

# **Ohio Department of Job & Family Services Support Operations Section**

**Senate Finance and Financial Institutions Committee**

*Maria Seaman, Budget Analyst*

*Legislative Service Commission*

*May 1, 2003*

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**LSC Redbook**  
**for the**  
**Ohio Department of Job & Family Services**  
**Support Operations Section**

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*May 1, 2003*

<p>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.</p>
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## SUPPORT OPERATIONS

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### OVERVIEW

#### Support Services

The Department of Job and Family Services (JFS) central administration consists of the Director's Office and the offices of the Chief Inspector; Communication; Fiscal Services; Internal Administration; Legal Services; Legislation; Professional Development and Quality Services; and Research, Assessment and Accountability. Besides the leadership and direction-setting roles of the Director's Office, the component offices provide most of the support services that allow the program offices to pursue accomplishments of the JFS outcomes.

The executive recommendations for the Support Services program series is \$ 95,229,027 in FY 2004 and \$88,165,188 in FY 2005. During the FY 2002-2003 biennium, JFS adopted a program-based budget structure. Line items that were previously allocated across program areas throughout JFS are now appropriated in a separate appropriation line item for each program.

Given the executive recommendation, JFS central administration will be able to maintain its current level of support services to the rest of the agency.

The Department of Job and Family Services has been closely monitoring its staffing levels. It has made adjustments to its staffing ceiling as employees have left the agency and has only hired selectively as needed. The Department believes that it will be able to maintain current staff levels at the recommended funding levels.

#### Management Information Services

Through its Office of Management Information Services (MIS), JFS provides information systems to meet the Department's operational and managerial decision-making needs. It reviews and approves state and county data processing needs and processes Medicaid, public assistance, and social services claims. It designs, develops, implements, and provides technical support to the Department's computer systems for Medicaid, public assistance, social services, child support enforcement programs, employment services, and workforce development.

The Department maintains ten major computer systems across the agency. Computer projects are funded primarily with line item 600-416, Computer Projects. The Executive recommends \$159,971,913 in FY 2004 and \$165,824,842 in FY 2005 for line item 600-416. While the executive recommendation will enable JFS to maintain existing computer systems and begin work on a few others, ongoing technological advances and unforeseen repairs will require that JFS regularly reevaluate and, at times, adjust its MIS priorities.

#### Local Operations Reorganization

During FY 2003, JFS began to reorganize the local service delivery system by consolidating a series of sites in order to reduce housing and facility costs. The reorganization plan will reduce the amount of square feet needed to house employees by 50%. When the reorganization is complete 56 local offices will have been closed and the number of telephone registration centers will have increased from seven to 21.

Given the executive recommendation, JFS will need to seek another source of funding to proceed with its plan for continuing the local operations reorganization. The Department is working out a plan with the Unemployment Compensation Advisory Council and hopes to receive approval to use federal Reed Act dollars as an alternative funding source for this project.

## ANALYSIS OF EXECUTIVE PROPOSAL

### Support Operations

**Purpose:** The role of the support operations program series is to provide funding for administrative activities in the three major services delivery systems: cash assistance and employment, health care, and children and family services. Federal, state, and county government provide funding for this state-supervised, county-administered service delivery system.

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

Fund	ALI	Title	FY 2004	FY 2005
GRF	600-321	Support Services	\$72,837,527	\$65,736,930
<b>GRF Subtotal:</b>			<b>\$72,837,527</b>	<b>\$65,736,930</b>
5N1	600-677	County Technologies	\$5,000,000	\$5,000,000
613	600-645	Training Activities	\$135,000	\$135,000
<b>GSF Subtotal:</b>			<b>\$5,135,000</b>	<b>\$5,135,000</b>
316	600-602	State and Local Training	\$11,212,594	\$11,249,282
<b>FED Subtotal:</b>			<b>\$11,212,594</b>	<b>\$11,249,282</b>
R12	600-643	Refunds and Audit Settlements	\$5,343,906	\$5,343,906
R13	600-644	Forgery Collections	\$700,000	\$700,000
<b>Holding Account Redistribution Subtotal:</b>			<b>\$6,043,906</b>	<b>\$6,043,906</b>
<b>Total funding: Administrative Series</b>			<b>\$95,229,027</b>	<b>\$88,165,118</b>

The following table shows the line items designated by the Executive as Multi-Program Items.

Fund	ALI	Title	FY 2004	FY 2005
GRF	600-416	Computer Projects	\$159,971,913	\$165,824,842
3W3	600-659	TANF/Title XX	\$70,295,493	\$75,298,159
4A9	600-607	Unemployment Compensation Administration Fund	\$8,001,000	\$8,001,000
<b>Total funding: Multi-Program Items</b>			<b>\$238,268,406</b>	<b>\$249,124,001</b>

### Program Budgeting

Beginning in FY 2003, JFS restructured its GRF appropriation line items by implementing a program budgeting structure. Previously, line items 600-100, Personal Service; 600-200, Maintenance; and 600-300, Equipment, while the primary sources of funding for central administration, were allocated across program areas throughout JFS. Now, each program area has its own line item from which GRF-funded administrative expenses for that program are paid. In addition, JFS combined several GRF lines within most of the program areas. For example, the Office for Children and Families had several GRF lines items that were used exclusively to provide subsidies to the counties. The restructuring of the line items collapsed those line items into one. The Department believes that this new structure allows for better management of individual programs while providing improved accountability.

### **Support Services**

Central administration provides overall support services for JFS. Central administration consists of the following offices:

- **Director's Office** - Provides the strategic direction and vision for the Department and supervises the overall administration of the agency and its programs;
- **Office of the Chief Inspector** - Responsible for the Department's security matters, monitoring and follow-up to audits of the Department conducted by outside entities, and ensuring civil rights compliance;
- **Office of Communications** - Informs the public, via the news media, and other customers about JFS programs and issues;
- **Office of Fiscal Services** - Provides a wide range of financial management and support to the Department's program areas, other administrative offices, and county agencies;
- **Office of Internal Administration** - Includes the Department's personnel, office services, facility management, Equal Employment Opportunity, and contract management functions;
- **Office of Legal Services** - Responsibilities, in addition to managing all litigation and providing legal counsel and advice to the Department, include legislation, administrative rule and policy review, and operation of a State Hearings Unit to ensure due process for the Department's customers;
- **Office of Legislation** - Responds to constituent inquiries and is the Department's principal liaison to the General Assembly;
- **Office of Professional Development and Quality Services** - Administers and develops programs for employee training, development, education, and cultural awareness; and
- **Office of Research, Assessment, and Accountability** - Provides a range of services for the Department's offices, including program research and evaluation, quality assessment, labor market information, and auditing.

***Implication of the Executive Recommendation:*** Given the executive recommendation, JFS central administration will be able to maintain its current level of support services to the rest of the agency.

The Department of Job and Family Services has been closely monitoring its staffing levels. It has made adjustments to its staffing ceiling as employees leave the agency and have only hired selectively as needed. The Department believes that it will be able to maintain current staff levels at the recommended funding levels.

### **Management Information Systems**

Through its Office of Management Information Services, JFS provides information systems to meet the Department's operational and managerial decision-making needs. It reviews and approves state and county data processing needs and processes Medicaid, public assistance, and social services claims. It designs, develops, implements, and provides technical support to the Department's computer systems for Medicaid, public assistance, social services, child support enforcement programs, employment services, and workforce development.

Primarily through line item 600-416, Computer Projects, JFS funds the development and implementation of computer projects, such as the Client Registration Information System-Enhanced (CRIS-E) and the Medicaid Management Information System (MMIS). Other major projects include the Support Enforcement Tracking System (SETS) and the Family and Children Services Information System (FACSIS).

During the FY 2002-2003 biennium, the Department dealt with the executive ordered budget reduction primarily by reducing spending on computer projects. The Department was able to reduce such spending for several reasons. The Department of Job and Family Services has been able to reduce overall costs for information technology (IT) personnel by more than \$50 million per year, by replacing contract staff with state staff. In FY 2001, JFS had 613 contractors for MIS. Its current MIS staff includes 452 state employees and 273 contractors. In addition, JFS has reevaluated some of its licensing agreements and has been able to reduce licensing costs, in one instance, by \$5.0 million. The state of the economy has created a buyer's market. The Department has been able to aggressively negotiate deals for IT goods and services.

During the FY 2002-2003 biennium, there have been several projects completed, (i.e., Electronic Integrated Client Management System). Other projects were stabilized (i.e., Support Enforcement Tracking System). The Department is now turning its attention to other projects. For example, the Family and Children Services Information System (FACSIS) maintains the statewide registry of child abuse and neglect reports, and investigation outcomes. The Family and Children Services Information System is primarily a data repository of basic information. According to JFS, FACSIS is outdated and inflexible. The state and counties have been working toward replacing the system 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, and child protective and foster care services; provide fiscal accountability; and monitor service delivery. The request for proposal for SACWIS went out and the bids are in. The Department of Job and Family Services plans to begin this project sometime in FY 2004.

***Implication of the Executive Recommendation:*** The Department maintains ten major computer systems across the agency. Computer projects are funded primarily with line item 600-416, Computer Projects. The Executive recommends \$159,971,913 in FY 2004 and \$165,824,842 in FY 2005 for line item 600-416. The number of computer systems that JFS maintains necessitates constant evaluation of priorities. On going maintenance of an aging computer infrastructure must be balanced against limited resources and advancements in technology. The Department's priorities in FYs 2004 and 2005, at this time, include: phasing in the SCOTI project, a key system in the implementation of "One Stop" service centers; implementing OJI, a new unemployment compensation benefits system; upgrading MMIS (Medicaid Management Information System), which is not currently compliant with the Health Insurance Portability and Accountability Act of 1996 and constantly changing due to state and federal policy changes; beginning work on SACWIS; and a new Unemployment Compensation tax system, which will aid employers in filing unemployment tax and help JFS process the tax.

### **Reorganization of Local Operations**

Currently, JFS manages and maintains 1.5 million square feet of state-owned and leased properties to house employees across the state. In October of 2001, JFS presented a plan to the General Assembly outlining the consolidation of staff from 61 facilities into 22 locations. The reorganization plan is meant to reduce the amount of square feet needed to house employees by 50%. The Department's plan includes delivery of unemployment compensation services via telephone by state staff. It also includes the transfer of adjudication services from the local offices to telephone registration centers staffed by state employees.

Specially-trained state staff are to be dedicated to work closely with claimants to help them find work. The Department plans to continue face-to-face services for veterans.

The General Assembly requested that JFS start with a pilot transition. That pilot transition began in May 2002 and closed seven local JFS offices to the public and consolidated staff into unemployment compensation call centers, processing centers, and locally-operated One Stop centers.

In the next phase of the transition, the agency plans to close 40 offices to the public by July of 2003. The Department is in the process of closing those offices now. The Department has announced the sequence of these office closings and proposed timeframes. It has worked with the Ohio Civil Service Employees Association and developed a process to reassign collective bargaining staff. Interviews and selections have been made for the future 22 office managers. Staff will continue services in six call centers, 16 processing centers, and locally-operated One Stop centers.

To accomplish the next phase of the transition, JFS will purchase telephone switching equipment; develop telecommunication networks and a unified statewide call system; reconfigure the MIS network to accommodate the transition; lease and develop new call center and processing center space; selectively renovate existing office space; pay moving expenses; and acquire modular furniture and renovation items needed to upgrade the infrastructure.

***Implication of Executive Recommendation:*** Given the executive recommendation, JFS will need to seek another source of funding to proceed with its plan for continuing the local operations reorganization. The Department is working out a plan with the Unemployment Compensation Advisory Council and hopes to receive approval to use federal Reed Act dollars as an alternative funding source for this project. (For more discussion of this issue see Requests Not Funded under Local Operations Transition.)

## ADDITIONAL FACTS AND FIGURES

Ohio Department of Job and Family Services Staffing Levels		
Division	As of March 1, 2001	As of January 25, 2003
Director's Office	18	21
Office of Legislation	24	13
Office of Fiscal Services	138	133
Office of Research, Assessment & Accountability	246	242
Office of Legal Services	74	78
Office of Internal Administration	291	260
Office of Management Information Services	308	449
Office of Local Operations	1,165	947
Office of Child Support	91	177
Office of Ohio Health Plans	392	384
Office for Children and Families	186	197
Office of Workforce Development*	142	78
Office of Family Stability*	0	62
Office of the Chief Inspector	41	26
Office of Unemployment Compensation	502	458
Office of Unemployment Compensation Review Committee	60	58
<b>TOTAL</b>	<b>3,678</b>	<b>3,583</b>

*\*In March 2001, the Office of Family Stability was part of the Office of Workforce Development.*

## **PERMANENT AND TEMPORARY LAW**

This section describes permanent and temporary law provisions contained in the executive budget that will affect the general administration of the Department of Job and Family Services (JFS).

### **Permanent Law Provisions**

#### **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). The bill stipulates that these reports are to 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). The bill stipulates that the report is for the twelve-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.

### **Temporary Law Provisions**

#### **Agency Fund Group (Section 58.08 of the bill)**

The bill requires that the Agency Fund Group be used to hold revenues until the appropriate fund is determined or until they are directed to the appropriate governmental agency other than JFS. If it is determined that additional appropriation authority is necessary, such amounts are appropriated.

#### **Holding Account Redistribution Group (Section 58.08 of the bill)**

The bill requires that line items 600-643, Refunds and Audit Settlements, and 600-644, Forgery Collections, in the Holding Account Redistribution Fund Group, be used to hold revenues until they are directed to the appropriate accounts or until they are refunded. If it determined that additional appropriation authority is necessary, such amounts are appropriated.

## REQUESTS NOT FUNDED

Local Operations Transition						
Fund -Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF- 321	\$7,429,174	\$1,800,000	(\$5,629,174)	\$3,958,295	\$800,000	(\$3,158,295)
FED – Various	\$2,269,486	\$2,057,044	(\$212,442)	\$1,209,193	\$1,059,165	(\$150,028)
<b>Total</b>	<b>\$9,698,660</b>	<b>\$4,057,044</b>	<b>(\$5,841,616)</b>	<b>\$5,167,488</b>	<b>\$2,059,165</b>	<b>(\$3,308,323)</b>

During FY 2003, JFS began to implement a local operations transition plan to reorganize the local service delivery system by consolidating a series of sites in order to reduce housing and facility costs. The transition plan will reduce the amount of square feet needed to house employees by 50%. The transition plan will utilize 1,017 full-time staff in 22 locations to provide unemployment compensation, job matching, and veterans' services in Ohio. Once completed, JFS estimates that this transition will save more than \$17 million a year in personnel and facility costs.

The Department of Job and Family Services requested additional appropriations of GRF and federal dollars to continue implementing the local operations transition plan. The executive recommendation will require JFS to seek another source of funding to proceed with its plan. The Department is working out a plan with the Unemployment Compensation Advisory Council and hopes to receive approval to use federal Reed Act dollars as an alternative funding source for this project. According to JFS, it is seeking approval from the Council to spend \$13.7 million in FY 2004 and \$11.3 million in FY 2005 from funds that were made available to the state under the Reed Act. (Federal law governs how states may use Reed Act dollars. It must be used for the payment of unemployment compensation (UC) and the administration of the state's UC law and its public employment service offices.)

Central Campus Facility Plan						
Fund - Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF- 321	\$5,362,158	\$0	(\$5,362,158)	\$1,790,484	\$0	(\$1,790,484)
FED - Various	\$1,638,047	\$0	(\$1,638,047)	\$546,960	\$0	(\$546,960)
<b>Total</b>	<b>\$7,000,205</b>	<b>\$0</b>	<b>(\$7,000,205)</b>	<b>\$2,337,444</b>	<b>\$0</b>	<b>(\$2,337,444)</b>

The Department requested additional appropriations of GRF and federal dollars to consolidate its various offices that are located throughout Columbus. The Central Campus Plan consolidates 11 sites down to no more than three and reduces the amount of space occupied from 850,000 to 650,000 square feet, which JFS estimates would save the Department over \$2.0 million per year in office space rent.

The executive recommendation did not include funding of this proposal.

House Bill 675 of the 124th General Assembly (capital appropriations bill) included an appropriation of \$16.0 million for JFS to renovate the Central Office Building located at 145 South Front Street. The Department of Job and Family Services acquired this building when the Bureau of Employment Services and the Department of Human Services merged in July 2000. The building is approximately 40 years old. This structure was built at the same time and is nearly identical to the 25 South Front Street structure that was recently renovated for the Department of Education at a cost of over \$13 million. Funding was to come from the Special Administrative Fund (Fund 4A9), in which interest collected on delinquent

contributions, fines, and forfeitures collected pursuant to the law governing unemployment compensation, and all court costs and interest paid or collected in connection with the repayment of fraudulently obtained unemployment compensation benefits are deposited. The Unemployment Compensation Advisory Council controls all spending from this fund. The Department of Job and Family Services was to develop and obtain approval for a spending plan. The Department was planning to begin construction in July or August of 2003. This plan was, in part, contingent on receiving enough appropriations in the FY 2004-2005 biennial operating bill to move all staff currently housed in this facility to other office space while the building was under renovation. Since the executive recommendation did not include funding for such costs, JFS is not likely to move ahead with the planned renovation.

<b>Audit Staffing</b>						
<b>Fund - Line Item</b>	<b>FY 2004 Requested</b>	<b>FY 2004 Recommended</b>	<b>Difference</b>	<b>FY 2005 Requested</b>	<b>FY 2005 Recommended</b>	<b>Difference</b>
GRF- 321	\$1,524,876	\$0	(\$1,524,876)	\$1,768,251	\$0	(\$1,768,251)
FED- Various	\$569,481	\$0	(\$569,481)	\$661,118	\$0	(\$661,118)
<b>Total</b>	<b>\$2,094,357</b>	<b>\$0</b>	<b>(\$2,094,357)</b>	<b>\$2,429,369</b>	<b>\$0</b>	<b>(\$2,429,369)</b>

The Department of Job and Family Services requested additional appropriations of GRF and federal dollars to fund 28 new state staff that would perform audits of county departments of job and family services, child support enforcement agencies, public children service agencies, Workforce Investment Act funds, Title IV-E child welfare providers, state agencies use of funds received from JFS, and Medicaid providers, as well as, monitor quality control reviews of TANF/OWF to address federal auditing requirements. According to JFS, these funds are needed to address the insufficient level of auditing and quality control review currently performed to monitor recipients of state and federal funds from JFS. Audits performed to date indicate significant problems in compliance with federal requirements and a lack of accountability for these funds. The requested funds would allow JFS to provide a greater level of accountability and control.

The executive recommendation did not include funding of this proposal.

<b>Imaging and Video Conferencing</b>						
<b>Fund - Line Item</b>	<b>FY 2004 Requested</b>	<b>FY 2004 Recommended</b>	<b>Difference</b>	<b>FY 2005 Requested</b>	<b>FY 2005 Recommended</b>	<b>Difference</b>
GRF- 321	\$2,000,000	\$0	(\$2,000,000)	\$2,000,000	\$0	(\$2,000,000)
<b>Total</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>(\$2,000,000)</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>(\$2,000,000)</b>

The Department of Job and Family Services requested additional appropriations of GRF dollars to pursue options for improved technology in the areas of video conferencing and document imaging services. The Department currently has a video conferencing system, but it is outdated and some components are no longer functioning. The Department would like to replace the existing system with modern network infrastructure equipment. The executive recommendation includes enough funding to sustain operation of the current system. However, the request for the additional funding is for initial implementation of a Quality of Service Network Infrastructure that will address current needs, as well as position JFS to support other video conferencing applications in the future. The Department also requested these additional funds for an imaging system for the Office of Fiscal Services to allow for the processing and storage of documents in order to make them more manageable and accessible.

The executive recommendation did not include funding of this proposal.