should be considered in a priority order to safeguard the client eligibility process.

County resources are already spread thin with the need for overtime and the hiring of new staff (as well as training) to maintain the existing system requirements with Ohio Benefits. In addition, there have been multiple program changes in recent years, as well as unprecedented demands on the county JFS system, that are exacerbating the county workload, including significant caseload growth resulting from a variety of factors. The pandemic has resulted in a record number of Ohioans seeking assistance, and new programs and services have been developed at the state and national level to address the needs of residents impacted by the health crisis. We also have significant concerns about the challenges yet to be realized from the pandemic-related recession, which is adversely and disproportionately affecting low-income Ohioans.

ASSET TESTS AND WORK

Asset tests and change reporting as proposed in SB 17 are not new. Early in Ohio’s planning for welfare reform we recognized the exorbitant amount of time and cost spent on these processes, with minimal return on investment. It was decided with finite and limited resources, investments in more tangible results, including a focus on work, were a much better use of taxpayer dollars.

For the first time in Ohio history, we are serving more working poor individuals in our system than non-working poor. A job is the best strategy to reduce poverty and Ohio should be commended for this significant achievement. However, this change in the makeup of our client population brings new challenges and our policy changes should be designed to continually support work.

When Ohio embarked on our welfare reform journey more than twenty years ago it included the explicit expectation that we should make work pay and that working should be a better alternative for the residents of the state. No longer would Ohio maintain a system of dependency over employment.

We wanted our local agency employees to focus on casework, not paperwork. Less bureaucracy, added work supports, breaking down employment barriers, focusing on outcomes, stabilizing lives, and reducing caseloads by reducing the need for benefits were the over-arching goals of Ohio's programs. For over sixty years the state and nation operated public assistance programs designed to assist individuals with nothing – no incomes, no assets and no family supports. By the 1980's we found countless third and fourth generations of families that were dependent on our public assistance program with a diminished likelihood of breaking from the cycle of poverty. Even when we were successful at helping individuals enter the workforce, they rarely broke free from the cycle of dependency.

The new work first strategy meant a new way of looking at the mechanisms that needed to be in place to support work and independence. Policies had to be in place that helped achieve our desired outcomes. One of the biggest challenges was addressing the issue of assets.

Families on assistance often are not just cash poor, they are asset poor. They likely have no credit, or bad credit, meaning they need substantial resources to move up the economic scale and have the financial power to change their circumstances. This can often mean funds for cash deposits for stable housing, reliable transportation and work supports such as uniforms, safety gear, and clothing).

Prior to the mid-1990's, residents had to give up everything (cars, homes, family support, income of any kind and sometimes even their spouses) to access government aid. Once they were in the system, the public assistance programs attempted to help these same individuals stabilize their lives by helping them gain employment, secure suitable housing and transportation – the same things they had before entering the system but had to give up in order to get help.

Barriers to clients were also created by various program requirements. Each program requires different verifications, has different mechanisms for determining eligibility, look at resources differently and count assets in various manners. To reduce as much redundancy and bureaucracy as possible, when allowed, Ohio embarked on a philosophy of streamlining and simplifying our eligibility systems to serve our clients, reduce administrative costs and focusing our efforts on helping families stabilize their lives and gain employment more easily.

We often hear of the challenges of the benefit cliff, which in some instances may unintentionally deter low-wage workers from accepting raises or more hours for fear of losing important work supports such as childcare and healthcare. We should be cautious to not also create an asset cliff where individuals are trying to work their way out of poverty but risk losing work supports due to their efforts to build assets to better meet their families' needs.

The results of Ohio's programs have far exceeded expectations and allowed a foundation to reinvest Ohio's Temporary Assistance to Needy Families (TANF) to support work and family stability in ways never imagined and on a scale that is truly noteworthy.

In the early years of TANF, Ohio led the nation in our work programs and took advantages of the new flexibility of the program to make work pay. Instead of losing support, clients moving from welfare to work could count on services to make the transition easier and improve their abilities to provide for their families. We also took the opportunity to utilize TANF dollars to invest in families prior to them coming onto the program. The creation of the Prevention, Retention and Contingency Program (PRC) was the first of its kind in the country. Over the past 20 years counties have heavily invested in prevention and job retention strategies which have helped countless families avoid the trap of public assistance and successfully transition from welfare to work.

Since the TANF program is a block grant, as our caseloads decrease, the funding remains in Ohio. Thanks to successful welfare to work strategies we can heavily invest in other Ohio programs to better serve our low-income and needy families including work and training programs, education, prevention strategies, emergency services, work retention strategies, faith-based programing, fatherhood initiatives, family formation programs and counseling, child protection services and childcare.

Independent studies of the impact of Ohio's program showed time and again the success of our strategy, with more clients leaving welfare to work in Ohio than at any time in our history. Post OWF studies demonstrated over 90 percent of former Ohio Works First clients had held at least one job after leaving the public assistance program (regardless of reason for leaving the system, i.e. employment, move, sanction, etc.); on average, they were working 38.5 hours a week and earning on average 20 percent above the minimum wage. They also had secured reliable transportation with one-half working less than fifteen minutes from home and eighty-five percent of those surveyed working within thirty minutes of their home.

Ohio's system needs to continue to support and encourage work. Increased incomes, added assets, and job advancement should be our goal. We must be very careful in how we approach cases with income and assets and not automatically assume it is fraud or nefarious. Based on my three decades of experience with welfare reform, increased income AND asset accumulation are going to be necessary for individuals to ultimately break from the cycle of generational poverty and decrease dependency on government benefits.

Paramount to our efforts to develop meaningful work support programs is understanding the nature of low-wage work. Low-wage workers (which encompass the majority of clients leaving public assistance for work) are generally hourly and not salary workers. There is a significant distinction in the differences between these two types of pays which impact the JFS eligibility system. Salaried workers do not see fluctuations in income except for job promotions, raises and cost of living adjustments.

Hourly workers have constantly fluctuating incomes based on a variety of factors. Picking up an extra shift, taking on a second job and movement from job to job for more steady and better pay are all commonplace for workers in this category. Depending on the type of work, employees are subject to seasonal demands that affect their hours. For example, retail workers have more work during holidays and outdoor seasonal workers are dependent on the weather to determine hours worked and pay. Under this legislation each of these changes would require additional casework, paperwork and client contact.

Mandatory asset tests and change reporting means more bureaucracy, more paperwork, more verifications, and inconsistent benefits. It could disincentivize workers from picking up extra hours or shifts – isn't that something we should collectively encourage? This could also negatively impact a worker's relationship with their employers as they have to continually seek verification of hours and pay.

Low wage workers also tend to have less reliable transportation and permanent housing. These two items are major factors impacting an individual's ability to gain meaningful employment.

Supporting work, encouraging residents to seek more hours, better paying and more stable jobs is the most successful welfare to work strategy. Public assistance supports can be a powerful tool to assist clients in the workforce. Our programs need to reflect our desire to help residents lift themselves out of poverty and focus our resources to help them achieve success.

IN CONCLUSION

The goals of this legislation to ensure confidence in the system and increase cooperation in child support to improve collections for Ohio's families, to safeguard residents are not taking advantage of our public assistance system and garner public trust in the integrity of the system are all laudable. The capacity to implement the various mandates, including providing the necessary funds and making certain the needed computer system changes are in place, along with a thorough understanding of both the intended, as well as the potential unintended, consequences of the legislation need to be thoroughly vetted through the committee process.

Confidence in the public assistance program is paramount to successful administration of programs and open dialog is both necessary and meaningful to develop programs that meet the desires of the state and ensure our residents receive the services they need and are entitled to receive. County agencies welcome the opportunity to work with the legislature to develop legislation that helps ensure public trust in the system.

We appreciate the willingness of the bill sponsor to work with the state and counties on the issues we have raised.

Madam Chair and members of the committee, thank you for your time. I appreciate the committee holding this hearing and allowing OJFSDA the chance to discuss our views on the pending bill. I would be happy to answer any questions and look forward to working with you to address county concerns and develop legislation which meets the needs of the citizens we serve.