Ohio Department of Job & Family Services

Agency Overview

Senate Finance and Financial Institutions Committee

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Department of Job and Family Services

- Medicaid cost containment initiatives proposed in order to moderate Medicaid spending growth rate
- TANF Reserve stood at $520.9 million at the end of FFY 2002
- Child Care cost containment measures proposed
- Partnership agreements with counties are replaced with financial and grant agreements

AGENCY OVERVIEW

The Ohio Department of Job and Family Services (JFS) was formed by the merger of the Department of Human Services and the Bureau of Employment Services. The JFS mission is, through state and local partnerships, to help all Ohioans improve the quality of their lives. The JFS vision is to be the nation's leading family support and workforce development system. It does this through the development and supervision of programs that provide health care, employment and economic assistance, child support, and a host of other social services to families and children.

The merger of the two departments is seen as an opportunity (especially as presented by the Workforce Investment Act of 1998) to introduce efficiencies in the area of employment services. The federal Workforce Investment Act (WIA) emphasizes the concept of One-Stop delivery services for employment and training programs. When coupled with the emphasis of the "work first" requirement of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and with health benefits and other supportive services, the merger of many functions of these two departments presented significant opportunities to bring together different funding streams to serve the people of Ohio. The goals of the Department are to increase awareness of available services, and effectively deliver services in such a way that children grow up safe and healthy, youth become responsible adults, Ohioans find their first, next, or better job, and individuals and families achieve and maintain their greatest degree of independence.

The administration and funding of job and family services programs represent a unique cooperative partnership between three levels of government: federal, state, and local. The Department of Job and Family Services directs and supervises the delivery of these services through a network of local government agencies and several district offices. The direct delivery of services is administered by a combination of county offices, which includes 88 county departments of job and family services, 31 separate child support enforcement agencies, 36 separate public children services agencies, eight workforce policy boards, and a number of local offices and call centers that are in a process of consolidation.

Under current law, the delivery of services by the counties is coordinated through written partnership agreements with each board of county commissioners. This partnership agreement specifies the expectations of county performance and details the state's commitment of support. The bill proposes that family services and workforce development partnership agreements be replaced with fiscal and grant agreements, respectively, which specifies the duties that must be performed as a condition of receiving awards or grants from JFS. According to JFS, these proposals, if enacted, will change the way that JFS does business with and relates to the counties.

Highlights of Executive Budget Recommendations

The Department of Job and Family Services is organized into seven broad program areas. These include Workforce Development, Child Support, Children and Family Services, Health Care, Unemployment Insurance, Family Stability, and Support Operations.

For FY 2004, the Executive recommends $15,176,996,751 in all funds to totally fund the Department. This represents a 5.9% increase over the estimated spending level for FY 2003. When observed by object of expense, 87.4% or $13,275,126,000 is in the form of a subsidy to individuals or families; or to a provider on behalf of individuals or families. In FY 2005, the Executive recommends $15,849,412,265 to totally fund the Department. This reflects an increase of 4.4% or $672,415,514 above FY 2004. When observed by object of expense, the proportion composed by subsidy in FY 2005 is 87.6%.

Looking by object of expense, the Executive recommends for FY 2004 reductions in personal services, purchased services, maintenance, and equipment, and for FY 2005 recommends reductions in maintenance and equipment. Subsidy expenditures are recommended to increase by 8.7% in FY 2004, and by 4.6% in FY 2005.

Key program highlights include:

Medicaid Cost Containment. Since FY 1990, Ohio Medicaid spending has increased by an average of more than 10% each fiscal year. The executive budget recommendations include various cost containment initiatives in order to moderate Medicaid spending growth rate. These cost containment initiatives, as will be discussed in detail in the Medicaid section, include significant changes in the areas of primary and acute care, long-term care, CHIP parent expansion, estate recovery, and the medical portion of the Disability Assistance program.

Child Care Cost Containment. JFS has begun steps to contain sharply increasing costs in the area of child care. Amended Substitute House Bill 40 of the 125th General Assembly, which has passed both houses of the General Assembly and is currently awaiting the Governor's signature, grants authority to the Director of Job and Family Services to limit enrollment of new participants whose incomes are at or below a specified percentage of the federal poverty level (FPL), and/or disenroll existing participants with income above a specified percentage of FPL. According to the Department, it intends to use the authority granted under the bill to limit eligibility criteria to those with incomes at or below 150% of FPL ($27,150/year for a family of four) in an attempt to control costs of the program. Given the delayed effective date (most likely mid-May) of these provisions in the bill, it is unlikely that the Director would be able to implement such an administrative order until mid-May. The Director also intends to allow those who are currently receiving benefits to continue to do so until the person's scheduled redetermination (currently redetermination is done every six months), at which time they will be told that as of September 30, 2003, they are no longer eligible to receive child care benefits.

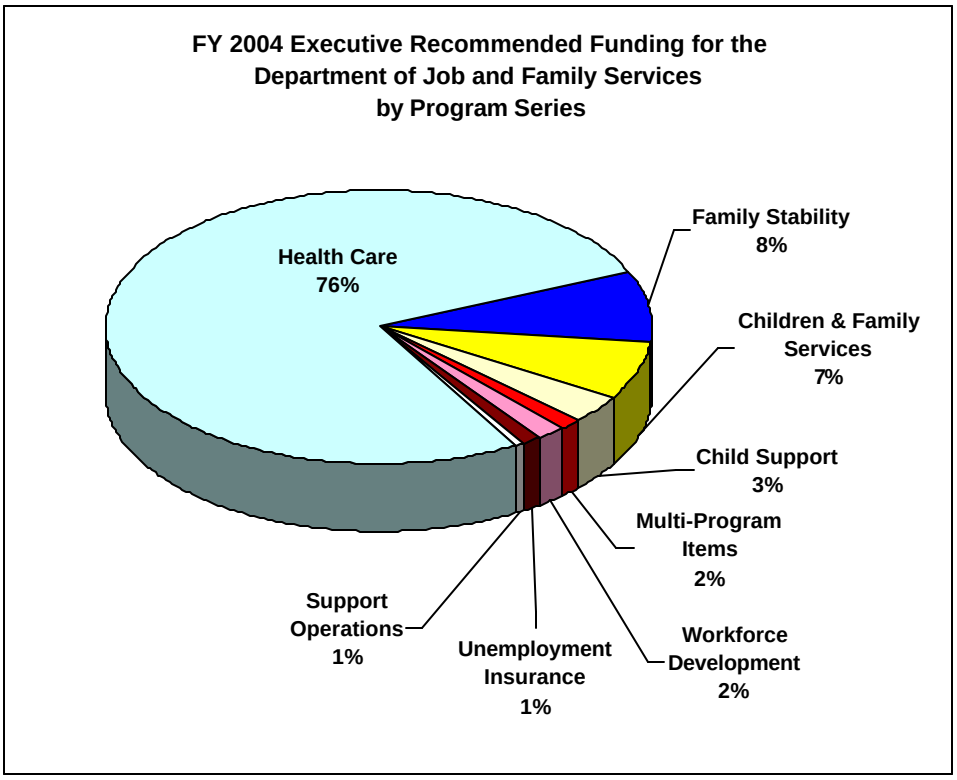
In addition to reducing the eligibility criteria, the Department plans to implement other cost containment measures during the FY 2004-2005 biennium. Those measures include increasing the copayment for child care services (no family in the program would be required to spend more than 10% of its income on child care) and freezing provider reimbursement rates.

Also included in the spending plan and the executive recommendation for child care is a plan to charge child care expenses directly to the TANF Block Grant, without transferring the funds first to the Child Care and Development Block Grant (CCDF). Under the current arrangement where TANF funds are transferred to the CCDF there is a requirement that 4% of those funds must be spent on quality activities. This shift in the method of funding for child care will thus permit the use of approximately $5 million to fund additional child care slots. The executive recommendation includes a change in permanent law that provides that federal funds available under the TANF Block Grant are among the funds JFS may use for publicly funded child day care.

Another new child care related initiative in JFS is called Head Start Plus. Head Start, as it exists now, is a part-day, part-year child development program that serves children age three to school age. Head Start providers may deliver full-day services by collaborating with local child care providers. Currently, there are 18,000 children enrolled in state-funded Head Start. The Head Start Plus proposal would provide child care settings with an enhanced program that meets the purposes of the Head Start program and meets families' needs for all-day, year-round child care. Given the executive recommendation, 10,000 children will receive services through Head Start Plus, 4,000 children will receive services through traditional Head Start, and 4,000 traditional slots will be eliminated. According to JFS, the reduction in slots will mostly be accomplished through attrition as children age out of the program. There are 35,000 children who are receiving federally-funded Head Start services and these children will not be impacted by the Governor's recommendation. The Head Start Plus program will be operated through an interagency agreement with JFS and the Department of Education.

Workforce Development and Unemployment Compensation. JFS also continues its reorganization of the local service delivery system that includes the delivery of unemployment compensation services via telephone by state staff. This will reduce the number of local employment offices from 61 to 22 call and processing centers and complete the conversion to One-Stop services centers. The Executive's budget recommendation, however, does not fully fund all aspects of the local office consolidation plan. Job and Family Services will need to seek another source of funding to proceed with its plan for continuing the local operations reorganization. The Department is working out a plan with the Unemployment Compensation Advisory Council and hopes to receive approval to use federal Reed Act dollars as an alternative funding source for this project.

The following pie chart provides a display of the FY 2004 Executive budget recommendations for the Department of Job and Family Services by each major program series.


FY 2004 Executive Recommended Funding for the
Department of Job and Family Services
by Program Series
Health Care
76%
Family Stability
8%
Children & Family
Services
7%
Child Support
3%
Multi-Program
Items
2%
Workforce
Development
2%
Unemployment
Insurance
1%
Support
Operations
1%