Ohio Department of Job & Family Services

Family Stability Section

Senate Finance and Financial Institutions Committee

Steve Mansfield, Fiscal Supervisor

Legislative Service Commission

May 1, 2003

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LSC Redbook

for the

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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.

Family Stability

OVERVIEW

The Office of Family Stability (OFS) is a newly created office, created in conjunction with the introduction of program budgeting reorganization within the Department of Job and Family Services (JFS). The OFS develops and administers programs and services designed to support low-income Ohioans and families as they are seeking to better their lives and become self-sufficient. Many of the programs administered by OFS are entitlement programs, which means that if an individual or family meets specific eligibility requirements, they are assured of receiving services. Expenditures in the programs are in some cases driven by the economy (e.g., the Food Stamps program), and in other cases driven by social policy changes that have occurred in the last several years (e.g., the Ohio Works First program). The principal programs administered by OFS include the Ohio Works First (OWF) program, the Prevention, Retention, and Contingency (PRC) program, the Food Stamps program, the Electronic Benefits Transfer (EBT) program, and the Disability Assistance (DA) program.

TANF/OWF

A fundamental shift in the nature of Ohio's welfare program was introduced in 1995 with the passage of Sub. H.B. 167 of the 121st General Assembly. In H.B. 167, Ohio sought and was granted a waiver from the existing requirement of the federal Social Security Act to redesign the delivery of welfare benefits in a way that provided increased incentives for recipients to move off welfare by giving priority to early employment rather than education. The federal Temporary Assistance to Needy Families (TANF) program was implemented by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which built on the earlier experience of the several states that had pursued experiments in welfare reform. Ohio's TANF program, the OWF program (introduced by Am. Sub. H.B. 408 of the 122nd General Assembly), implemented PRWORA and refined and extended the "work first" strategy of welfare reform. The OWF program provides time-limited cash assistance and support services to help needy families with (or expecting) children care for those children in their own homes, and to eliminate the barriers to work that lead to reliance on government assistance. The OWF seeks to accomplish this by providing such things as job placement services, child care services, and transportation, and by promoting activities such as preparation for work, job search, and early entry into employment.

Among the reforms implemented by H.B. 408 are stricter work requirements, an expansion of the earned income disregard, and lifetime limits on the eligibility to participate. While the federal TANF law provided a lifetime limit to participation of five years, participation in OWF has a limit of 36 months, after which the family remains ineligible for 24 months. Subsequent to this 24-month period, a family may receive benefits for an additional 24 months if, in the view of the county department of job and family services, good cause exists to warrant the extension.

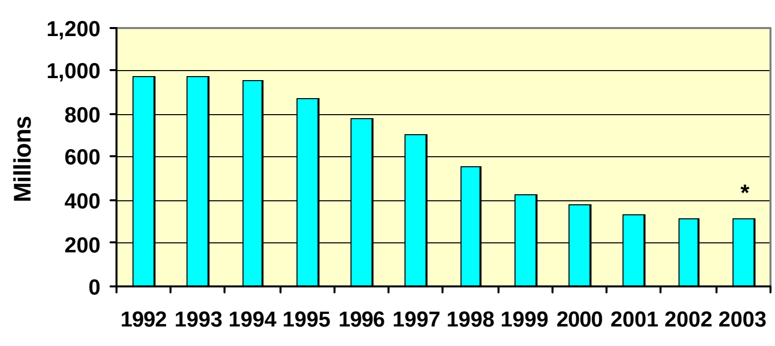
The PRWORA eliminated the Aid to Families with Dependent Children program (or AFDC; in Ohio this was called Aid to Dependent Children or ADC), the Job Opportunity and Basic Skills (JOBS) program, and the Family Emergency Assistance (FEA) program. Congress replaced these programs with the TANF program. Prior to TANF, under the AFDC program, the federal government provided states with open-ended matching funds if a state decided to participate in the program.

The old AFDC program was an "entitlement" for states that chose to operate an AFDC program. The states that participated received a reimbursement for their welfare spending of 50% to 80%, depending on per capita income. In Ohio, this reimbursement averaged approximately 60% over the decade prior to PRWORA. Each state that participated determined (as continues today under TANF) the income standards for eligibility and the benefit levels of recipients. Recipients had a "right" (which also continues under TANF) to equal treatment in the determination of their eligibility and benefit levels. One of the purposes of PRWORA is to end eligibility-based entitlement to assistance. The PRWORA requires the parent or caretaker in a family receiving assistance to engage in work once the state determines that the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance for 24 total months, whichever is earlier. Ohio requires that recipient adults must now meet a participation requirement that is established in a self-sufficiency plan as a condition of receiving cash benefits. See the discussion below under the heading OWF Work Activities.

Under the original "entitlement" that was granted to participating states, federal appropriations were provided as a reimbursement for the assistance provided to needy families. If a state experienced an increase in welfare expenditures due to an increase in caseloads or changes in benefit levels, this would result in an increase of federal reimbursements, and vice versa.

A key factor easing the process of transition to the new environment of TANF is that caseloads have been going down steadily since the spring of 1992, as Ohio and the nation experienced economic expansion (*see* **Figure 1**). As the economy has slackened in the last few years, Ohio's OWF caseload has remained fairly stable. As a result, Ohio and most other states have, under the block grant, received more federal money than they would have under the old funding system. The shift away from an open-ended reimbursement to a flat block grant, however, introduces the need for states to manage reserves for future caseload changes, to provide more intensive services to those recipients who remain on the caseload, and who are presumably "harder to serve," and to provide services to those in the workforce who are at risk of needing assistance. The need to develop a program to provide services to those "at risk" led to the creation of Ohio's Prevention, Retention, and Contingency (PRC) program, which is discussed below.

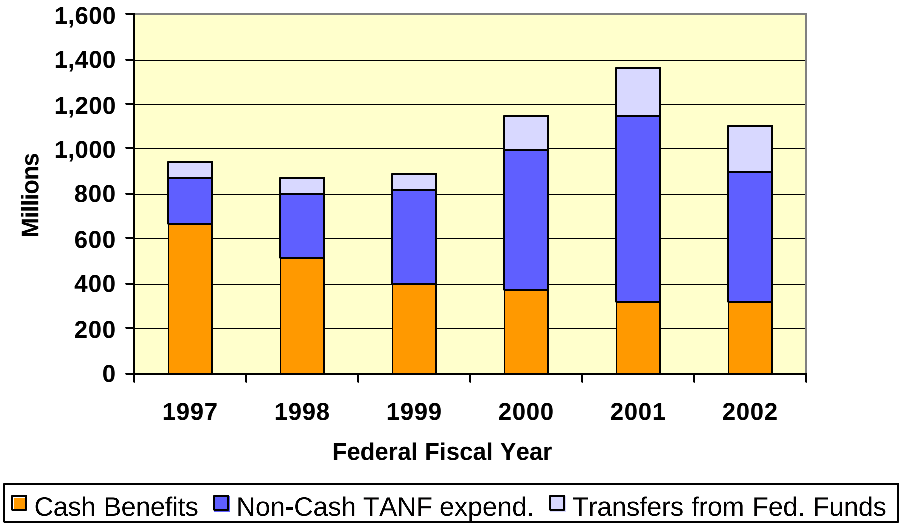
Figure 1: ADC/OWF Cash Benefits
SFY 1992 -- 2003



*LSC Forecast for FY 2003

As suggested above, one of the consequences of the block grant funding arrangement is that reductions in recipient caseloads reduce the amount of "baseline" cash benefits, thus leaving more funds available for other TANF-related program services or activities. As can be seen in **Figure 2**, by federal fiscal year (FFY) 2000, non-cash TANF expenditures composed a majority of total TANF spending in Ohio. These other activities include a broad array of services designed to help individuals find and keep jobs, including employment services, child care, transportation, emergency benefits, and other services and benefits. **Figure 2** also shows an increased rate of spending for FFY 2000 and FFY 2001, and a decline for FFY 2002.

Figure 2: Composition of Total TANF Expenditures, FFY 1997 -- 2002



The federal TANF legislation provides that "a State may reserve amounts paid to the State under [this legislation] for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under [this legislation]." At the end of FFY 2002, Ohio's TANF reserve stood at $520.9 million, with $278.9 million reported as unliquidated obligations, and $242.0 million reported as the unobligated balance, not counting unspent funds that have been transferred to either the Social Service Block Grant or the Child Care and Development Fund.

OWF Work Activities

States are now required, under a system of penalties against the federal grant award, to move an increasing proportion of adult recipients into work activities or alternative activities that are preparatory to work. The federal law sets the number of hours per week that recipients must engage in work activities, and limits the hours that recipients spend in educational activities. These requirements could be changed as a result of TANF reauthorization that is now being discussed by the Congress. The rates of participation required of states and the number of hours per week required of the participants are divided into two basic categories: an all-family rate (including single- and two-parent families), and a separate rate just for two-parent families. The OWF legislation sought to assure that county departments of job and family services exceed the federal guidelines by setting the participation requirement 5% above the federal guidelines for each year of the grant (*see* **Table 1**). As well, the OWF requirement for the minimum number of hours needed by an assistance group to meet the participation requirement exceeds the federal requirement in the calculation for all families during the first three years of the program. In the case of two-parent families, the participation rates and required hours for OWF are the same as those required by the federal legislation. Under that set of requirements, in the first two years of the program 75% of two-parent families are required to participate in work activities, with a 90% participation rate thereafter. Throughout the entire period, two-parent families are required to have one of the parents in a work activity for a minimum of 35 hours per week.

TABLE 1				
All Family Participation Rate and Required Hours				
Year	**Federal Participation Rate**	**State Participation Rate**	**Federal Required Hours**	**State Required Hours**
1997	25	30	20	30
1998	30	35	20	30
1999	35	40	25	30
2000	40	45	30	30
2001	45	50	30	30
2002	50	55	30	30
2003	50	55	30	30

Three different categories of activity count toward (but may not meet fully) the participation requirement: work activities, alternative work activities, and developmental activities.

- **Work activities.** Work activities that count toward meeting the federal work participation requirements include only the following: unsubsidized or subsidized employment, on-the-job training, unpaid work experience, community service, 12 months of vocational training, or providing child care services to community service participants.

- **Alternative work activities.** In cases where work activities, as listed above, are unsuitable, and clients are unable to fully participate, OWF clients may participate in alternative work activities, which include such things as: parenting classes, alcohol or drug addiction services, counseling for domestic violence victims, and searching for housing, if the participant family is homeless. Up to 20% of each county's caseload may be assigned to alternative work activities.

- **Developmental activities.** The OWF participants may also take part in developmental activities for a portion of their work assignment. In many cases developmental activities are assigned to be completed in hours that are required in addition to work activities. In other circumstances, for instance, when a single parent has children under age one, developmental activities may substitute fully for work activities. Developmental activities may include such things as school enrollment, adult basic education classes, post-secondary education, counseling, parenting classes, or other activities outlined as alternative assignments.

All adult OWF applicants must sign a self-sufficiency contract that specifies the required work activity as a condition of receiving assistance. Failure to comply with the terms of the self-sufficiency contract results in a full-benefit sanction. The first failure results in the ineligibility of the entire assistance group for one month, or until compliance, whichever is longer. The second failure results in the ineligibility of the entire assistance group for three months or longer, and the third or subsequent failure results in ineligibility of the entire assistance group for six months or longer.

Maintenance of Effort

As noted above, the focus of public assistance programs has now shifted away from "entitlement" for the states to block grant funding where states assume a greater portion of the risk from costs resulting from increases in the caseloads. Ohio's annual TANF block grant award of approximately $728 million is based on the amount of federal funds expended in FFY 1994 for the three eliminated programs (AFDC, JOBS, and FEA). In order to receive the annual block grant, Ohio is required to meet a maintenance of effort (MOE) requirement of 80% of what it spent in FFY 1994 on the three eliminated programs (approximately $417 million), through FFY 2003. The MOE can be lowered to 75% if the state meets its work participation requirements. Since Ohio is meeting these participation requirements, the Governor has proposed an MOE spending level of 75%, or about $390.8 million. See **Table 2** for a breakdown of the components of the MOE.

TABLE 2: Components of TANF State Maintenance of Effort

	FY 2004 (in millions)	FY 2005 (in millions)
600-410, TANF State	$272.6	$272.6
600-413, Day Care MOE	$45.4	$45.4
600-658, Child Support Collections	$24.3	$23.8
ODADAS MOE (appropriated in ODADAS budget)	$5.0	$5.0
County Share	$28.5	$28.5
State Operating	$15.6	$15.6
TANF MOE	$391.3	$390.8

Prevention, Retention, and Contingency Program (PRC)

The PRC program is designed to "divert" families from public assistance by providing one-time, short-term, customized assistance to overcome immediate problems or barriers that could, if not addressed, result in a situation that requires public assistance. The PRC program was implemented by H.B. 408, replacing the Family Emergency Assistance (FEA) program. The objective of the PRC program is to provide a mixture of cash and non-monetary services that will enable a family to retain or obtain employment and thereby, stay off of public assistance.

The old FEA program focused on such contingency benefits as rent payments, utility shut offs, and household appliance repair or replacement. Along with these same contingency benefits, PRC emphasizes prevention and retention benefits that are oriented to helping clients achieve or maintain self-sufficiency. To participate in the PRC program, an assistance group must include at least one minor child. Additional PRC program eligibility criteria are established in each county's partnership agreement. Counties are given considerable latitude regarding the types and amounts of assistance to be provided. The policies that counties develop must be consistent with state and federal law. The types of cash assistance that PRC provides assistance for include costs for such things as: shelter, job-required clothing, household necessities like the repair of a furnace or a major appliance, home repair, and transportation. Non-monetary services include such things as: counseling, employment services, and short-term training.

As seen in **Figure 2**, above, in the FY 2000-2001 biennium, JFS increased funding to county departments of job and family services in order to expand PRC services, especially services provided through contracts with other service providers. The JFS made available $300 million in funds from the TANF reserve to counties from January 1, 2000 through June 30, 2001 for expanded PRC services. A cap for each county's spending from these reserve funds was based on the county's share of population at or below 200% of poverty.

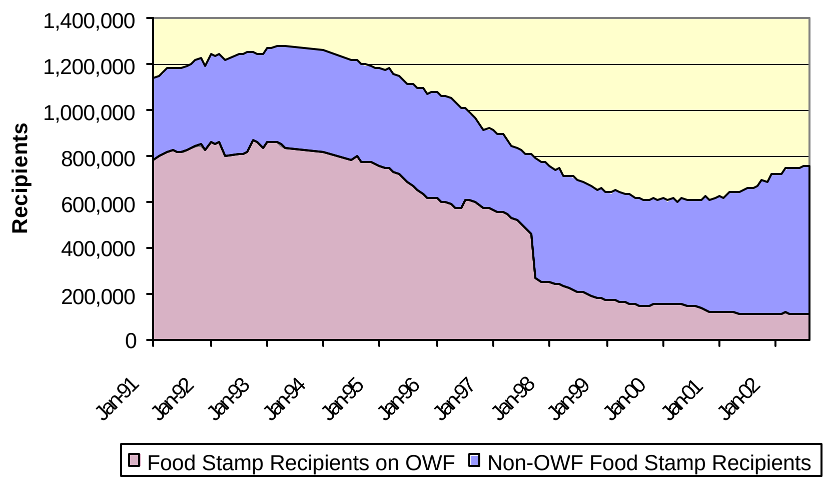
Other Income Maintenance

Food Stamps

The goal of the Food Stamp Program (FSP) is to increase nutritional intake of low-income persons by supplementing their income with food stamp benefits and thereby eliminate hunger and malnutrition. Recent policy changes have introduced a work requirement for adult recipients. Federal funds in this program are used to pay the state and county job and family services departments' costs of administering the Food Stamp Program. The value of the food stamps, themselves, is provided in full by the federal government through the process of redemption. For administrative activities, the state and federal government split costs 50/50.

Ohio experienced a steady decrease in FSP participation beginning in 1993 after the previous recession. As the economy has slackened in the last few years, the number of recipients has increased. The decline in participation may have been related to both the improvement in the overall employment rate and changes in eligibility. Whereas, in recent years, increased participation corresponds to increased unemployment. As is apparent in the accompanying **Figure 3**, a substantial shift in food stamp recipients away from receipt of OWF benefits has resulted in a fundamentally different composition of the food stamp caseload.

Figure 3: Food Stamp Recipients, OWF and Non-OWF, 1991-2002



Disability Assistance

The Disability Assistance (DA) program is a state- and county-funded effort which provides cash and/or medical assistance to persons who are unemployable due to physical or mental impairment, and who are not eligible for public assistance programs that are supported in whole or in part by federal funds (for example OWF or Supplemental Security Income). Eligibility criteria for DA are established by the state. The DA program thus provides a "safety net" to help needy people to meet basic needs and maintain their health.

The DA program has two distinct components: DA cash assistance and DA medical assistance. There is no time limit for receipt of DA benefits; assistance is provided on an ongoing basis as long as all eligibility requirements are met, and provides a maximum cash grant of $115 per month for a one-person assistance group, along with medical benefits. At the present time, DA benefits are provided to a variety of people including the elderly and disabled who are awaiting federal disability determinations, first and second trimester pregnant women, children under 18 living with a non-relative, and individuals residing in treatment facilities certified by the Ohio Department of Alcohol and Drug Addiction Services.

In the wake of legislation in the mid-1990s that reformed the DA program, and the implementation of OWF, the DA cash and medical recipient caseloads exhibited a steady decline until Fall 1999. Since then, however, the cash assistance caseload has been increasing steadily. In January 2001, the medical assistance caseload also began to increase and, along with an increase in medical inflation, has quickly added to the cost of the program. Both LSC and OBM forecast a continuing high rate of growth in the program. The Executive has proposed cost containment measures for DA, which are discussed, below, in the DA section of the Analysis of Executive Proposal.

ANALYSIS OF EXECUTIVE PROPOSAL

Family Stability

Purpose: The primary goal of the family stability program series is to support low-income Ohioans and families as they are seeking to better their lives and become self-sufficient. Providing support to meet basic needs for these individuals and families assures a floor of support while providing additional support to people to meet their own goals of attaining independence to the best of their ability.

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	600-410	TANF State	$272,619,061	$272,619,061
GRF	600-421	Office of Family Stability	$4,912,463	$4,864,932
GRF	600-511	Disability Financial Assistance	$22,839,371	$22,839,371
GRF	600-521	Family Stability Subsidy	$55,206,401	$55,206,401
3A2	600-641	Emergency Food Distribution	$2,083,500	$2,187,675
3V6	600-689	TANF Block Grant	$761,095,609	$816,909,688
384	600-610	Food Stamps and State Administration	$134,560,572	$135,141,694
385	600-614	Refugee Services	$5,793,656	$5,841,407
5B6	600-601	Food Stamp Intercept	$5,000,000	$5,000,000
Total funding: Workforce Development			**$1,264,110,633**	**$1,320,610,229**

Specific programs within the Family Stability program series that this analysis will focus on include:

- ***TANF/OHIO WORKS FIRST***
- ***PREVENTION, RETENTION, AND CONTINGENCY***
- ***FOOD STAMPS***
- ***DISABILITY ASSISTANCE***

TANF/Ohio Works First

Program Description: Ohio's TANF program, the Ohio Works First (OWF) program, was established by Am. Sub. H.B. 408 of the 122nd General Assembly. The OWF provides basic monetary support to needy families while they gain the job competencies that will enable them to achieve self-sufficiency.

The TANF program established a flat block grant to the states. Ohio began receiving the block grant in October 1997. Ohio's annual TANF block grant award of approximately $728 million is based on the amount of federal funds expended in FFY 1994 for the three eliminated programs, Aid to Families with Dependent Children (AFDC), Job Opportunity and Basic Skills (JOBS), and Family Emergency Assistance (FEA). At the end of FFY 2002, Ohio's TANF reserve stood at $520.9 million, with $278.9 million reported as unliquidated obligations, and $242.0 million reported as the unobligated balance, not counting unspent funds that have been transferred to either the Social Service Block Grant or the Child Care and Development Fund. The federal TANF legislation provides that "a State may reserve amounts paid to the State under [this legislation] for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under [this legislation]."

Ohio is required to meet a maintenance of effort (MOE) requirement of 80% of what it spent in FFY 1994 on the three eliminated programs (approximately $417.0 million), through FFY 2003. If the state meets job participation rates, this level may be decreased to the 75% level. Whether the level is 75% or 80%, if the state fails to meet the MOE, its TANF grant for the next federal fiscal year will be reduced by the amount of the deficit, and the state will be required to increase its TANF spending by an amount equal to the deficit. Since the job participation rate requirements are being met, the Governor has proposed that Ohio reduce its MOE spending to 75% of the historical level, or $390.8 million. In each year of the current biennium the MOE level has been at a 77% level, with MOE expenditures of about $401.2 million. The reduction to the 75% level will result in about $10.4 million less in MOE expenditures in each year.

The state MOE comes from several sources, including: 600-410, TANF State; a portion of 600-413, Day Care Match/Maintenance of Effort; 600-658, Child Support Collections; a county mandated share, state administration line items 600-421, Office of Family Stability; and 600-416, Computer Projects, and qualified expenditures in the Department of Alcohol and Drug Addiction Services.

The federal funds are found in line item 600-689, TANF Block Grant.

Funding Source: FED, GRF, GSF, county mandated share. Federal funds are from grant CFDA #93.558 (Temporary Assistance for Needy Families)

Line Items: GRF 600-410, TANF-State; GRF 600-413, Day Care/Maintenance of Effort; FSR 600-689, TANF-Block Grant; GSF 600-658, Child Support Collections; GRF 600-421, Office of Family Stability; GRF 600-416, Computer Projects

Implications of the Executive Recommendations: The Executive's recommendations provide continuation funding for FY 2004 and FY 2005 for all duties in this program. The following table shows the expenditure of the recommended appropriations for FY 2004 and FY 2005 in relationship with the existing unspent federal TANF funds,with an assumed continuation of the current block grant award level. If all prior and recommended appropriations are used, the total unspent TANF funds remaining at the end of FY 2005 will be $13.0 million.

TANF FEDERAL FUNDS--APPROPRIATION ANALYSIS SFY 2003-2005	
Resources SFY03	
Total Unspent TANF Award, end of SFY02	$420,547,668
TANF Award, SFY03	$727,968,260
Total Available. FY03	**$1.148.515.928**
Spending Authority SFY03	
Fund 3V6 Encumbrance, Beginning Balance SFY03	$136,544,326
Fund 3G9 Encumbrance, Beginning Balance SFY03	$82,954,243

Appropriation FY03--Fund 3V6 (see H.B. 94 and CB item JFS076 of March 25, 2002)	$777,963,666
SFY03 Transfer to CCDF (made Q1)	$16,000,100
Total Possible Spending, SFY03	**$1,013,462,335**
Resources SFY04	
Total Unspent TANF Award, end of SFY03 (assuming all prior appropriation used & transfer made)	$135,053,593
TANF Award, SFY04	$727,968,260
Total Available, SFY04	**$863,021,853**
Spending Authority SFY04	
H.B. 95 Appropriation SFY04--Fund 3V6	**$761,095,609**
Resources SFY05	
Total Unspent TANF Award, end of SFY04 (assuming all prior appropriation used & transfer made)	$101,926,244
TANF Award, SFY05	$727,968,260
Total Available, SFY05	**$829,894,504**
Spending Authority SFY05	
H.B. 95 Appropriation SFY05--Fund 3V6	**$816,909,688**
Cumulative Unspent TANF Award, end of SFY05 (assuming all appropriation used & transfers made)	**$12,984,816**

Permanent and Temporary Law: Please refer to the Permanent and Temporary Law section.

<u>Prevention, Retention, and Contingency</u>

Program Description: The primary goal of the PRC program is to assist families in overcoming short-term, immediate barriers that could prevent the achievement of, or threaten, self-sufficiency. While PRC is a TANF-funded program, the benefits and services provided under PRC are not considered "assistance" as defined in the TANF regulations. Therefore, such benefits and services do not carry the same requirements as for the cash assistance provided in the OWF program. Each county is required to develop and establish a PRC program. Counties have the flexibility to design PRC in such a way to best fit the need of their community.

In the FY 2000-2001 biennium, JFS increased funding to county departments of job and family services in an initiative called "PRC—Development Reserve" in order to expand PRC services, especially services provided through contracts with other service providers. In the FY 2002-2003 biennium, PRC expenditures declined somewhat with the cessation of the PRC—Development Reserve initiative.

Funding Source: FED, GRF. Federal funds are from grant CFDA #93.558 (Temporary Assistance for Needy Families)

Line Items: GRF 600-410, TANF-State; FED 600-689, TANF-Block Grant

Implication of the Executive Recommendation: Fiscal year 2004 planned funding of the regular TANF allocations to each county ($283.5 million), which support the PRC program, will increase over the FY 2003 level by $5.6 million, and the planned funding for the regular TANF allocations to each county in FY 2005 will increase by $7.1 million over the level for FY 2004. This recommended increase will fully fund for FY 2004 and FY 2005 all duties in this program.

Permanent and Temporary Law: Please refer to the Permanent and Temporary Law section.

Food Stamps

Program Description: The goal of the Food Stamp program is to increase nutritional intake of low-income persons by supplementing their income with food stamp benefits and thereby eliminate hunger and malnutrition. Recent policy changes have introduced a work requirement for adult recipients. Federal funds in this program are used to pay the state and county job and family services departments' costs of administering the food stamp program. The value of the food stamps, themselves, is provided in full by the federal government through the process of redemption. For most administrative activities, the state and federal government split costs 50/50; for certain other activities, such as fraud control, the federal government pays 75% of the costs and the state pays the remainder.

Funding Source: Federal grants CFDA #10.561, State Administrative Matching Grants for Food Stamp Program, #10.551 Food Stamps (for the SSI Cash Out Program), GRF

Line Items: FED Fund 384, 600-610, Food Stamps and State Administration; AGY Fund 5B6, 600-601, Food Stamp Intercept

Implication of the Executive Recommendation: The recommendation by the Executive for appropriation line item 600-610, Food Stamps and State Administration, for FY 2004 is $134.6 million, and for FY 2005 is $135.1 million. The recommended level for FY 2004 represents a reduction of $27.2 million from the estimated spending of $161.7 million. For FY 2005, the Executive recommends an increase of $581,122. The reduced funding level for the biennium will bring appropriations more in line with actual expenditures. The JFS has described line item 600-610 as being "over-appropriated" in the FY 2002-2003 biennium. In FY 2002, line item 600-610 had actual expenditures of $87.3 million against an appropriation of $160.4 million. In June 2002, approximately $19 million from excess food stamp administration funds were transferred to the GRF. And, on March 5, 2003, the Executive announced that it will use $20.0 million from these excess funds to help balance the budget in FY 2003.

Disability Assistance

Program Description: The primary goal of the DA program is to provide cash and medical assistance to Ohio citizens who are unemployable due to a physical or mental impairment. To be eligible for DA, a person must meet one of the following conditions: is under the age of 18, is over the age of 59, is disabled as determined by the county, is pregnant, or is medication dependent.

Disability under the DA program is defined as the inability to do any substantial or gainful activity by reason of physical or mental impairment that can be expected to last nine months or can be expected to result in death. Disability Assistance eligibility is not time-limited; that is, DA assistance may last as long as eligibility conditions are met, and provides a maximum cash grant of $115 per month.

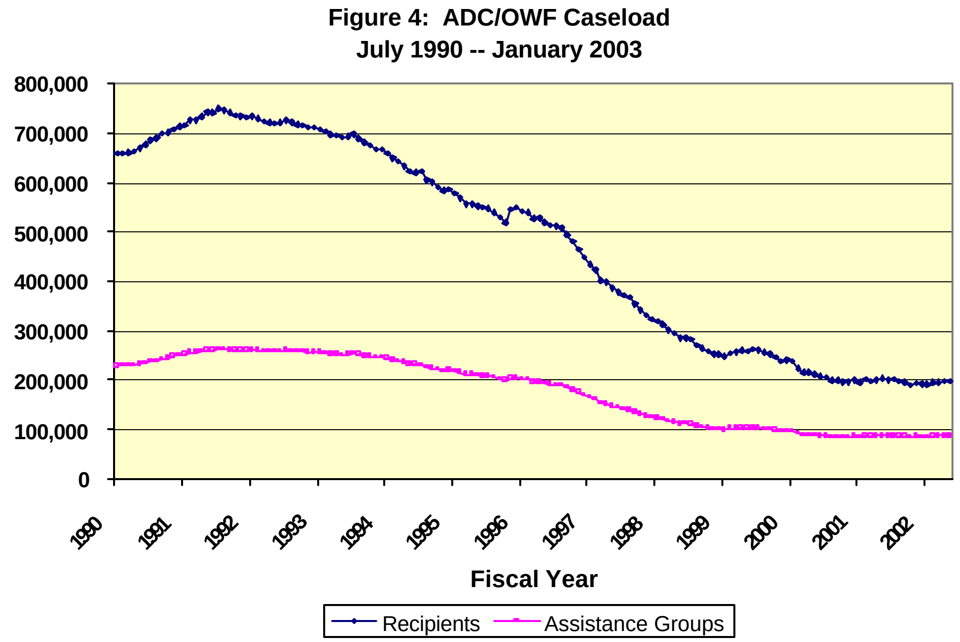
Funding Source: GRF

Line Item: 600-511, Disability Assistance

Implication of the Executive Recommendation: The DA Medical Assistance portion of the program, and its FY 2003 appropriation, was moved through a Controlling Board request to be part of the Health Care program (appropriation line item 600-525, Health Care/Medicaid) in order to implement a program budgeting line item structure. The Executive has recommended an increase of funding for FY 2004 of 6% above the estimate of spending in the program for FY 2003. All of this increase is in the medical assistance portion of the DA program. The recommended level for FY 2004 for the cash assistance portion of DA is $22.8 million, which is the same as the estimate for FY 2003 spending. The Executive has recommended no growth for FY 2005. In order to operate the program at flat funding during the biennium, program eligibility will need to be restricted. The Executive has recommended the continuation of eligibility for the disabled, and for those over 60 who are already covered, until they reach Social Security age. The other coverage categories would be eliminated. The JFS has estimated that this restriction of eligibility would impact approximately 4,450 people, and will result in at least $14.0 million being saved in the DA financial assistance portion of DA over the biennium.

ADDITIONAL FACTS AND FIGURES

ADC/OWF Cash Assistance Caseload History

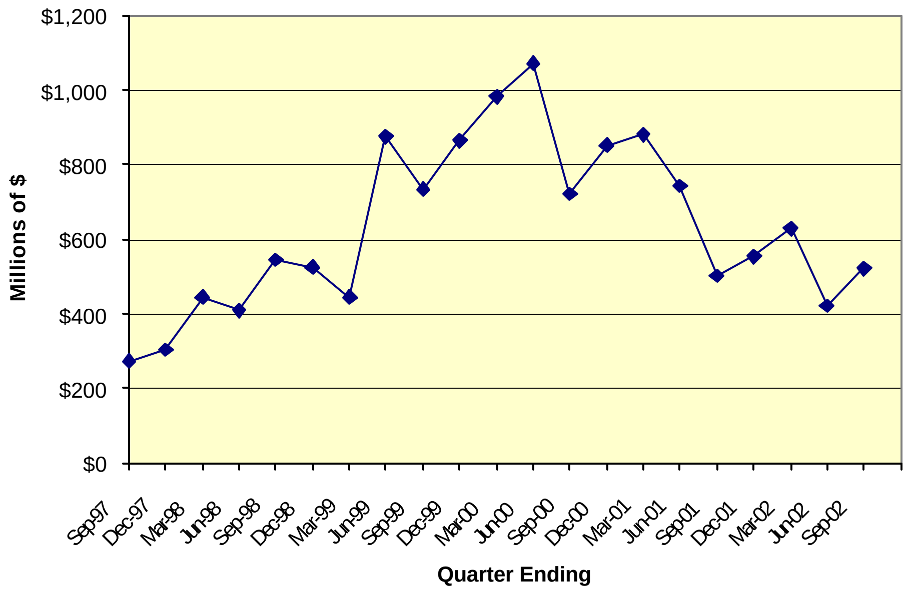


- Since the recession-driven peak in FY 1992 of 748,717 recipients, or 263,079 assistance groups, there has been a steady decline in the cash assistance caseload. By January 2003, the number of recipients had fallen to 197,502, and the number of assistance groups to 87,275.

- The composition of the remaining caseload has shifted during the course of the decline. The remaining recipients are more heavily concentrated in urban areas. The average size of the assistance groups is smaller. A greater proportion of the adults in the caseload are working.

Ohio's Unspent TANF Funds Remain Substantial

Figure 5: Cumulative Unspent Federal TANF Funds through September 2002



- Ohio spent or transferred $947.3 million in federal TANF funds in FFY 2001. This exceeded the annual block grant award of $728.0 million by $219.3 million, and reduced the amount of unspent TANF funds to just over $500.0 million at the end of FFY 2001.

- In FFY 2002 (which ended September 30, 2002), Ohio spent or transferred $709.3 million in federal TANF funds, which was $18.7 million less than the grant award for FFY 2002, thus increasing the total unspent TANF funds by that $18.7 million. At the end of FFY 2002, Ohio's total unspent TANF funds stood at $520.9 million, with $278.9 million reported as unliquidated obligations, and $242.0 million reported as the unobligated balance.

- The JFS' TANF spending plan for the FY 2004-2005 biennium projects that the total unspent TANF funds will be $36.8 million at the end of FY 2005.

PERMANENT AND TEMPORARY LAW

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

Permanent Law Provisions

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. 3301.581)

Please see permanent law changes in Children and Family Services section.

County Share of Public Assistance Expenditures (R.C. section 5101.16)

The bill provides that the county share of public assistance expenditures is, in part, at least 75% and no more than 82% of the county share of expenditures during FFY 1994 under the former Aid to Dependent Children and Job Opportunities and Basic Skills Training Program. This provision would result in $758,936 less per year in county expenditures in the TANF program. The reduction would be distributed to the counties as a percentage of their current mandated share.

Family Services Fiscal Agreements and Sanctions (R.C. sections 5101.21, 127.16, 307.86, 307.98, 307.981, 307.987, 329.04, 329.05, 329.06, 3125.12, 3125.25, 5101.146, 5101.162, 5101.211 (renumbered 5101.212), 5101.212 (renumbered 5101.213), 5101.22, 5101.24, 5101.242, 5101.243, 5101.97, 5104.42, and 5153.16)

Please see permanent law changes in Children and Family Services section.

Ohio Works First for Minor Child in Prison Nursery Program (R.C. section 5107.37)

The bill provides that the disqualification for OWF that is applicable to individuals residing in a jail or other public institution does not apply to a child whose mother participates in a prison nursery program. This provision would permit the receipt of OWF benefits to the children who would so qualify. This cost can be included within the current appropriation for the program, so there is no fiscal effect.

Prevention, Retention, and Contingency Program (R.C. sections 5101.83, 5108.01, 5108.03, 5108.05 (repealed), 5108.06 (renumbered 5108.04), 5108.07 (renumbered 5108.05), 5108.09, 5108.10, 5108.11, and 5108.12)

The bill makes the following changes to the PRC program:

(1) Eliminates the requirement that JFS develop a model design for the PRC program.

(2) Requires each county department of job and family services to adopt a written statement of policies governing the PRC program for the county no later than October 1, 2003, and update the statement at least every two years thereafter.

(3) Establishes requirements for a county department adopting the statement of policies, including a requirement that either public and local government entities be provided at least 30 days to submit comments or the county family services planning committee review the statement.

(4) Requires that a county's statement of policies include the board of county commissioners' certification that the county department complied with state law governing the PRC program.

(5) Provides that eligibility for a benefit or service under a county's PRC program is to be certified if the benefit or service does not have a financial need eligibility requirement and to be based on an application and verification if the benefit or service has a financial need eligibility requirement.

(6) Provides that a board of county commissioners may contract with a private or government entity to make eligibility determinations and certifications for the PRC program.

(7) Provides that each county department is responsible for funds expended or claimed under the county's PRC program that are determined to be expended or claimed in an impermissible manner.

There is no fiscal effect.

Deadlines for JFS participant reports (R.C. section 5101.97)

The bill changes the dates for reports on the characteristics of individuals who participate in JFS programs to the last day of July and January (from the first day of those months), and stipulates that these reports shall be for the six-month periods ending June 30 and December 31, respectively.

The bill also changes the date for the progress report on the partnership agreement between the director of JFS and the boards of county commissioners to the last day of July (from the first day of July), and stipulates that the report is for the 12-month period ending June 30.

This provision will allow the Department one extra month to prepare the required reports. According to JFS, under the current time frame, data is not complete in time for processing, analyzing, and formatting. This change will reduce the need for overtime, which will decrease personnel costs.

Disability Assistance Program (R.C. Chapter 5115.)

The bill replaces the current Disability Assistance program with separate programs for financial assistance (Disability Financial Assistance) and medical assistance (Disability Medical Assistance).

The bill limits eligibility for Disability Financial Assistance to persons who are either (1) unable to do any substantial or gainful activity due to physical or mental impairment lasting at least nine months or (2) age 60 or older by the 90th day after the act's effective date and applied on or before that deadline. It also limits eligibility for Disability Medical Assistance to persons who are "medication dependent," but permits medical assistance to continue for persons receiving it under the current program until their eligibility has been redetermined.

The bill authorizes the adoption of rules for either program that establish maximum amounts of benefits, time-limits for receiving assistance, limits on the total number of persons to receive assistance, procedures for suspending acceptance of new applications, and other revisions for limiting program costs.

The bill also permits contracts to be entered into with any public or private entity for the administration of Disability Medical Assistance.

The JFS estimates that this change will result in at least $14 million being saved in the Disability Financial Assistance portion of DA over the FY 2004-2005 biennium.

Temporary Law Provisions

Child Support Collections/TANF MOE (Section 58.02)

Please see temporary law changes in Children and Family Services section.

TANF Federal Block Grant Funds and Transfers (Section 58.06)

The bill permits the Director of Budget and Management, upon the request of JFS and with documentation supporting the need, to seek Controlling Board approval to increase appropriations in line item 600-689, TANF Block Grant. It also requires JFS to provide documentation to support all transfers of moneys from, or charges against, the TANF Federal Block Grant for use in the Social Services Block Grant or the Child Care and Development Block Grant. And it requires JFS to file claims with the U.S. Department of Health and Human Services before September 30 of each fiscal year for reimbursement for all allowable expenditures for services provided by JFS or other agencies that may qualify for Social Services Block Grant funding pursuant to Title XX of the Social Security Act. Since this provision is a continuation of a provision in place in the FY 2002-2003 biennium, there is no fiscal effect.

Consolidated Funding Allocation for County Departments of Job and Family Services (Section 58.09)

Please see temporary law changes in Children and Family Services section.

Refund of SETS Penalty (Section 58.14)

Please see temporary law changes in Children and Family Services section.

Disability Assistance Transition (Section 140)

Referring only to the transition to the Disability Financial Assistance program, subject to the provisions of Chapter 5115. of the Revised Code, as amended, enacted, and repealed by the bill, the Disability Financial Assistance program constitutes a continuation of the financial assistance component of the Disability Assistance program as it existed prior to the effective date of this section. Any business commenced but not completed on behalf of the Disability Assistance program shall be completed in the same manner, and with the same effect, on behalf of the Disability Financial Assistance program. Notwithstanding any determination through administrative or judicial order or otherwise, a person who was receiving financial assistance under the Disability Assistance program prior to the effective date of this section ceases to be eligible for continued financial assistance on the effective date of this section unless the person is either (1) age 60 or older or unable to do any substantial or gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or has lasted or can be expected to last for not less than nine months, or (2) was receiving the assistance by meeting other eligibility requirements but applies for Disability Financial Assistance pursuant to section 5115.05 of the Revised Code, as amended by the bill, and receives a determination of eligibility.

REQUESTS NOT FUNDED

For this program series, the Department requested total funding of $1,040,772,479 in FY 2004 and $1,046,083,796 in FY 2005; the Executive recommended $1,264,110,633 and $1,320,610,229, respectively. The executive recommendations are above the Department's requested level of funding by $223,338,154 in FY 2004 and by $274,526,433 in FY 2005.

The Executive partially funded the following requested items.

TANF State						
Fund Line Item	**FY 2004 Requested**	**FY 2004 Recommended**	**Difference**	**FY 2005 Requested**	**FY 2005 Recommended**	**Difference**
GRF 600-410	$286,752,443	$272,619,061	($14,133,382)	$287,327,294	$272,619,061	($14,708,233)
Disability Assistance						
Fund Line Item	**FY 2004 Requested**	**FY 2004 Recommended**	**Difference**	**FY 2005 Requested**	**FY 2005 Recommended**	**Difference**
GRF 600-511	$28,295,043	$22,839,371	($5,455,672)	$32,251,800	$22,839,371	($9,412,429)
Family Stability Subsidy						
Fund Line Item	**FY 2004 Requested**	**FY 2004 Recommended**	**Difference**	**FY 2005 Requested**	**FY 2005 Recommended**	**Difference**
GRF 600-521	$62,900,275	$55,206,401	($7,693,874)	$62,900,275	$55,206,401	($7,693,874)

The recommended funding levels for line item 600-410, TANF State, are sufficient to meet the state's MOE requirement in each year. Other spending made up for this reduction.

The recommended funding levels for line item 600-511, Disability Assistance, for each year are tied to proposed cost reduction measures and changes in eligibility contained in the bill.

The Executive did not fund the following requested items.

- Ohio Food Program Initiative. The Department requested $5,100,000 in FY 2004 and $5,200,000 in FY 2005 in state GRF funds to purchase and distribute food products through the Ohio Association of Second Harvest Food Banks, a food bank network, to eligible low-income households in Ohio, and also to develop and provide outreach materials for the Food Stamp program.

- TANF County Administration. The bulk of the funds for this initiative would have been included in line item 600-521, Family Stability Subsidy.