



**Ohio Senate Health Committee
Ohio Department of Job and Family Services
Executive Budget Recommendations for SFY 2022-2023
Matt Damschroder, Interim Director
May 4, 2021**

Good afternoon, Chairman Huffman, Vice Chair Antani, Ranking Member Antonio, and members of the committee. I am Matt Damschroder, Interim Director of the Ohio Department of Job and Family Services. Thank you for the opportunity to discuss the ODJFS budget for state fiscal years 2022 and 2023.

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. Year over year, we touch the lives of more than a million Ohioans. Over the past year, in these historic times, we have served more than 3 million Ohioans.

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 service 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.

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. My testimony today will be organized around those areas of focus, starting with a discussion of unemployment benefits. Here with me to help answer questions are Chief Operating Officer Michael McCreight, Employment Services Assistant Director Tonia Saunders, and Health and Human Services Assistant Director Kara Wentz.

Priority: Unemployment Benefits and Services

For unemployment, this budget request of more than \$221 million in each year of the biennium will allow us to continue the many unemployment program improvements we are making in response to the pandemic workload. This includes the call center, claims processing, and fraud detection improvements we have made in partnership with the

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Public-Private Partnership, or “P3 Team.” It also includes an upgrade of our antiquated tax, benefit, and appeals system.

During the final year of the Kasich Administration, ODJFS issued a competitive RFP seeking a vendor for this work. In December 2018, the agency contracted with Sagitec for a scalable, cloud-based solution. That work was underway when the pandemic struck, and it continues, despite being delayed at times to prioritize federal program updates. Our goal is for the new benefits portion of the system to be ready in 2022. We are hopeful the tax portion of the new system will go live this calendar year. This budget includes over \$10 million in each year of the biennium to pay for the costs of system construction and maintenance.

In addition, as you know, Ohio is borrowing from the federal government to meet our unemployment insurance benefit obligations. Governor DeWine has recommended to the General Assembly that Ohio use a portion of its federal COVID relief and recovery dollars to pay off this loan. As the Governor said, paying off this loan now will free Ohio employers from future tax burdens so they can instead focus on getting employees back to work. Current regulations are deferring the accrual of interest on this loan until September 6, 2021. The first annual interest payment is due on September 30, 2021. This amount is not included in this budget submission. If we pay off the federal loan before September 6, we can avoid both the interest charges, as well as an additional employer surcharge, per Ohio Revised Code section 4141.251.

Priority: Stable Families

One of our main priorities is stable families. We are acutely aware of the challenges Ohioans are facing, especially during this COVID-19 emergency. Those who already were in need prior to this pandemic are even more vulnerable now. We also are serving Ohioans that we never served before. We hear about their challenges every day, and we have implemented a number of unprecedented measures to assist them.

Food Assistance

For example, each month since March 2020, we have distributed additional payments to approximately 470,000 households in the federal Supplemental Nutrition Assistance Program, or SNAP, to ensure that they received the maximum amount possible. We also have distributed Pandemic Electronic Benefit Transfer, or P-EBT, payments to approximately 850,000 children who normally receive free or reduced-price meals through the National School Lunch Program. Since the start of the pandemic, the agency has issued more than \$1 billion in additional food benefits to Ohio’s families and children.

Child Care

This administration is committed to high-quality child care, and it has remained a priority throughout this emergency. Our submission includes further funding increases for Step Up To Quality, the rating system that recognizes and rewards high-quality child care providers. Per state law, all Publicly Funded Child Care providers are required to participate in Step Up To Quality, and child care centers must achieve high ratings – which means three to five stars – by 2025. Providers that achieve high ratings receive incentive payments. The higher the rating, the higher the payment. As more children are

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served and as more providers achieve high ratings – and, as a result, receive higher payments – child care costs will increase. This will require a significant commitment of General Revenue Funding in future biennia to sustain the program.

This budget requests more than \$1 billion in each year of the biennium for child care. For Publicly Funded Child Care, it 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.

Child Support

Child support, when collected, assists in meeting children's basic needs for food, shelter, and medical support. It also can reduce public assistance costs. In recent years, Ohio has collected more than 70% of all child support owed, well above the national average, for more than one million Ohio children. During 2020, this included more than \$1.2 billion collected through income withholding, \$300 million through IRS offset payments, \$194 million directly from noncustodial parents, and more than \$118 million from unemployment benefits. This budget requests approximately \$367 million in each year of the biennium to maintain current programming and finalize a much-needed modernization of the Support Enforcement Tracking System. This is the legacy system that tracks case information to collect and distribute the state's child support funds.

Priority: Safe Children

The last biennial budget allocated an additional \$110 million a year in GRF to children services, raising it from \$77 million to more than \$186 million, to meet tremendous local needs. We are extremely grateful to the General Assembly for that investment. Because of the opioid epidemic, thousands of Ohio children are not able to live with their families because it is not safe for them to do so. Many of these children are having to stay in care longer. They have very complex needs that require complex treatment.

Governor DeWine believes 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 created the Children Services Transformation Advisory Council, whose members traveled the state to hear hundreds of individuals tell their stories about their experiences with the children services system.

The Executive Budget includes more than \$37 million in funding over the biennium to implement many of the council's recommendations, such as statewide implementation of the Wendy's Wonderful Kids child-centered adoption program; funding for the Kinship Guardianship Assistance Program; funding for a state-level ombudsman to independently investigate and resolve complaints made by or on behalf of children and families involved with children services; and family-finding tools to prioritize the early identification and engagement of kinship caregivers to achieve permanency for children more quickly.

Our child safety and permanency budget request of \$210 million in GRF for each year of the biennium will allow us to maintain current programming, build upon significant

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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 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.

This budget request includes funding for the Kinship Support Program, which was enacted 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. The first round of payments was issued on April 10. 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 kinship caregivers receive the financial supports they need to help the children in their care grow and thrive.

Priority: Economic Independence

Workforce Development

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.

One of our priority areas of focus is the benefit cliff, through an initiative called the "Benefits Bridge." As many of you know, the benefit cliff is the abrupt loss of financial assistance when an individual's income rises – in some cases, just a few dollars or even cents above eligibility thresholds for various programs. Employees can be reluctant to accept pay raises or promotions if doing so will cost them their Child Care or Food Assistance benefit. Accepting the raise could potentially cost them money. This Catch-22 is detrimental not only to individuals' career advancement and future earnings, but to their employers, as well. The employers lose the opportunity to develop and advance a valuable employee.

To address this problem, in January we embarked on a pilot project to bridge the gap between the benefit cliff and financial stability. The goal of the project is to not settle for a benefit cliff, but to create a *benefit bridge* that can help forge a new path to a better future. Six counties are joining us in this effort: Allen, Fairfield, Hamilton, Licking, Meigs, and Stark.

ODJFS 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

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find skilled candidates for jobs, screen resumes, and access federally funded tax credits and training programs.

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.

Technology Investments

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. The Statewide Automated Child Welfare Information System, Ohio Benefits, the Support Enforcement Tracking System for child support, and OhioMeansJobs.com are vitally important to maintain and enhance, so that we don't find ourselves in the same situation with them that we did with our unemployment system.

In the next biennium, we plan to adopt the principles of the InnovateOhio Platform: knowing our customers, prioritizing customer-facing improvements, and ensuring mobility and accessibility. Part of this initiative will focus on aligning with the state's digital experience by transforming information presented on our websites to be more clear and less confusing for Ohioans.

We also plan to reduce the number of applications and streamline the way we use technology, both for a better customer experience and more efficient use of taxpayer dollars. ODJFS still has applications that reside on a mainframe server; we plan to transition from this platform while ensuring that we have the resources in place to adequately serve Ohioans. We also plan to ensure that our technological resources are agile, so that they can be adapted quickly to ever-changing needs.

To meet our technology needs over the next biennium, this budget requests 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.

County Allocations

I would like to say a brief word about our county allocations. Ohio is one of a handful of states with a state-supervised, county-administered human services system. County agencies are the backbone of this, and adequate funding for them is necessary to ensure consistent, high-quality customer service and protection. We have prioritized our budget submission to maintain current funding levels to county agencies and to fully distribute all available federal resources. This budget requests more than \$1 billion in each year of the biennium for county allocations, including \$363.5 million each year in GRF.

In closing, our budget prioritizes the programs and services that we know will be critical over the next two years. In crafting it, we closely examined past spending patterns and the work ahead for every office, understanding that we needed to focus only on the work that was most important to recovery and service delivery. Simply maintaining current service levels will require an increase of more than \$130 million in GRF in SFY 2022.

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This will allow us to continue the unemployment system improvements that are needed to adequately serve Ohioans.

During my six weeks at JFS, I have found the team to be a group of dedicated and professional public servants whose extraordinary commitment is matched to these extraordinary times. I am grateful for the leadership of my friend Kim Henderson, who took Governor DeWine's vision for a more robust JFS in our commitment to kids and families and put Ohio on the path to making improved outcomes the expectation for our child-focused programs.

There is more work to be done in our human services space and especially in our unemployment space, but we are committed to continuing our progress as we focus on recovery and advancement in the next biennium.

Before I conclude, I have one final request. Ohio is celebrating In-Demand Jobs Week through Friday. We're spotlighting Ohio's top jobs, including critical jobs that focus on the health and well-being of Ohioans. Businesses, education providers, and community organizations are planning unique, virtual opportunities to inspire students and job seekers to pursue jobs in Ohio. From virtual tours and roundtables to virtual career-tech signing days and online job fairs, there are many ways to promote the opportunities Ohio offers. I encourage you, as well as job seekers, to attend an event in your area. You can find them by going to [TopJobs.Ohio.gov](https://www.topjobs.ohio.gov) and clicking on "In-Demand Jobs Week."

Thank you again for the opportunity to provide an overview of our budget priorities. I will now be happy to answer any questions.