Ohio Department of Job & Family Services

Children & Family Services and Child Support Sections

Senate Finance and Financial Institutions Committee

Maria Seaman, Budget Analyst

Legislative Service Commission

May 1, 2003

Additional copies are available on our website at www.lsc.state.oh.us
Click on 'Fiscal Publications' then 'Ohio Budget'

LSC Redbook

for the

Ohio Department of Job & Family Services

Children & Family Services
and Child Support Sections

Senate Finance and Financial Institutions Committee

Maria Seaman, Budget Analyst

Legislative Service Commission

TABLE OF CONTENTS

May 1, 2003

Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC Redbook reflects the 2.5% reduction made as a result of the Governor's January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the Redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation line items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.

CHILDREN AND FAMILY SERVICES AND CHILD SUPPORT

OVERVIEW

Children and Family Services

The Department of Job and Family Services (JFS), Office for Children and Families (OCF) develops and administers programs and services designed to protect children and vulnerable adults and to preserve and strengthen families. The Department provides funding and support for a number of services, including prevention services, protective services, foster care, and adoption services. The services are provided directly by the county departments of job and family services and public children services agencies with JFS providing program planning, technical assistance, training, and monitoring.

The executive recommendation for the Children and Families program series is $1,061,122,032 in FY 2004 and $1,077,825,137 in FY 2005, a 1.6% increase over the FY 2004 recommendation.

The executive recommendation assumes that Congress will maintain Social Services Block Grant (SSBG) funding at the current levels. This should allow SSBG service levels to be generally maintained.

With regard to publicly funded child day-care, the Department plans to implement 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.

The Department of Job and Family Services uses a mix of state and federal dollars to fund the publicly funded child day-care program. Each biennium JFS develops a spending plan for the child care program based on caseload and cost projections, policy changes, and available funding. The Department plans to spend $557,138,114 in FY 2004 and $630,480,733 in FY 2005 for the child care program. The executive recommendation will allow JFS to go forward with the proposed spending plan.

In January 2003, Ohio received the results of its first review and found that it does not meet all the federal standards. The review pointed out strengths, as well as areas that need improvement. The Department has been working to develop a Performance Improvement Plan that must be completed by April 2003. According to JFS, with the recommended funding, it will do its best to develop and implement the Program Improvement Plan.

Child Support

Title IV-D of the Social Security Act of 1975, designates JFS as Ohio's Child Support Enforcement Agency. The act requires JFS to be responsible for supervising local entities in the establishment and enforcement of support obligations owed by noncustodial parents. Within the Department, the Office of Child Support (OCS) has the responsibility for overseeing local activity. The local child support enforcement agency has the responsibility for the direct administration and provision of services to all individuals in need of child support services including location of an absent parent, paternity and support establishment, support collection, and enforcement of financial and medical obligations. The child support program supports over 900,000 cases statewide, which assists almost one million Ohio children. In FY 2002, Ohio collected and disbursed approximately $1.8 billion of child support. Of the amount collected, 66.8% was current support obligations. Approximately $153.8 million was added to the arrears owed in FY 2002.

The objective of the Child Support Enforcement program is to enable children in Ohio to receive the child support to which they are entitled from a noncustodial parent. The program is a cooperative venture between the federal, county, and state governments with the federal government paying 66% of the costs (90% of the cost of genetic testing is reimbursed by the federal government). The program is administered locally by the 88 county child support enforcement agencies providing services to the residents of that county, as well as any other counties and states over which the county court may have jurisdiction. Funding reflects administrative costs to operate the program.

The Family Support Act (FSA) of 1988 mandated that each state develop an automated system to manage child support enforcement by October 1, 1995. In Ohio, the automated system is called the Support Enforcement Tracking System (SETS). The system aids in the location of absent parents, and in the establishment and enforcement of child support cases. It is one of the largest statewide child support systems in the nation. While SETS was being implemented, Ohio failed on several occasions to comply with federally imposed deadlines, and as a result, paid millions of dollars in federal fines. Full conversion of cases to SETS was complete by September 30, 2000 and Ohio has received conditional certification from the federal government. The federal government will return in March 2003 to review a few outstanding issues with SETS. The Department is confident that at that time, SETS will be fully certified. No further penalties are expected.

The executive recommendation for the Child Support program series is $482,585,429 in FY 2004 and $479,869,212 in FY 2005, a 0.5% decrease from the FY 2004 recommendation.

The Executive's recommended funding in FY 2004 and FY 2005 for state funds provided to the counties for administration of the Child Support Enforcement program is flat from estimated FY 2003 expenditures. This funding will allow the child support enforcement agencies to maintain services at the FY 2003 level.

The Executive's recommended funding level allows the state to continue to provide statewide genetic testing through the current four vendors. The Department will be able to maintain, but not expand the contracts with the current three vendors that aid in support collection and enforcement. The recommendation allows for maintenance of the Central Paternity Registry.

CHILDREN AND FAMILY SERVICES

ANALYSIS OF EXECUTIVE PROPOSAL

Children and Family Services — Program Series 3

Purpose: The role of the Children and Family Services program series is to provide funding, in part for the publicly-funded child day-care program and funding for activities that enhance the ability of the local public children services agencies to provide treatment for abused, neglected, and dependent children or to remove them from their homes on a temporary or permanent basis.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	600-413	Day Care Match/MOE	$84,120,606	$84,120,606
GRF	600-423	Office for Children and Families	$5,502,484	$5,621,561
GRF	600-523	Children and Families Subsidy	$69,846,563	$69,846,563
GRF	600-528	Adoption Services	$70,764,203	$77,132,981
		GRF Subtotal:	**$230,233,856**	**$236,721,711**
4R4	600-665	BCII Service Fees	$136,974	$136,974
		GSF Subtotal:	**$136,974**	**$136,974**
3D3	600-648	Children's Trust Fund – Federal	$2,040,524	$2,040,524
3H7	600-617	Day Care Federal	$224,539,425	$235,045,596
3N0	600-628	IV-E Foster Care Maintenance	$173,963,142	$173,963,142
327	600-606	Child Welfare	$29,119,408	$28,665,728
395	600-616	Special Activities/Child and Family Services	$3,975,821	$3,975,821
396	600-620	Social Services Block Grant	$47,469,767	$47,486,134
398	600-627	Adoption Maintenance/Administration	$339,957,978	$340,104,370
		FED Subtotal:	**$821,066,065**	**$831,281,315**
198	600-647	Children's Trust Fund – State	$4,336,109	$4,336,109
4E7	600-604	Child & Family Services Collection	$300,000	$300,000
4F1	600-609	Foundation Grants – Child/Family Services	$119,310	$119,310
5U6	600-663	Children and Family Support	$4,929,718	$4,929,718
		SSR Subtotal:	**$9,685,137**	**$9,685,137**
Total funding: Children and Family Services Series			**$1,061,122,032**	**$1,077,825,137**

The Governor's Blue Book includes line item 600-614, Refugee Services, under this program series. However, the activities funded by that line item were transferred within the Department from the Office for Children and Families to the Office of Family Stability. Therefore, that line item is not shown in this table. Appropriation levels and a description of those activities can be found in the Office of Family Stability section of the redbook.

Specific programs within the Children and Family Services program series that this analysis will focus on include:

- ***Child Protection Services***
- ***Foster Care and Adoption***
- ***Social Services***
- ***Publicly Funded Child Day-Care***
- ***Child and Family Services Review***

Child Protective Services

***Program Description**:* The primary goal of this program is to support statewide and local services and programs that will result in the decrease of incidences of child abuse and neglect.

Ohio Children's Trust Fund (OCTF): The Trust Fund was created in 1984 and it is the state's primary funding agent and advocate for programs designed to prevent child abuse and neglect. Revenues are generated from fees collected on divorce and dissolution filings, and nominal surcharges for birth and death certificates. While the Trust Fund's board consists of state agency administrators, gubernatorial appointees, and legislators, daily operations of the Trust Fund are managed by the JFS Bureau of Prevention staff who review proposals, participate in grantee selection, monitor services and expenditures, and provide technical assistance and training to grantees.

As required by state law, OCTF funding focuses exclusively on support for primary and secondary prevention activities. Primary prevention services available to the community are designed to prevent child abuse and neglect before they occur, and include advocacy efforts, public awareness campaigns, and training of professionals. Secondary prevention services include those services that target populations at risk for child abuse and neglect, such as respite care for single parents, crisis intervention for families experiencing acute stress, parent education and support services, personal safety classes, and life skills training for youth. In FY 2002, OCTF allocated $2.5 million to counties to fund such services.

Community-Based Family Resource Program Grant: In FYs 2002-2003 this federal grant supported the operation of six regional networks. The goals of the networks include:

- Completing an inventory of current resources and services;
- Determining unmet needs for resources and services;
- Developing a strategic plan to address unmet needs; and
- Collaborating with consumers and other federal grantees to increase public awareness and access to services.

The networks are partially funded with federal funds awarded under the Community-Based Family Resource and Support program, which requires a 20% state match.

Implication of the Executive Recommendation: The executive recommendation will allow JFS to expand OCTF's support of child abuse and neglect prevention services at the local level and provide for prevention programs that have statewide significance.

The executive recommendation will also allow for maintenance of current activity levels for the family resource and support grantees.

The executive recommendation also includes elimination of the Wellness Block Grant (supported with TANF funds). Beginning in the FY 2002-2003 biennium, the General Assembly targeted the program to support activities designed to prevent teen pregnancy. Ohio's, along with the nation's, teen pregnancy rate has been declining. The Department of Job and Family Services questions whether any of this decline can be attributed to services funded by the block grant. Eliminating this block grant will free up TANF dollars for other uses.

Child Foster Care and Adoptions

Program Description: Child foster care and adoption programs are administered by the county public children services agencies (PCSAs) under state supervision. Costs of these programs are related to investigating complaints of child abuse and neglect, placing children into foster care, promoting and subsidizing the adoption of children with special needs, and operating training programs for county child welfare workers and foster parents. The Department supports PCSAs' efforts through policy and practice development, training and skill acquisition, and management information technology. Policy and practice development are primarily driven by new federal and state legislation. Policy and practice skills are then communicated to county staff via ongoing training through the Ohio Child Welfare Training program.

Foster Care

State and federal laws require PCSAs to investigate reports of child abuse and neglect, issue a finding concerning an investigation, and if necessary, intervene to protect children who are at risk of maltreatment. In FY 2002, PCSAs received reports alleging 71,366 incidents of child abuse and neglect, involving 113,897 alleged child victims.

When it is determined that a child can no longer be safely cared for in the child's own home, the state must act to place that child in a foster care setting. Once a child enters foster care, the state must ensure that the child is safe and treated well during the placement episode. This is accomplished via the enforcement of provider licensing standards. Currently, there are 12,298 licensed foster homes in Ohio.

ProtectOhio Demonstration: The Department of Job and Family Services received a Title IV-E waiver from the federal government to implement a demonstration of a managed care delivery system for Title IV-E foster care services, called ProtectOhio. Title IV-E of the Social Security Act relates to services for legal temporary custody of children through a PCSA on a finding of probable or actual dependency, abuse, neglect, and sometimes, delinquency. Title IV-E funding is federal money received by the state for partial reimbursement of allowable placement and adoption costs incurred on behalf of eligible children. Title IV-E funding received by the state is the largest single source of federal revenue for child welfare costs, and second only to local funds in its contribution to the statewide cost of children services.

Not all children are Title IV-E eligible and not all costs are Title IV-E allowable. ProtectOhio is a Title IV-E waiver demonstration project designed to test new child welfare program approaches that would enhance the quality of, and access to, services. Under the waiver, 14 counties, comprising approximately one-third of the foster care caseload, act as a managed care provider of foster care services for the federal government. In that capacity, each county receives a monthly prepaid capitation and the flexibility to use the funds for any legitimate child welfare services, whether or not the child would be eligible for Title IV-E and whether or not the services are traditionally allowable under Title IV-E. The demonstration counties included: Ashtabula, Belmont, Clark, Crawford, Fairfield, Franklin, Greene, Hamilton, Lorain, Medina, Muskingum, Portage, Richland, and Stark.

The demonstration ran through September 2002. At the conclusion of the demonstration, 11 of the 14 counties had a surplus of placement days. The end result was a savings of 682,350 placement days (includes only those 11 counties that ran a surplus) and an aggregate internal savings of over $22.7 million in federal funds. The Department requested a five-year extension for the waiver and is currently operating the demonstration under a "bridge" extension. The bridge extension was granted pending publication of the five-year evaluation report and further negotiations with the federal government. The extension runs through September 31, 2003. The counties involved continue to provide foster care services under the requirements of the waiver.

Foster Care Audits: In May 1998, thirteen members of the House of Representatives requested that the Auditor of State's office conduct a performance audit of the state's child welfare program. The Auditor's office conducted an audit of the child welfare functions at the Montgomery County Children Service Agency and six foster care agencies for fiscal accountability and program compliance. The report, issued on February 10, 2000, detailed a significant lack of oversight at the state and county levels, as well as significant misspending and compliance violations at one of the foster care agencies and significant risk factors at the other five agencies.

Based on the preliminary findings of that report, the Auditor of State and JFS entered into an agreement to jointly audit 25 private foster care agencies and conduct a comprehensive performance audit of JFS' child welfare system, management, and processes. The audits are complete and have identified issues in a number of foster care agencies that affect fiscal accountability and compliance. The Department has enacted a number of administrative rules to address some of the issues.

<u>Adoption</u>

If a child who has been placed in out-of-home care is unable to be reunited with the child's parents, then a relative or extended family member may assume a parental role, or if that is not possible, an adopting family may be sought. Over 3,900 children are awaiting adoption in Ohio. Significant numbers of these children are, and will continue to be, part of a sibling group, male, African-American, older, and developmentally delayed. Congress' passage of the Adoption and Safe Families Act of 1997, and its emphasis on promoting adoptions, has impacted the growth in the subsidized adoption caseload.

AdoptOhio: Several state and federal initiatives have guided developments in the adoption program area. AdoptOhio, which began in 1998, is one such initiative. It uses multiple outreach and media strategies designed to recruit potential adoptive families, coupled with fee-for-service payments and incentives to reward county and private agency efforts to increase adoptive placements, and ensure support for those placements after the adoption is finalized.

Adoption Subsidies: State funding is specifically targeted to support adoption services. Most of this support comes in the form of monthly case subsidies for families who adopt special needs children. There are several kinds of adoption subsidies available. Title IV-E adoption payments are provided for children who meet TANF eligibility guidelines. The average IV-E adoption subsidy in FY 2002 was $413.03 per child, per month. (The federal share of this payment is currently 58% of the total allowable cost, which may vary with each child. The state and federal share of this payment is provided by the state to the counties up to a maximum of $250 per child, per month. The counties are responsible for the non-federal share of payments above $250.) The other types of subsidies include state adoption payments and post finalization adoption payments, both of which are funded with state funds only. In FY 2002, the average adoption subsidy with state only funds was $266.59 per child, per month.

FACSIS/SACWIS: The Family and Children Services Information System (FACSIS) maintains the statewide registry of child abuse and neglect reports, and investigation outcomes. The system allows PCSAs to identify prior abuse and neglect incidents involving the alleged child victim or alleged perpetrator. It is primarily a data repository of basic information. It tracks decisions at key points within casework activity such as assessment findings, court findings, custody and placement status, and eligibility for Title IV-E.

According to JFS, FACSIS is outdated and inflexible. State and county efforts continue to work toward replacing the system and the Family Assessment and Planning Tool systems with a Statewide Automated Child Welfare Information System (SACWIS). The system is designed to meet all federal and state mandated child welfare reporting requirements, improve access to case and client information for intake, investigations, child protective and foster care services, and provide accountability for fiscal and service delivery. The Department plans to begin work on SACWIS during FY 2004.

Implication of the Executive Recommendation: The recommended funding will reduce, from FY 2003, the level of operating subsidy that JFS provides to counties for child and family services, such as child protective services, adult protective services, and other social services.

For FY 2003, the number of adoptions has failed to meet projections and caseload growth is showing a slowing trend. The executive recommendation incorporates this growth forecast into its funding recommendation. According to JFS, if this lower growth assumption comes to pass, then the recommended level should be adequate to meet all program obligations in FYs 2004 and 2005.

The Department is also reviewing the future of the AdoptOhio program. The Department may have to scale back its promotion and outreach campaign to recruit adoptive families and foster parents. Scaling back on promotion and outreach will likely hinder the growth rate of adoption over the biennium. A slower adoption rate means that county foster care costs will likely rise as children remain in foster care longer.

The executive recommendation included a change in permanent law regarding certain adoption subsidies provided by the state. According to JFS, the adoption subsidy program has historically been forced to cease or restrict operations before the close of each fiscal year because demand exceeded available funding. The proposed changes in the law will allow the program to remain open longer and serve more children with existing available resources. (For a more detailed discussion of the changes see Permanent and Temporary Law Changes under the heading "Adoption Subsidies.")

Social Services

Program Description: The Social Services Block Grant (SSBG) is appropriated under Title XX of the Social Security Act. By federal statute, the delivery of SSBG services must be directed toward five goals:

- To prevent, reduce, or eliminate dependence on public assistance;
- To maintain self-sufficiency once it is achieved;
- To prevent or remedy the neglect, abuse, or exploitation of children and vulnerable adults;
- To reduce inappropriate institutionalization by providing community-based care; and
- To provide quality institutional care when other forms of care are insufficient.

To address these national goals, as well as fulfill the Department's mission, JFS established 31 service definitions that are designed to provide flexibility in targeting the populations to be served. Some examples of the service definitions include adoption, family planning, employment services, prevention and intervention, home delivered meals, and legal services.

All counties are required to provide these services. However, counties have broad discretion, flexibility, and autonomy in deciding what services will be offered in that county. Therefore, the amount, duration, and scope of services varies from county to county. Under current law, all counties are required to investigate allegations of abuse, neglect, and exploitation of persons age 60 and older.

Federal revenue for the SSBG has been declining. The Department of Job and Family Services anticipates that Congress will maintain SSBG funding at approximately current levels. The Department expects to receive approximately $47.5 million in SSBG funds in each fiscal year of the upcoming biennium. (The Department of Job and Family Services receives 72.5% of Ohio's SSBG award. The remaining amount is divided between the departments of Mental Health and Mental Retardation and Developmental Disabilities.) The Department may use up to 3% of the SSBG for administration, up to 2% for statewide training, and up to 20% for child care. The balance is allocated to the 88 county departments of job and family services.

Implication of the Executive Recommendation: The executive recommendation assumes that Congress will maintain Social Services Block Grant (SSBG) funding at the current levels. This should allow SSBG service levels to be generally maintained.

The recommendation eliminates state funding specifically for adult protective services. The recommendation includes a change in the permanent law that makes implementation of the adult protective services system an option for each county. Currently, counties use a combination of state and federal dollars, supplemented in some counties with local levy dollars, to provide adult protective services. In FY 2002, the state share of funding for adult protective services was approximately $2.3 million. In that same year, counties spent $13.0 million in federal funds (Title XX) to provide these services. Given the executive recommendation, the counties will have to choose if and how to fund these services. A county may continue to use Title XX dollars, local funds, or part of its consolidated social services allocation to provide these services.

Publicly Funded Child Day-Care

Program Description: In general, the state provides child care dollars to those families whose income levels fall below a certain threshold. Traditional beneficiaries of publicly funded child care services include children and families who are: Ohio Works First (OWF) participants; transitioning from OWF, low income, employed, or in a training program; or have special protective needs. Transitional benefits are guaranteed for the lesser of a 12-month period following the last month the client was eligible for an OWF cash benefit or until income exceeds 150% of the federal poverty level (FPL). Non-OWF families and those for whom transitional child care benefits have lapsed may continue to qualify for child care (nonguaranteed child care) until income exceeds 185% of FPL (soon to be reduced to 150% of FPL).

Clients receiving OWF, transitional child care, or nonguaranteed child care are required to pay a fee toward the cost of child care. Their fees range from a minimum of $0 per month, per child in care, to $108 per month, per child in care.

The child care program currently serves more than 102,000 children. Since 1999, caseloads have increased 60% and expenditures have increased by an average of more than 25% annually. In FY 2003, JFS will spend approximately $606 million on the child care program.

Publicly funded child day-care is funded with GRF, TANF, and other federal dollars. Growth in the child care budget surpassed estimates for FY 2002 and will exceed budgeted estimates in FY 2003. According to JFS, all GRF and other federal funds appropriated for the child care program in FY 2003 have been expended and the Department is currently using TANF funds exclusively to pay for the program. The Department is expecting a shortfall of $70 million in FY 2003. The Department plans to use unspent TANF dollars to deal with this shortfall. The Department estimates that child care caseloads and costs will continue to rise unless something is done to constrain the growth.

Amended Substitute House Bill 40 of the 125th General Assembly 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 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 persons with incomes above 150% of FPL, who are currently receiving benefits, to continue to do so until September 30, 2003. At the person's scheduled redeterminiation (currently redetermination is done every six months), the person 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.

Implication of the Executive Recommendation: The Department of Job and Family Services uses a mix of state and federal dollars to fund the child care program. While some funds are appropriated specifically for child care expenditures, the Department has the discretion to use other state and federal funds for this purpose. Each biennium, JFS develops a spending plan for the child care program based on caseload and cost projections, policy changes, and available funding. The Department plans to spend $557,138,114 in FY 2004 and $630,480,733 in FY 2005 for the child care program. The executive recommendation will allow JFS to go forward with the proposed spending plan. Spending at the planned level will result in an estimated 111,670 children receiving child care services in FY 2004 and 117,220 children receiving services in FY 2005.

Included in the spending plan and the executive recommendation are the following:

? *Direct charge - TANF Block Grant.* The executive recommendation includes a change in permanent law that provides that federal funds available under the TANF Block Grant are among the funds the JFS may use for publicly funded child day-care.

  In the past, the Department has transferred TANF dollars into the Child Care and Development Fund (CCDF). Funds transferred into the CCDF become CCDF moneys, which means that 4% of those moneys must be spent on quality activities. This provision of the bill will allow the Department to direct charge the TANF Block Grant for child day-care costs. The Department's spending plan for publicly funded child day-care includes expenditures from the TANF Block Grant (line item 600-689) in the amounts of $190,825,450 in FY 2004 and $245,753,442 in FY 2005.

? *New Initiative - 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 programs are intended to promote school readiness of low-income children by enhancing their social and cognitive development. 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 provides 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.

Child and Family Services Review

As required by the federal Adoption and Safe Families Act of 1997, in 2001, the U.S. Department of Health and Human Services began reviewing state and county child welfare services programs using performance-based outcomes to identify both the strengths and weaknesses of those programs. The reviews examine the delivery of child welfare services and the outcomes for children and families served by child protective services, foster care, adoption, family preservation and family support, and independent living services.

In January 2003, Ohio received the results of its first review and found that it does not meet all the federal standards. The review pointed out strengths, as well as areas that need improvement. The Department has been working to develop a Performance Improvement Plan that must be completed by April 2003. If Ohio does not make the improvements set forth in the plan by the next federal review (sometime in 2004), the state could lose some of the federal money it receives to administer child welfare programs.

Implication of the Executive Recommendation: According to JFS, with the recommended funding, it will do its best to develop and implement the Program Improvement Plan.

PERMANENT AND TEMPORARY LAW – CHILDREN AND FAMILIES

This section describes permanent and temporary law provisions contained in the executive budget that will affect the Department's children and family services activities and spending decisions during the next biennium.

Permanent Law Provisions

TANF Funds Used for Publicly Funded Child Day-Care (R.C. sections 5101.80, 5104.01, and 5104.30)

The bill provides that federal funds available under the Temporary Assistance for Needy Families (TANF) block grant are among the funds the Department of Job and Family Services (JFS) may distribute for publicly funded child day-care.

In the past, the Department has transferred TANF dollars into the Child Care and Development Fund (CCDF). Funds transferred into the CCDF become CCDF moneys, which means that 4% of those moneys must be spent on quality activities. This provision of the bill will allow the Department to direct charge the TANF Block Grant for child day-care costs. The Department's spending plan for publicly funded child day-care includes expenditures from the TANF Block Grant (line item 600-689) in the amounts of $190,825,450 in FY 2004 and $245,753,442 in FY 2005.

State Matching Independent Living Funds for Young Adults (R.C. sections 2151.83 and 2151.84)

The bill eliminates a requirement that the Department of Job and Family Services (JFS) provide state matching funds needed to qualify for federal funds to facilitate the provision of independent living services for young adults who were in foster care.

The Foster Care Independence Act of 1999 established the John H. Chafee Foster Care Independence Program. The Act increased funding for independent living services. Independent living services are designed to aid children and young adults in successfully transitioning from foster care to independent adult living. Based on the federal funds available in federal fiscal year (FFY) 2002 ($4.3 million), current law requires JFS to provide an estimated $860,000 in state matching funds to access the federal funds.

According to JFS, under this provision of the bill, funds otherwise used for state match will be consolidated into the general child welfare subsidy, which will allow the counties to use the funds to meet their program needs. This provision will not affect the amount of federal dollars that Ohio may draw down.

Recovery of Foster Care and Adoption Assistance Funds (R.C. sections 5101.1410, 5101.141, 5101.142, 5101.145, 5101.146, and 5153.78)

The bill provides for the Attorney General to take recovery actions if an inclusion or omission in a cost report for reimbursement for foster care or adoption assistance services causes a federal disallowance.

In addition, the bill makes government entities that provide federally-reimbursable child placement services subject to fiscal accountability requirements applicable to public children services agencies, private child placing agencies, and private noncustodial agencies.

The bill also requires that rules governing Title IV-E foster care and adoption assistance requirements applicable to private child placing agencies and private noncustodial agencies be adopted in accordance with the Administrative Procedure Act. (R.C. Chapter 119.)

This provision of the bill will enable the Department of Job and Family Services to recover misspent funds from foster care service providers that were identified in the audits performed by the Auditor of State. Some of the audit findings resulted in JFS having to refund federal revenue. By recovering funds from the providers, JFS will not have to completely absorb the loss of federal funds.

Adoption Subsidies (R.C. sections 5103.154 and 5153.163 and Section 146.20 of the bill)

The bill does the following:

- Eliminates the State Adoption Special Services Subsidy (SASSS) program, which provides assistance to parents of adopted children who require special medical or psychological services;
- Permits a public children services agency to continue to make SASSS payments on behalf of a child for whom SASSS payments were being made prior to July 1, 2004 based on the child's individual need for services;
- Revises as follows the law regarding provision of State Adoption Maintenance Subsidy (SAMS) payments on behalf of a child:
    - Requires payments to be made by either the public children services agency that had custody of the child before adoption or the public children services agency of the county in which the private child placing agency that had permanent custody of the child before adoption is located;
    - Requires the Department of Job and Family Services (JFS) to establish by rule a method to determine the amount of assistance available for a child; and
    - Restricts public children services agencies from providing services using moneys other than state funds appropriated for that purpose;
- Revises as follows the law regarding provisions of Post Adoption Special Services Subsidy (PASSS) payments on behalf of a child:
    - Requires JFS to establish clinical standards to evaluate a child's post-adoption condition and assess the child's need for assistance;
    - Eliminates requirement that each agreement undergo an annual redetermination of need process;
    - Limits to $10,000 ($15,000 if there are extraordinary circumstances) the value of services the child may receive during a single year;
    - Requires the adoptive parent to pay at least 5% of the total cost of services provided the child;
    - Requires JFS to adopt rules establishing a method to determine the amount, duration, and scope of assistance to be provided a child;

- Permits the adoption of any other rules JFS considers necessary for the implementation of the SAMS or PASSS program;
- Removes the fiscal penalty imposed on a public children services agency that fails to report to JFS the placement or maintenance of certain special needs children; and
- Allows JFS to take disciplinary action against a public children services agency that fails to report to JFS on the placement or maintenance of certain special needs adopted children.

According to JFS, the SASSS program never came into existence, so eliminating the program in permanent law will have no effect on the adoption subsidy program. With regard to the rest of the adoption subsidy program, it has historically been forced to cease or restrict operations before the close of each fiscal year because demand exceeded available funding. According to JFS, this change in the law will allow the program to remain open longer and serve more children with existing available resources.

Repeal of domestic violence training program requirement (repeals R.C. section 5101.251)

The bill repeals a requirement that the Director of Job and Family Services (JFS) provide a training program to assist caseworkers in county departments of job and family services and public children services agencies in understanding the dynamics of domestic violence and the relationship domestic violence has to child abuse.

According to JFS, this requirement in law is no longer necessary because the Ohio Welfare Training Program now includes training on how public children services agencies should handle domestic violence cases and the needs of children directly involved.

Notice of Proposed and Adopted Day-Care Rules (R.C. section 5104.011)

The bill requires the Director of Job and Family Services (JFS) to send to each licensed child day-care center and Type A home notice, rather than copies, of proposed rules pertaining to licensure and permits the Director to send copies of adopted rules to homes in either paper or electronic form.

In addition, the bill eliminates a requirement that the Director of JFS send to county directors of job and family services (1) copies of proposed rules pertaining to licensure of child day-care centers and Type A homes, (2) public notice of hearing dates for the proposed rules, and (3) copies of adopted rules.

The bill also requires the Director to send to each county director (1) notice of proposed rules pertaining to certification of Type B family homes and in-home aides, (2) 30 days' advance public notice of hearing dates for proposed rules, and (3) an electronic copy of each adopted rule, prior to the rule's effective date. Notice of a hearing must include a web site address where the proposed rules can be viewed.

This provision will save the Department on printing and mailing costs.

Ohio Child Welfare Training Program (R.C. sections 5103.031, 5103.033, 5103.034, 5103.036, 5103.037, 5103.038, 5103.0312, 5103.0313, 5103.0314, 5103.0315, 5103.0316, 5153.60, 5153.69, and 5153.72)

The bill makes the following changes effective January 1, 2004 to laws governing training of foster caregivers and adoption assessors:

- Eliminates the requirement that the Department of Job and Family Services (JFS) reimburse public children services agencies for providing preplacement training and continuing training for foster caregivers;
- Requires the Ohio Child Welfare Training Program to provide training for foster caregivers and adoption assessors;
- Requires JFS to provide an allowance for training hours provided, rather than a reimbursement, to private child placing agencies or private noncustodial agencies that provide foster caregiver training; and
- Permits JFS to subsidize the operation of regional training centers by making grants to public children services agencies that maintain centers.

According to JFS, funding available for child welfare services is insufficient to support the training. This provision will improve the efficiency of foster parent training delivery and increase the level of federal reimbursement received for training.

Child Welfare Subsidy (R.C. sections 5101.14, 5101.144, and 5111.0113)

The bill makes the following changes to the law governing state payments to counties for child welfare services:

- Permits counties to use the funds to pay for child welfare services authorized by state law governing public children services agencies rather than a more limited list of services;
- Eliminates a requirement that a county's allocation be reduced if the county expended fewer funds for child welfare services the previous calendar year;
- Requires a county to return unspent funds within 90 days after the end of each state fiscal biennium rather than the end of each fiscal year; and
- Provides that the Director of Job and Family Services (JFS) is permitted, rather than required, to adopt rules prescribing county reports on expenditures and exempts the rules from notice and public hearing requirements.

Since FY 2000, temporary law has allowed JFS to block grant child welfare funding to the counties. It has also allowed use of the funding for any child welfare service and allowed the funding to span both years of the biennial appropriations.

Surplus Money in Putative Father Registry Fund (R.C. sections 2101.16, 2151.3529, 2151.3530, and 5103.155)

The bill allows the Department of Job and Family Services to use surplus funds in the Putative Father Registry Fund to finance the Department's costs of developing, publishing, and distributing forms and materials the Department is required to create and provide to parents who voluntarily deliver a child to an emergency medical service worker, peace officer, or hospital employee. Also permits the Department to use surplus moneys in the fund to promote the adoption of children with special needs.

The executive recommendation includes appropriations for this purpose in the amounts of $300,000 in each fiscal year.

Adult Protective Services (Primarily R.C. sections 5101.60, 5101.601, 5101.61, 5101.611, 5101.62, 5101.65, 5101.67, 5101.68, 5101.69, 5101.70, and 5101.99; Section 140.01 of the bill)

The bill makes implementation of the adult protective services system an option for each county. It also allows the system's administrative agency to be the county department of job and family services or another county agency designated by the board of county commissioners.

The bill changes to permissive the requirement that certain medical and other professionals report their reasonable belief that an adult age 60 or older is being abused, neglected, or exploited.

The bill also repeals existing law permitting the Department of Job and Family Services to reimburse county departments of job and family services for costs incurred in the implementation of the adult protective services system, to provide training on implementing the system, and to adopt rules governing the system.

The recommendation eliminates state funding specifically for adult protective services. Counties use a combination of state and federal dollars, supplemented in some counties with local levy dollars, to provide adult protective services. In FY 2002, the state share of funding for adult protective services was approximately $2.3 million. In that same year, counties spent $13.0 million in federal funds (Title XX) to provide these services. Given the executive recommendation, the counties will have to choose if and how to fund these services. A county may continue to use Title XX dollars, local funds, or part of its consolidated social services allocation to provide these services.

Family Services Fiscal Agreements and Sanctions (Primarily R.C. section 5101.21)

The bill requires the Director of Job and Family Services (JFS) to enter into one or more fiscal agreement with each board of county commissioners regarding family services, rather than a partnership agreement as required by current law.

The bill also revises the law governing JFS taking action against a board of county commissioners, county department of job and family services, child support enforcement agency, or public children services agency regarding family services.

In addition, the bill provides that a contract designating a private or government agency or providing for such an entity to perform a family services duty is no longer required to permit the exchange of information needed to improve services and assistance to individuals and families and the protection of children.

According to JFS, this provision will change the way that it does business with and relates to the counties.

Head Start (R.C. sections 3301.31 (repealed and reenacted), 3301.33, 3301.34, 3301.35, 3301.36, 3301.37, 3301.40 (3301.33), 3301.52, 3301.53, 3301.54, 3301.55, 3301.57, 3301.58, 4511.75, 5104.01, 5104.02, 5104.32, and repealed R.C. section 3301.581)

The bill repeals current authorization for a state Head Start program (instructional and health care services for low-income preschool-age children) and replaces it with two new programs: "Title IV-A Head Start" and "Title IV-A Head Start Plus" to be operated by the Department of Education and funded with federal TANF moneys transferred from the Department of Job and Family Services (JFS) to the Department of Education. Title IV-A Head Start will provide traditional Head Start services and Title IV-A Head Start Plus will provide year-round Head Start services along with child care services. Both programs are restricted to providing only TANF eligible services to only TANF eligible individuals.

The bill authorizes JFS and the Department of Education to enter into an interagency agreement and to develop procedures for operation of the programs. It also authorizes the Department of Education to contract with agencies to provide services and to reimburse the agencies for those services under the Title IV-A Head Start program.

The bill authorizes the Department of Education to contract with county departments of job and family services to administer the Title IV-A Head Start Plus program within their respective counties. The head start plus agencies will be reimbursed for allowable expenses from the county departments, which in turn will be reimbursed by the Department of Education.

The bill removes from the Department of Education the authority to license Head Start programs and instead authorizes JFS to license those programs.

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.

Temporary Law Provisions

Consolidated grant of state aid for county children services (Section 58.09 of the bill)

Permits the Department of Job and Family Services, with the consent of a county, to combine into a single consolidated grant state funds provided to the county for child welfare services and kinship care. This provision is permissive. According to the Department, combining state funds into a single and consolidated grant will provide a county with greater flexibility to use these funds to meet that particular county's needs.

REQUESTS NOT FUNDED - CHILDREN AND FAMILY SERVICES

Children and Families Subsidy						
Fund - Line Item	**FY 2004 Requested**	**FY 2004 Recommended**	**Difference**	**FY 2005 Requested**	**FY 2005 Recommended**	**Difference**
GRF - 523	$78,974,359	$69,846,563	($9,127,796)	$87,932,505	$69,846,563	($18,085,942)
Total	**$78,974,359**	**$69,846,563**	**($9,127,796)**	**$87,932,505**	**$69,846,563**	**($18,085,942)**

The Department of Job and Family Services (JFS) requested appropriations of GRF dollars for line item 600-523, Children and Families Subsidy, in the amounts of $78,974,359 in FY 2004 and $87,932,505 in FY 2005. One hundred percent of the dollars appropriated to this line item are provided to counties. Currently, with some direction from JFS, the counties use the funds to provide various child and family services, including child protective services, adult protective services, and various other social services.

According to the Department, the requested level of funding would have restored the counties' operating subsidy for child and family services to the appropriated level in FY 2003, prior to any legislative or executive reductions. The Executive's recommended funding level for this line item is $69,846,563 in each fiscal year, which is $9,127,796 less in FY 2004 and $18,085,942 less in FY 2005 than was requested. The executive recommendation results in fewer dollars going to the counties for the provision of services to children and families.

Line item 600-523 also provides the GRF component of AdoptOhio. Given the recommended funding level, the Department is evaluating the future of the program. One aspect of AdoptOhio that JFS is not planning to continue is an arrangement to provide cash payments to public and private adoption agencies that place a special needs child with an adoptive family, finalize the adoption, and maintain placement of that child for at least nine months.

The requested funding level also included a proposed incentive subsidy to reward county child welfare agencies that begin FY 2005 accredited by the Council on Accreditation (COA). The Council is an international, independent, not-for-profit child and family service accreditation organization. The Council accredits nearly 1,400 public and private organizations in the United States and Canada that provide child welfare services, behavioral healthcare services, and financial management/debt counseling services. To receive accreditation, organizations must comply with organization and management standards, as well as, service-specific standards.

Given the executive recommendation, JFS will be unable to provide the counties with a financial incentive to obtain accreditation. The Department intends to provide technical assistance to those counties that decide to pursue accreditation.

Adoption Services						
Fund - Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF – 528	$75,396,732	$70,764,203	($4,632,529)	$82,767,466	$77,132,981	($5,634,485)
Total	**$75,396,732**	**$70,764,203**	**($4,632,529)**	**$82,767,466**	**$77,132,981**	**($5,634,485)**

The Department of Job and Family Services requested appropriations of GRF dollars for line item 600-528, Adoption Services in the amounts of $75,396,732 in FY 2004 and $82,767,466 in FY 2005. The Department uses this line item to provide adoption subsidy payments to parents that adopt children with special needs.

The Executive's recommended funding level for this line item is $70,764,203 in FY 2004 and $77,132,981 in FY 2005, which is $4,632,529 less in FY 2004 and $5,634,485 less in FY 2005 than was requested. The Executive's recommended funding level assumes a lower growth rate in adoptions than what JFS had assumed in its request. For FY 2003, this line item is over appropriated, as adoptions during FY 2003 have failed to meet projection and caseload growth is showing a slowing trend. The Executive incorporated this forecast of slower growth into its funding recommendation. According to JFS, if this lower growth assumption comes to pass, then the recommended level should be adequate to meet all program obligations in FYs 2004 and 2005.

CHILD SUPPORT ENFORCEMENT

ANALYSIS OF EXECUTIVE PROPOSAL

Child Support Enforcement **Program Series 2**

Purpose: The role of the child support enforcement series is to provide funding for activities that enhance the ability of the local child support enforcement agencies to establish paternity in order to establish child support orders and to collect payments on those orders.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	600-420	Child Support Administration	$5,708,784	$5,812,003
GRF	600-502	Child Support Match	$16,814,103	$16,814,103
		GRF Subtotal:	**$22,522,887**	**$22,626,106**
4A8	600-658*	Child Support Collections	$27,255,646	$26,680,794
		GSF Subtotal:	**$27,255,646**	**$26,680,794**
3S5	600-622	Child Support Projects	$534,050	$534,050
397	600-626	Child Support	$273,707,264	$272,212,680
		FED Subtotal:	**$274,241,314**	**$272,746,730**
5T2	600-652	Child Support Special Payment	$1,500,000	$750,000
		SSR Subtotal:	**$1,500,000**	**$750,000**
192	600-646	Support Intercept – Federal	$136,500,000	$136,500,000
583	600-642	Support Intercept – State	$20,565,582	$20,565,582
		AGY Subtotal:	**$157,065,582**	**$157,065,582**
Total funding: Child Support Enforcement			**$482,585,429**	**$479,869,212**

* While the revenue for line item 600-658, Child Support Collections, is derived from collections from child support payments for current and former OWF/ADC recipients, the funding is not used to support child support activities. The funding is used for expenditures under the TANF program for meeting maintenance of effort requirements.

Specific programs within the Child Support Enforcement program series that this analysis will focus on include:

- ***Paternity/Support Establishment***
- ***Enforcement & Collection***
- ***County Funding for Child Support Projects & Activities***

Background

Title IV-D of the Social Security Act of 1975 designates the Ohio Department of Job and Family Services (JFS) as Ohio's Child Support Enforcement Agency. The Act requires JFS to be responsible for supervising local entities in the establishment and enforcement of support obligations owed by noncustodial parents. Within the Department, the Office of Child Support (OCS) has the responsibility for overseeing local activity. The local child support enforcement agency has the responsibility for the direct administration and provision of services to all individuals in need of child support services including location of an absent parent, paternity and support establishment, support collection, and enforcement of financial and medical obligations. The child support program supports over 900,000 cases statewide, which assists almost one million Ohio children. In FY 2002, Ohio collected and disbursed approximately $1.8 billion of child support. Of the amount collected, 66.8% was current support obligations. In FY 2002, approximately $153.8 million was added to arrears.

Paternity/Support Establishment

Program Description: The Personal Responsibility and Work Reconciliation Act of 1996 requires each state to develop a methodology for establishment of paternity and support obligations, which are the first two steps in collecting child support. The state's portion of federal incentive dollars is based on performance measures related to paternity and support order establishment. The Office of Child Support assists the counties in meeting these performance measure goals through contracts and interagency agreements.

In Ohio, licensed contractors provide DNA testing for establishment of paternity. The Department of Job and Family Services contracts with four vendors that all 88 counties have access to for genetic testing procedures. Statewide contracts allow the state to negotiate a lower price per test. By utilizing the statewide contracts, the child support enforcement agencies do not need to go through the process of securing individual vendors. Once paternity is established, the child support enforcement agency proceeds with support establishment and enforcement of support collections.

In FY 2002, 15,340 cases were resolved resulting in establishing fathers for 8,041 children. **Currently, the federal government reimburses 90% for the cost of genetic testing.**

Central Paternity Registry: In January 1998, OCS created the Central Paternity Registry (CPR). The purpose of the registry is to collect and process all paternity documents initiated by the child support enforcement agencies, hospitals, vital statistics registrars, and courts. The state has contracted with a vendor for the registry's operation and maintenance. The vendor is also responsible for collecting the documents, continuing training, and monitoring hospital compliance.

The Department of Health (DOH), pursuant to an interagency agreement with JFS, processes all paternity paperwork that comes through the registry. Processing the paperwork requires DOH to coordinate with the vendor and involves comparing all paternity documentation with the child's birth record and updating the birth record, if necessary. DOH is responsible for permanently housing the original documents and assuring the paternity affidavits correspond to the child's birth record.

The registry extracts specific data elements from each document. Within a few days, the information is made available to the child support enforcement agencies to allow them to move quickly to establish support. During FY 2002, the registry processed 15,340 paternity documents.

Implication of Executive Recommendation: The Executive's recommended funding level allows the state to continue to provide statewide genetic testing through the four vendors. The recommendation allows for maintenance of the Central Paternity Registry. The Department will also be able to update child support training literature relating to the paternity process.

Enforcement & Collection

Program Description: The child and medical support enforcement and collection services assist child support enforcement agencies in locating absent obligors, enforcing orders, and collecting child support, medical support, and other monetary obligations from individuals who owe support. The role of JFS is to provide the county child support enforcement agencies with the resources to assist individuals owed child support obtain that support. The Office of Child Support maintains statewide contracts for new hire reporting, medical enforcement, financial institution data match, and in part, collections.

Collection Contracts: The Department of Job and Family Services currently contracts with three vendors that provide collection assistance to the child support enforcement agencies for the most difficult to collect cases. The program began as a pilot in FY 1996 and was later expanded. The vendors work on a contingency basis and receive about thirteen cents per dollar collected. As of May 2002, the collection vendors were working on over 65,000 cases.

New Hire Reporting: State and federal law requires employers to report all newly hired and rehired employees to JFS within 20 days of the date of hire. The reports are to be made to a vendor that JFS has contracted with for collection of this information. The information is kept for 12 months and is used for location purposes and identification of employment resources for nonresidential parents who may be delinquent on their child support payments. The database currently contains 2.7 million records from 73,857 Ohio employers and processes an average of 51,318 employer records each week.

Medical Enforcement: State and federal law requires the inclusion of health care coverage in court and administrative child support orders when coverage is available and reasonable, or expected to become available. Health insurance coverage is considered available and reasonable if either parent, through the parent's employer or other group health insurance plan, can obtain it. Local child support enforcement agencies must obtain proof of insurance and then communicate that information periodically to JFS, Office of Ohio Health Plans. The Office of Ohio Health Plans must determine if there have been lapses in healthcare coverage for Medicaid recipients. The objective of the program is to increase the number of children with health care coverage who are in child support families where health care coverage has been ordered. The Department contracts with a vendor to facilitate medical support enforcement. The vendor works with counties identifying children who may have a previously unknown source of health insurance that is available for the child (e.g., a noncustodial parent's health insurance through an employer). Once the vendor discovers the availability of health insurance for a child, the county is responsible for further investigation and establishment of a medical support order. The vendor has been able to add coverage for 80,000 children each year.

Federal law requires that state child support enforcement agencies begin using the national medical support notice (NMSN). The NMSN is a standardized federal form that all state child support agencies are required to use. The federal departments of Health and Human Services and Labor developed the NMSN in consultation with the Medical Support Working Group, which was created in 1999 to identify barriers to the enforcement of medical support orders. All states were required to begin using the form on October 1, 2001 unless, as was the case with Ohio, the state needed time to pass enabling legislation (in which case the state was allowed to delay implementation). Substitute House Bill 657 was enacted during the 124th General Assembly and it requires the use of the NMSN. Ohio began using the form January 1, 2003. The Department of Job and Family Services is working with the counties as issues arise regarding use of the NMSN.

Financial Institution Data Match (FIDM): The Personal Responsibility and Work Reconciliation Act of 1996 (PRWORA) established the FIDM in order to increase collection of delinquent child support, maintain the integrity and security of financial institution and child support data, and make use of technology to aid in the collection of child support. The FIDM is used to identify accounts belonging to noncustodial parents who are delinquent in their child support payments and, if necessary, freeze and seize the accounts of the delinquent obligor. There are two segments to the FIDM program: the multi-state FIDM and the single state FIDM. Banks, savings and loans, federal and state credit unions, benefit associations, insurance companies, safe deposit companies, money market, mutual funds, and similar institutions have the option to participate in the multi-state program or participate on a state by state basis. The MSFIDM is operated and funded through the federal Office of Child Support Enforcement. The SSFIDM includes those institutions doing business in only one state and those multi-state institutions that do not participate in the MSFIDM program. Since the establishment of the MSFIDM program in Ohio in 1999, more than 264,000 matches on arrearages of more than $2.4 billion in delinquent child support have been processed. The SSFIDM began in FY 2002 and JFS expects similar results relative to the number of financial institutions involved.

Centralized Collection: The Personal Responsibility and Work Reconciliation Act mandates that the state agency responsible for administering the state's child support plan under Title IV-D of the Social Security Act must establish and operate a State Disbursement Unit for centralized collection and disbursement of child support payments. The State Disbursement Unit in Ohio is known as Child Support Payment Central (CSPC). In December of 1999, JFS, in partnership with the Treasurer of State, entered into a contract with Bank One and its subsidiary, Anexsys, L.L.C. to provide banking and client support services associated with the establishment and ongoing operation of CSPC. When that contract expired in December 2002, JFS selected, by competitive bid, a new vendor to perform these services. The vendor selected was ACS State and Local Government Solutions. All payment processing has been successfully transferred to the new vendor.

The Office of Child Support created the Payment Analysis and Reconciliation Bureau, located in Athens, Ohio, to handle the state's responsibilities not covered by the CSPC contract including, handling payment and disbursement exceptions and financial oversight and reconciliation of the newly created master account, which replaced the individual county accounts.

Tax Off-Set Program: The Department of Job and Family Services also works with the Department of Taxation and the federal government to administer the tax offset program. The child support enforcement agencies submit the name of obligors who owe arrearages. The obligors' tax returns are offset and the funds are forwarded to JFS for distribution to the obligees.

Support Enforcement Tracking System (SETS): The Family Support Act (FSA) of 1988 mandated that each state develop an automated system to manage child support enforcement by October 1, 1995. Ohio's automated system aids in the location of absent parents, and in the establishment and enforcement of child support cases. In Ohio, it is called SETS. This system is one of the largest statewide child support systems in the nation. The system maintains data on 3,485,430 parents and children seeking child support payments and 901,429 cases. There are approximately 4,000 SETS users statewide. It is operational in a personal computer network environment.

While SETS was being implemented, Ohio failed on several occasions to comply with federally imposed deadlines and as a result paid millions of dollars in federal fines. Full conversion of cases to SETS was complete by September 30, 2000 and Ohio received conditional certification from the federal government. The federal government will return in March 2003 to review a few outstanding issues with SETS. The Department is confident that at that time, SETS will be fully certified. No further penalties are expected.

Implication of the Executive Recommendation: The executive recommendation will enable the Office of Child Support and the county support enforcement agencies to provide basic services to their customers. The recommendation allows JFS to maintain, but not expand, contracts with vendors that aid in support collection and enforcement. The Department will be able to continue to fund the Payment Analysis and Reconciliation staff in Athens, Ohio.

The collections contracts are expected to cost $6,050,000 each year ($2,057,000 GRF and $3,993,000 federal). Since these contractors are paid on a contingent basis, the expected costs of the contracts would result in approximately an additional $46.5 million of support collected each year.

County Funding for Child Support Projects & Activities

Program Description: The Child Support program involves federal, state, and local government. The federal government sets program standards and policy, evaluates state performance in conducting the program, and offers training and technical assistance to the state. The Department of Job and Family Services provides state supervision and the local child support enforcement agencies administer the program. The federal government funds a major share of the cost of the program by reimbursing states 66% of their administrative expenses, with the exception of genetic testing expenses, which are reimbursed at 90%. State and local governments must provide the funding not reimbursed by the federal government. The state provides funds to the counties, which are then used to match federal funds.

Each county is allocated $15,000, with some of the balance allocated based on the county's percentage of divorces, dissolutions, and annulments and percentage of children born out-of-wedlock compared to the entire state. Some of it is allocated based on the counties' ratings according to performance standards.

Counties also receive funding for the Access/Visitation program. The program supports and facilitates the nonresidential parents' access to, and visitation of, their children to encourage the payment of child support. The services provided include mediation services centering on access and visitation disputes, neutral drop-off and pick-up sites for visitation, supervised visitation, parenting education classes, and the development of visitation enforcement orders. Funding for this program is 100% federal (line item 600-622, Child Support Projects).

Executive Ordered Repayment: Amended Senate Bill 170 of the 124th General Assembly requires each county child support enforcement agency to review certain child support cases to determine if disbursements of the support payments were made in accordance with the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). The case reviews are to be conducted to ensure that once the federal law took effect, payments were made in accordance with PRWORA and with retroactive application of certain PRWORA requirements in accordance with the time frame set forth by Executive Order 2001-15T. If the case reviews reveal that support payments to certain individuals were not distributed in accordance with PRWORA requirements during the specified time frames, then under the bill, JFS is required to make payments to those individuals. The payments that JFS must make are to represent the amount of child support arrearage payments that the individual would have received if the PRWORA requirements had been implemented.

The review of these cases is 94% complete. To date, JFS has repaid almost $14.0 million to 61,500 families. Another 41,000 families have received notices indicating their cases have been reviewed, but they are not entitled to a repayment.

Implication of the Executive Recommendation: The Executive's recommended funding in FY 2004 and FY 2005 for state funds provided to the counties for administration of the Child Support Enforcement program (line item 600-502, Child Support Match) is flat when compared to estimated FY 2003 expenditures. This funding will allow the child support enforcement agencies to maintain services at the FY 2003 level.

The executive recommendation includes the funding necessary for continued review and repayment of inappropriately held child support payments during the FY 2004-2005 biennium.

PERMANENT AND TEMPORARY LAW CHANGES - CHILD SUPPORT

This section describes permanent and temporary law provisions contained in the executive budget that will affect the Department's child support activities and spending decisions during the next biennium.

Permanent Law Provisions

Divert, from insurance claims, child support arrearages (R.C. section 3123.97)

The bill requires insurance companies to cooperate with the Department of Job and Family Services in collecting past due child support, exchanging information, and diverting claim payments to the Department when a claimant has been determined to be a child support obligor in default.

This provision would likely increase child support collections. Improvement in child support collections increases JFS' ability to draw additional federal incentive dollars.

In-hospital genetic testing (R.C. sections 3111.72 and 3727.17)

The bill requires the contract between the Department of Job and Family Services (JFS) and a hospital concerning births by unmarried women to include a provision stating that hospital staff will perform immediate collections of genetic samples from the mother, child, and father at the request of either the mother or father and on completion of an application by either parent for child support enforcement services, including paternity determination.

The bill also requires the JFS to pay a hospital $30 for genetic samples collected and to pay the cost of testing the genetic samples. In addition, the bill requires hospital staff to explain to the mother and father the availability of immediate genetic testing at the hospital and that the test is at no cost to the mother or father.

Current law permits invalidation of previously determined paternity establishments. The bill may result in earlier testing, which could reduce court costs in the future if fewer actions are brought to invalidate paternity establishments. Since JFS pays $30 to a hospital for collecting a sample and also pays for the cost of the test, additional genetic testing would increase costs for JFS. The recommended funding level accounts for this expected increase in genetic testing.

Temporary Law Provisions

Child Support Collections/TANF Maintenance of Effort (Section 58.02 of the bill)

Line item 600-658, Child Support Collections, must be used by JFS to meet the TANF maintenance of effort requirements (MOE) of Pub. L. No. 104-193. After the state has met the MOE requirements, JFS may use the funds from line item 600-658 to support public assistance activities.

Refund of SETS Penalty (Section 58.14 of the bill)

Any and all refunds received for penalties that were paid directly or indirectly by the state for the Support Enforcement Tracking System (SETS) must be deposited in its entirety to the General Revenue Fund.

REQUESTS NOT FUNDED – CHILD SUPPORT

Child Support

County Funding for Child Support

Fund - Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF 600 - 502	$20,720,000	$16,814,103	($3,905,897)	$20,720,000	$16,814,103	($3,905,897)
Total	**$20,720,000**	**$16,814,103**	**($3,905,897)**	**$20,720,000**	**$16,814,103**	**($3,905,897)**

According to JFS, the local child support enforcement agencies are experiencing additional administrative responsibilities such as performance and data reliability for incentive funds and increases in the number of administrative hearings. In addition, increased efforts for paternity and support establishment, enforcement, and collection have increased the workloads for existing staff. The ratio of cases to worker has steadily increased because child support enforcement agencies have not had the level of state match required to keep pace with requirements and customer needs.

The Department had requested an amount of GRF appropriations that would have restored funding in this line item to the FY 2001 level. Funding at that level would have enabled the child support enforcement agencies to improve current service, which would result in additional federal incentive funds. (Federal incentive dollars are based on the state's performance in various service areas.) The executive recommendation did not include funding at the requested level.