- JFS appropriation for FY 2002 increases $1.9 billion over FY 2001 spending, with most of the increase being in Medicaid and other health care
- $369 million in TANF funds are earmarked each year for counties
- $221 million in TANF funds is transferred over biennium to other departments

Job and Family Services

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ROLE

The Ohio Department of Job and Family Services (JFS) was formed on July 1, 2000 by the merger of the Department of Human Services and the Bureau of Employment Services. The JFS vision is, through partnerships with local government, to be the nation's premier family support and workforce development system, that contributes to developing skilled, healthy Ohioans, successful businesses, and strong communities. It does this through the direction and supervision of programs that provide health care, employment and economic assistance, child day care, enforcement of child support, and a host of other social services to individuals, families, and children. These services are provided through five major delivery systems: Workforce Development, Child Support, Children and Family Services, Health Care, and Unemployment Insurance. See the appropriate sections for a detailed analysis of the budget of each delivery system.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
3,951	$12,584.8 million	$13,330.9 million	$8,118.2 million	$8,636.8 million	Am. Sub. H.B. 94 Am. Sub. H.B. 299

OVERVIEW

The administration and funding of human service and workforce development programs represent a unique, cooperative partnership between the three levels of government: federal, state, and local. JFS directs and supervises the delivery of human services through a network of local government agencies and several district offices. The direct delivery of these services is administered by a combination of county offices, which includes 88 county departments of job and family services, 50 separate child support enforcement agencies, and 33 separate public children services agencies. Unemployment compensation services and workforce development services are also delivered through a network of county and regional offices, and telephone registration centers. In early 2001, JFS developed a plan for the reorganization of local state offices that would reduce the number of such offices from 71 to 24. According to the department, approximately 3,700 department staff and 20,000 county staff are employed in the delivery of all of these services.

JFS supervises the delivery of services by the counties through a written partnership agreement with each board of county commissioners. The partnership agreement specifies the expectations of county performance and details the state's commitment of support. All 88 county partnership agreements were renewed prior to July 1, 2001.

Under the partnership agreement, each county receives a consolidated allocation of eight different allocation streams from the federal government. The advantage of the single allocation is that is provides counties with greater flexibility in their spending by aggregating the eight funding streams into one single amount with which to operate. The county spends the consolidated funds in the various programs as needed, and JFS employs a cost allocation system to capture and report expenditure information at the grant specific level. When this cost allocation system is employed, if a county exceeds its total allocation, this overage can be balanced with under spending from another county. In FY 2000 the counties collectively exceeded the total consolidated allocation by approximately $37.1 million. Two counties (Cuyahoga and Hamilton) accounted for $24.4 million of this excess spending. This excess could not be fully balanced with under spending within the consolidated allocation, and hence was drawn from federal TANF funds that had been transferred to the Social Services Block Grant. JFS anticipates that approximately $50.0 million will be drawn from the same source to pay for county overages in each year of the FY 2002 - FY 2003 biennium.

For FY 2002, the budget act appropriates $12,584,804,896 in all funds to totally fund JFS. This exceeds the FY 2001 spending level by $1,873,002,569, or 17.5 percent. Virtually all of the increase in appropriation authority over FY 2001 expenditures occurs in federal funding. When looking solely at GRF appropriations, we see that FY 2002's appropriation of $8,118,233,781 is an increase of only $184,415,343, or 2.3 percent, over the FY 2001 expenditure level. Looking further into the composition of the department's GRF appropriation, we see that several GRF line items include a federal portion. The federal portion of the GRF appropriation for JFS amounts to over $4.3 billion in FY 2002, and $4.6 billion in FY 2003. As a portion of the department's total budget for both FY 2002 and FY 2003, federal funds make up 63.0 percent of the total. The table below details the department's appropriations by fund group.

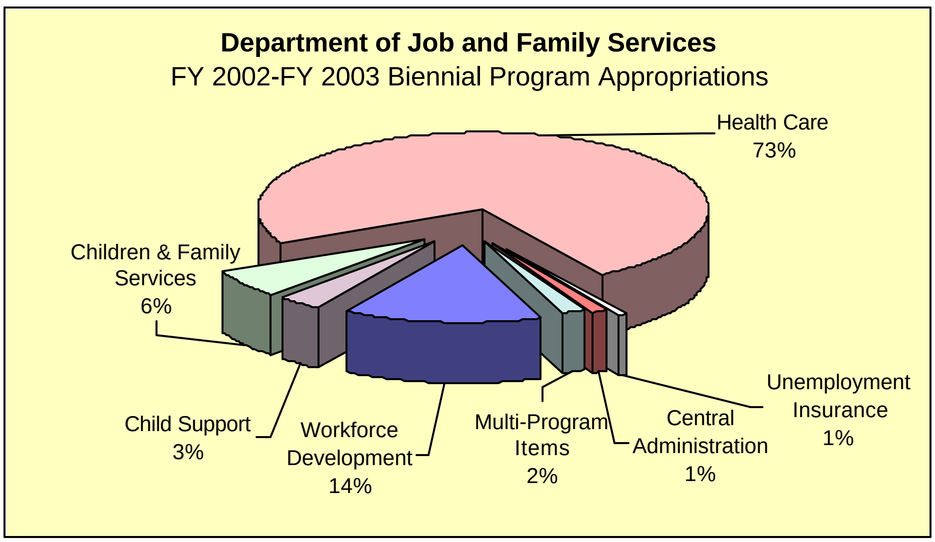
Department of Job & Family Services Appropriations by Fund Group

Fund	FY 2001	FY 2002	% Change FY2001-2002	FY 2003	% Change FY2002-2003
GRF	$7,933,818,438	$8,118,233,781	2.27%	$8,636,803,057	6.39%
General Services	$109,081,280	$99,822,414	-9.28%	$107,910,419	8.10%
Federal Special Revenue	$2,243,588,806	$3,626,924,110	38.14%	$3,795,920,078	4.66%
State Special Revenue	$302,536,426	$633,478,336	52.24%	$675,507,781	6.63%
Agency Fund	$122,766,703	$105,446,255	-16.43%	$107,849,502	2.28%
Holding Account Redistribution	$10,673	$900,000	98.81%	$900,000	0.00%
TOTAL	$10,711,802,326	$12,584,804,896	14.88%	$13,324,890,837	5.88%

The budget for the Department of Job and Family Services is organized into six broad program areas, or program series, with a seventh for budget items that span two or more series. The appropriation level for each program series is as follows:

		FY 2002	FY 2003
Program Series 1	Workforce Development	$1,820,349,023	$1,868,507,315
Program Series 2	Child Support	$ 416,515,498	$ 417,666,105
Program Series 3	Children and Family Services	$ 699,949,961	$ 789,752,275
Program Series 4	Health Care	$9,204,443,153	$9,813,279,292
Program Series 5	Unemployment Insurance	$ 100,214,674	$ 94,189,149
Program Series 6	Central Administration	$ 122,063,314	$ 112,756,714
Program Series 999	Multi-Program Items	$ 221,269,273	$ 228,739,986

The following pie chart displays the proportions of each program series in the JFS budget for both fiscal years combined.



The following sections provide a summary of the developments in each series. The most significant element of the multi-program items series is discussed within the section on Central Administration.

WORKFORCE DEVELOPMENT

OVERVIEW

The Department of Job and Family Services (JFS) is designated by state law as the state agency responsible for administering and supervising the federal Temporary Assistance for Needy Families (TANF) program and also for administering the federal Workforce Investment Act of 1998. The merger of the Department of Human Services (HUM) and the Bureau of Employment Services (BES) that formed JFS directly links the employment services programs that had been administered by BES with the employment services that had been developed by HUM through welfare reform. One of the main motives of the merger of HUM and BES was to unify a significant portion of Ohio's employment and training services under one department, thus eliminating duplicate services. The workforce development program series is the product of the merger. In addition to employment services, the workforce development program series includes income maintenance programs, subsidized child day care services, food stamp and nutrition services, adult emergency services, disability assistance, and refugee services.

The goals of the workforce development programs are to promote prosperity by helping Ohioans achieve and maintain employment, to improve the quality of the workforce, to provide child care assistance that enables parents to find and keep work, to help youth obtain skills and work, and to provide care and assistance for those unable to care for themselves.

The total appropriation authority for the Workforce Development program series for FY 2002 is $1,820,349,023. This is an increase of $360,888,377, or 24.7 percent, over the actual spending in the series in FY 2001. The fact that a significant portion of appropriation authority from federal sources of revenue went unspent in FY 2001 accounts for most of the difference between the actual spending in the series in FY 2001 and the appropriation level for FY 2002. The total appropriation authority for the series for FY 2003 is $1,874,507,315, an increase of $54,158,292, or 3.0 percent over the appropriation level for FY 2002. For FY 2002, 69.1 percent of the total appropriation for the workforce development series is from federal sources.

One of the significant aspects of the budget act for this series is the degree to which federal Temporary Assistance to Needy Families (TANF) moneys are transferred or earmarked. For example, in FY 2002, the budget act transfers $76.2 million in federal TANF funds to the Head Start program in the Department of Education, and $5.2 million to the TANF Housing program in the Department of Development. For FY 2003, the budget act transfers a total of $133.8 million for the Head Start program and for student intervention services in the Department of Education, and $6.5 million for the TANF Housing program in the Department of Development.

One of the most significant set of earmarks was made in order to hold counties harmless with regard to the basic TANF funding that they received. The budget act earmarks over $369.0 million in each year for this purpose.

OHIO'S TANF PROGRAMS

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 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 main TANF programs, the Ohio Works First (OWF) program and the Prevention, Retention, and Contingency (PRC) program (introduced by 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 their children in their own homes, and to eliminate the barriers to work that produce dependence on government. 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.

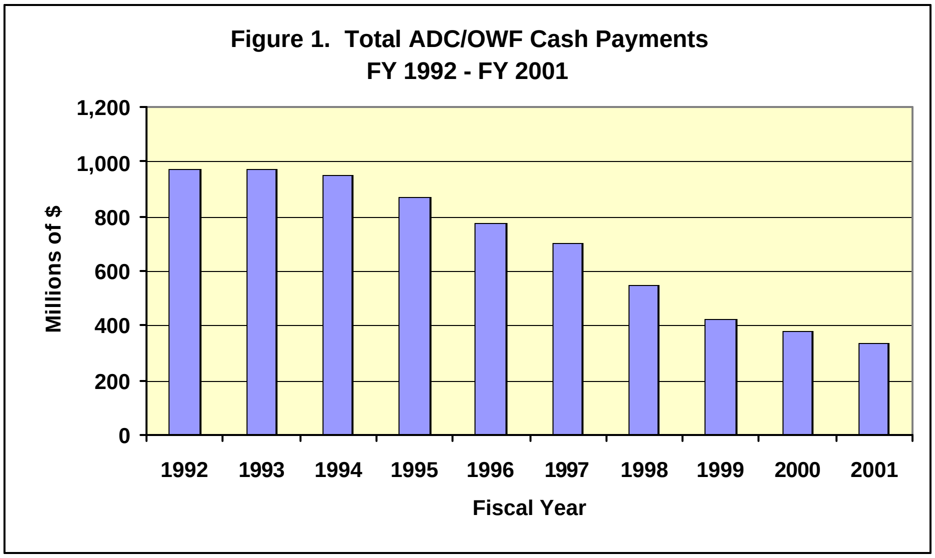
The PRWORA eliminated the Aid to Families with Dependent Children (AFDC) program, the Job Opportunity and Basic Skills (JOBS) program, and the Family Emergency Assistance (FEA) program. Congress replaced these programs with the Temporary Assistance to Needy Families (TANF) program. Prior to TANF, under 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 percent, depending on per capita income. In Ohio, this reimbursement averaged approximately 60 percent 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. 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 case loads or changes in benefit levels, this would result in an increase of federal reimbursements, and vice versa. Another aspect of the "entitlement" that changed with welfare reform is the requirement that recipient adults must now meet a participation requirement that is established in a self-sufficiency plan as a condition of receiving cash benefits.

Ohio Works First (OWF) Cash Grants

At the end of FY 2001, the TANF caseload stood at about 196,600 recipients, or 84,400 assistance groups. This represents a year-over-year decrease of 50,000 recipients, or nearly 14,000 assistance groups from the end of FY 2000. Looking at these figures as proportions, year-over-year there is a 20.3 percent reduction in the number of recipients, and a 14.2 percent reduction in the number of assistance groups. The number of "child only" assistance groups (typically cases where the children are residing with a relative) now exceeds 45 percent of the total number of assistance groups.

Cash benefit payments totaled $332.5 million in FY 2001, continuing the declining trend in cash assistance from the peak of 1992. LSC forecasts a continuation of this trend with cash grant expenditures of $327.4 million in FY 2002 and $319.0 million in FY 2003. In contrast, JFS's forecast anticipates a reversal in the trend for the OWF caseload and an increase of cash assistance payments to $331.3 million in FY 2002 and $341.6 million in FY 2003. ***Figure 1*** depicts the historical trend in the annual amount of expenditures for cash assistance.



Over the course of the summer months, however, economic activity showed increased evidence of slowing down. Now, in the wake of the terrorist attacks in September, it seems more likely that the economy will actually enter a recession. This makes it far more likely that caseloads will increase during FY 2002.

The 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 long-term public assistance. The PRC program was implemented by H.B. 408, and replaced 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 shutoffs, 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 or a pregnant woman. 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. In FY 2000, total PRC expenditures were $60.6 million. Final figures for FY 2001 are not available at the time of this writing.

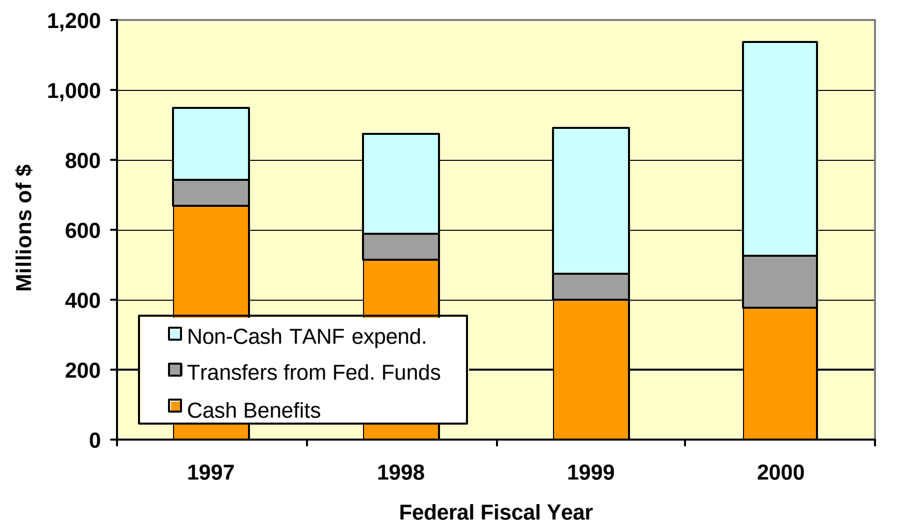
The budget act eliminates a restriction in permanent law that limits the PRC program to serving only assistance groups that include at least one minor or a pregnant woman and provides that benefits and services provided under the PRC program must be allowable uses of federal TANF funds, except that they may not be for on-going "assistance" as defined by federal TANF regulations. The impact of this change in permanent law is to enable JFS and the counties to provide certain PRC benefits and services to non-custodial parents whose income meet eligibility requirements. The costs associated with this expansion of eligibility will be supported within the existing funding levels of the TANF program.

The budget act did not fund a continuation of the Prevention, Retention, and Contingency-Development Reserve (PRC-DR) program. Neither JFS in its budget request, nor the Governor in his budget recommendation, sought a renewal of the PRC-DR program. The program had expanded PRC services and benefits, especially through contracts with service providers. JFS allocated $300 million in federal TANF reserve funds to the counties to expand these services. A cap on each counties spending from these reserves was based on the county's share of population at or below 200 percent of the federal poverty level.

Composition of Ohio's TANF Expenditures

One of the consequences of the block grant funding arrangement is that reductions in recipient case loads 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 FFY 2000, non-cash TANF expenditures now constitute 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 day care, transportation, emergency benefits, and other PRC services and benefits. In FFY 1997, non-cash expenditures made up 21.5 percent of total TANF expenditures (federal and state), whereas in FFY 2000 they made up 53.8 percent of the total.

Figure 2. Composition of Ohio's TANF Expenditures, FFY 1997 - FFY 2000



TANF Block Grant

If TANF grant funds go unspent in a particular year, the PRWORA 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 2000, Ohio had a total federal TANF reserve of approximately $721.6 million, not counting unspent funds that have been transferred to either the Social Service Block Grant or the Child Care and Development Fund.

In the past, the Governor and the General Assembly have agreed to build up Ohio’s TANF reserve. This reserve is established simply by not appropriating a portion of the annual grant and allowing it to remain at the federal level. Beginning with this budget, representatives of the executive branch believe the reserve is sufficient for any caseload contingencies that might occur during the remainder of the five-year term of the block grant (through FFY 2002). The federal government holds unspent TANF funds in one of two categories: “unliquidated expenditures” and “unobligated balance.” At the end of FFY 2000, the accumulated unappropriated TANF funds held in reserve for Ohio were $216.7 million, while appropriated funds remaining unliquidated were $504.9 million. As of June 30, 2001, after drawing the full award for the federal fiscal year, and with one more quarter remaining in the federal fiscal year, the TANF reserve stood at $742.2 million. In this reserve amount, appropriated funds remaining unliquidated were $200.6 million, with the remaining $541.6 million being the unobligated balance.

Transfers and Earmarks of TANF Funds

For FY 2002, the budget act transfers $76.2 million in federal TANF funds to the Head Start program in the Department of Education, and $5.2 million to the TANF Housing program in the Department of Development. For FY 2003, the budget act transfers a total of $133.8 million for the Head Start program and for student intervention services in the Department of Education, and $6.5 million for the TANF Housing program in the Department of Development. These transfers are summarized in ***Table 1***.

Table 1. Transfer Of Federal TANF Funds To Other Departments

Department	ALI	Name	FY 2002	FY 2003
Development	195-619	TANF Housing Program	$5,200,000	$6,500,000
Education	200-406	State Head Start	$76,156,175	$98,843,825
Education	200-513	Student Intervention Services	$0	$35,000,000
TOTAL			**$81,356,175**	**$140,343,825**

In addition, the budget act also transfers state TANF maintenance of effort (MOE) funds to other departments. In both FY 2002 and FY 2003, $5.0 million in MOE funds are transferred to the Department of Alcohol and Drug Addiction Services for treatment and youth mentoring services, and $250,000 to the Department of Health for family planning services.

In order to hold counties harmless with regard to the basic TANF funding that they received, the budget act took specific steps to earmark TANF funds going to the counties. The budget act earmarks over $369.0 million in each year for this purpose. These are listed in ***Table 2***.

Table 2. Earmarks Of TANF Allocations To Counties		
Name	**FY 2002**	**FY 2003**
County Allocations	$276,586,957	$276,586,957
WIA Supplement	$35,109,178	$35,109,178
Early Start-Statewide	$38,034,600	$38,034,600
Transportation	$5,000,000	$5,000,000
County Training	$3,050,000	$3,050,000
Adult Literacy & Child Reading	$5,000,000	$5,000,000
Disaster Relief	$5,000,000	$5,000,000
School Readiness Centers	$1,260,000	$1,260,000
TOTAL	**$369,040,735**	**$369,040,735**

In addition to the above earmarks of TANF allocations to the counties, the budget bill includes other earmarks funds from the TANF block grant. These are listed in ***Table 3***.

Table 3. Additional Earmarks Of TANF Funds		
Name	**FY 2002**	**FY 2003**
TANF Youth Diversion Programs	$19,500,000	$19,500,000
Kinship Navigators	$3,000,000	$3,000,000
TANF Faith-Based & Non-Profit Capacity-Building Programs	$1,000,000	$1,000,000
Talbert House	$100,500	$100,500
Montgomery Co. Out-of-School Youth Project	$1,000,000	$1,000,000
Appalachian Workforce Development and Job Training	$15,000,000	$0
Center for Family and Children	$150,000	$0
TOTAL	**$39,600,500**	**$24,600,500**

The budget act also requires the Department of Job and Family Services to transfer to the Social Services Block Grant (SSBG), established by Title XX of the federal Social Security Act, the maximum amount from the TANF block grant as is permitted under federal law. In each federal fiscal year, Ohio has been permitted to transfer up to $72,796,826 from the TANF block grant to the SSBG, and has done so in each year since Ohio started to receive the TANF block grant in FFY 1997. In providing services that fall within the area of the SSBG, Ohio spends state and local funds in excess of what can be claimed as a match under Ohio's regular grant. When additional federal funds are transferred into the SSBG, Ohio can claim those funds as "earned federal reimbursement." Using such funds, the budget act earmarks a total of $87.3 million in FY 2002 and $14.9 million in FY 2003 for specific purposes. This includes $60 million to be transferred to the Office of Budget and Management, and earmarked for balancing the GRF in FY 2002. The act does not provide for a transfer to OBM in FY 2003, but permits OBM to use in FY 2003 any remainder of the transfer from the previous year. The Governor vetoed all of the earmarks for FY 2003. However, Am. Sub. H.B. 299, a budget "corrective bill," restored the FY 2003 funding for the first seven programs listed in ***Table 4***.

Table 4. Earmarks Of TANF Funds Transferred To The SSBG

Program	Department, ALI or fund	FY 2002	FY 2003
Expansion of PCSA Activities	JFS, ALI 600-691	$5,500,000	$5,500,000
Second Harvest Food Bank	JFS, ALI 600-634	$4,500,000	$4,500,000
Projects for Violent and Aggressive Youth	JFS, ALI 600-691	$2,000,000	$2,000,000
Child Nutrition Services	EDU, Fund 5E6	$900,000	$900,000
Vocational Rehabilitation Transfer	RSC, ALI 415-506	$600,000	$897,052
Ohio Alliance of Boys & Girls Clubs	JFS, ALI 600-634	$600,000	$600,000
Abstinence-Only Education	DOH, ALI 440-611	$500,000	$500,000
Transfer to OBM	OBM, Fund 5Q8	$60,000,000	$0
Civilian Conservation Corps	DNR, ALI 725-625	$7,885,349	$0
Community Residential Programs	DRC, ALI 501-501	$3,600,000	$0
Non-TANF Adult Assistance	JFS, ALI 600-696	$1,000,000	$0
Adult Protective Services	JFS, ALI 600-695	$120,227	$0
Hippy Program (reading home instruction)	JFS, ALI 600-696	$62,500	$0
Adoption Connection	JFS, ALI 600-640	$50,000	$0
TOTAL		**$87,318,076**	**$14,897,052**

Reauthorization and the Issue of Supplantation

Because the budget bill uses federal TANF funds to pay for programs that previously have been paid for with state funds, the issue was raised during debates on the bill as to whether any of the transfers of TANF funds to other programs constitutes "supplantation." There is a concern that if Congress sees that states have used federal TANF dollars to supplant state expenditures, it might reduce a state's TANF award accordingly when the TANF program comes up for reauthorization in FFY 2002. The issue of "supplantation" is a difficult one because there is no guidance from the federal government as to what the term means. The term is not used in federal TANF law, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Nor is it used in the federal regulations issued for the TANF program in April 1999 (called the TANF Final Rule).

The TANF Final Rule does contain prescriptive language regarding the determination of whether state expenditures can be counted toward a state's maintenance of effort (MOE) requirement, but when presenting rules that apply to the uses of federal TANF funds the regulation says that states may use federal TANF funds for expenditures that are "reasonably calculated to accomplish the purposes of TANF." The determination of what expenditures are reasonably calculated to accomplish a TANF purpose is largely left to the states.

The four purposes of the TANF program are:

1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;

2. End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. Prevent and reduce the incidence of out-of-wedlock pregnancies and establish numerical goals for preventing and reducing the incidence of these pregnancies; and
4. Encourage the formation and maintenance of two-parent families.

One of the few definitions of the term "supplantation" was provided by Representative Nancy Johnson, Chairman of the U.S. House Ways and Means Subcommittee on Human Resources, in a March 2000 letter to Don Siegelman, the Governor of Alabama. In that letter, Representative Johnson wrote about innovative ways of using TANF dollars to advance the goals of welfare reform that states had been developing, and she went on to say:

> In reviewing these and similar investments for your own state, I hope you will be careful to avoid supplanting TANF funds. By supplantation, I mean replacing state dollars with TANF dollars on activities that are legal uses of TANF funding. Supplantation, of course, is perfectly legal under the TANF statute. However, if the savings from supplanted federal funds are used for purposes other than those specified in the TANF legislation, Congress will react by assuming that we have provided states with too much money. As the reauthorization of the TANF legislation in 2002 approaches, it would be a shame if a few states followed the suggestions of their budget officials and replaced state dollars with TANF dollars in order to provide tax cuts, build roads or bridges, or in general use funds for non-TANF purposes.

This quotation from Representative Johnson suggests three relevant questions: First, to what extent does Am. Sub. H.B. 94 substitute TANF federal funds for state expenditures? Second, with regard to certain transfers in Am. Sub. H.B. 94, are TANF funds being used for TANF purposes? And, third, if there is a substitution, could the expenditures have been counted toward a state's MOE requirement, or originally made using TANF federal dollars, and thus not producing supplantation in the sense that Representative Johnson used the term?

Perhaps the best way to determine ultimately whether a state has engaged in supplantation would be to examine in the aggregate whether the state has spent more federal money and less state money on social services that would meet TANF purposes than it did at the beginning of the TANF program. This approach to analyzing potential supplantation is adopted by Deborah Ellwood and Donald Boyd in their article, "Changes in State Spending on Social Services Since the Implementation of Welfare Reform: A Preliminary Report" (published by: The Nelson A. Rockefeller Institute of Government, February 2000). Such an analysis of the budget in aggregate would permit us to answer not only the first two questions but the third question, as well. Such an analysis, however, would be a large undertaking.

Short of undertaking such a study of the aggregate spending pattern, however, we might look at whether the state spending in the areas that receive a substitution with federal funds exceed state expenditures in that area in FY 1995. If the expenditures are reasonably calculated to accomplish a TANF purpose and exceed the state spending in that area in 1995, the excess could have been counted toward the state's MOE requirement, or otherwise paid for with federal TANF dollars. If either of these conditions are met, the substitution of federal for state funds would not constitute supplantation.

There are three instances in Am. Sub. H.B. 94 where there seems to be a question of potential supplantation. The first instance is the replacement in the budget of the Department of Job and Family Services of the Wellness Block Grant program that has been funded with GRF dollars with the Wellness program, which is to be funded with TANF Block Grant dollars. The funding level for the Wellness program is $14,337,515 in both FY 2002 and FY 2003. In FY 2001, expenditures for the Wellness Block Grant program were $14,158,152.

Second is the transfer of TANF Block Grant dollars to the Student Intervention program in the Department of Education. The transfer will be $35,000,000 in FY 2003 only. In FY 2003, the appropriation for the program will be $38,280,000. In FY 2001, expenditures for the Student Intervention program were $28,999,995 in state funds.

Third is the transfer of TANF Block Grant dollars to the Head Start program in the Department of Education. The transfer will be $76,156,175 in FY 2002, and $98,843,825 in FY 2003. The appropriation in the line item that receives the transfer in both FY 2002 and FY 2003 will be $98,843,825. In FY 2001, expenditures in this appropriation item were $100,707,798 in state funds.

Expenditures in each of these three programs clearly meet one or more of the TANF purposes. The transfer to Student Intervention Services will be used to support intervention services for children who have failed a required proficiency test or who read below grade level. These services will be offered in summer, after school, and other extended hours programs. These types of services have been shown to produce outcomes like reduced teen pregnancy rates and increased rates of school completion, thus making them appropriate uses of TANF funds under purpose 3.

The Wellness program provides funding to counties for community-based programs of prevention services targeted specifically at reducing teenage pregnancy rates. This program is clearly an appropriate use of TANF funds under purpose 3.

The Head Start program is explicitly mentioned as an appropriate use of TANF funds in the guidance document "Helping Families Achieve Self-Sufficiency: A Guide on Fund Services for Children and Families through the TANF Program," issued by the U.S. Department of Health and Human Services, Office of Family Assistance, issued in May 1999.

Both the Student Intervention Services program and the Wellness program are new programs that have come into existence after 1995. Because they are expanded services that meet a TANF purpose, their expenditures in previous years could have been counted toward the state's MOE requirement, or could have been paid for from the start with federal TANF dollars. Thus any substitution of federal TANF funds for these expenditures cannot be considered "supplantation."

The Head Start program was already in operation in Ohio in 1995. In that year, Ohio spent $66,022,498. This amount provides a base for calculating what new spending in the Head Start program can be counted toward Ohio's MOE requirement. In every year since 1995, Ohio has increased expenditures in the Head Start program. Am. Sub. H.B. 94 appropriates $98,843,825 for the Head Start Program in both FY 2002 and FY 2003, for a total of $197,687,650. Since we are considering spending over a two-year period, doubling the base amount from 1995 produces a base funding level of $132,044,996. The difference between the total appropriation and the base constitutes the "new spending" for the two years of the biennium, and comes to $65,642,684. The transfer of TANF Block Grant funds to the Head Start program provided for in Am. Sub. H.B. 94 is $76,156,175 in FY 2002 and $98,843,825 in FY 2003, for a total of $175,000,000. Subtracting the "new spending" of $65,642,684, leaves $109,357,316 in spending over the next biennium in Am. Sub. H.B. 94 that might be labeled "supplantation." The following ***Table 5*** summarizes this calculation.

Table 5. TANF Transfer To Head Start And Potential Supplantation		
A	Head Start "Base" Funding 1995	$66,022,498
B	"Base" Funding for two fiscal years (2 x A)	$132,046,966
C	Head Start Appropriation, FY 2002 & FY 2003	$197,687,650
D	"New Spending" for FY 2002 & FY 2003 (C – B)	$65,642,684
E	TANF Transfer to Head Start, FY 2002 & 2003	$175,000,000
F	**Potential "Supplantation" (E – D)**	**$109,357,316**

Whether the label of "supplantation" is actually accurate would, as suggested above, depend on an analysis of the budget in aggregate to see whether Ohio will spend more federal money and less state money on social services that would meet TANF purposes in the coming biennium than it did at the beginning of the TANF program.

Maintenance of Effort (MOE)

As noted above, the focus of public assistance programs has now shifted away from "entitlement" for the states to a system of 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 federal fiscal year 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 percent of what it spent in federal fiscal year (FFY) 1994 on the three eliminated programs (approximately $417 million), through FFY 2002. The MOE can be lowered to 75 percent if the state meets its work participation requirements. Since Ohio is meeting these participation requirements, the MOE spending level has been set by the Department of Job and Family Services at 77 percent, and amounts to $401.2 million each year. See ***Table 6*** for a breakdown of the components of the MOE.

Table 6. Components Of TANF State Maintenance Of Effort		
	FY 2002 (in millions)	FY 2003 (in millions)
600-410, TANF State	$268.6	$268.6
600-413, Day Care MOE	$45.4	$45.4
600-658, Child Support Collections	$42.4	$42.4
County Share	$29.2	$29.2
State Operating	$15.6	$15.6
TANF MOE	**$401.2**	**$401.2**

As noted above in the discussion of transfers, the budget act also transfers state TANF MOE funds to other departments. In both FY 2002 and FY 2003, $5.0 million in MOE funds are transferred to the Department of Alcohol and Drug Addiction Services for treatment and youth mentoring services, and $250,000 to the Department of Health for family planning services.

EMPLOYMENT SERVICES

Fiscal years 2002 and 2003 will see a continuation of the implementation of the federal Workforce Investment Act (WIA) of 1998. WIA repealed the Job Training Partnership Act and replaced it with a locally based employment and training service delivery system for adults, dislocated workers, and youths, with an emphasis on flexibility in the use of program dollars. Provisions of WIA promote individual responsibility and personal choice through the use of Individual Training Accounts that allow adult customers to "purchase" the training that best fits their needs.

WIA is also business focused. Business is seen as a critical partner in the development and design of service delivery systems with strong ties to economic development. WIA requires that business representatives compose the majority of the membership of State Workforce Investment Boards, providing leadership and information to ensure that the service delivery system prepares people for current and future jobs.

Central to WIA is the "one-stop" approach to service delivery. In fact, the act mandates that states and localities develop one-stop delivery systems for service integration and elimination of duplicative efforts. One of the key points where the merger of HUM and BES manifests itself is in service delivery at the local level with the development of the one-stop system in which employment services and income maintenance services (OWF and PRC) are integrated.

Spending of funds in WIA activities has been slow to start. In FY 2001, Ohio had $112.8 million available but spent only $63.0 million. Ohio's WIA allocation from the federal government increased to $128.5 million for FY 2002.

CHILD DAY CARE

Child day care is a key support to low-income working parents. In the last biennium, the income eligibility ceiling for non-guaranteed child day care (where parents are required to pay a sliding-scale fee toward the cost of child care) was raised to 185 percent of the federal poverty level. As well, child day care is essential to implementing the work requirements of welfare reform. According to JFS, it is expected that nearly 89,600 children will receive services during FY 2002 and nearly 94,600 children will receive services during FY 2003.

The budget act appropriates $299.2 million in FY 2002 in line item 600-617, Day Care Federal, which represents a 26.4 percent increase over spending from this line item in FY 2001. For FY 2003, the appropriation is $337.8 million, an increase of 12.9 percent over the appropriation level for FY 2002. In order for the state to draw down those amounts of federal dollars, the state has budgeted in line item 600-413, Day Care Match/MOE, $84.1 million in both FY 2002 and FY 2003. Of the amount appropriated in line item 400-413, $45.4 million is designated as part of the state's TANF MOE requirement. A variable portion of the SSBG is also used to pay for child day care.

DISABILITY ASSISTANCE

The Disability Assistance (DA) program is a state- and county-funded effort that provides cash and/or medical assistance to persons who are unemployable due to physical or mental impairment, or is over 60, or is under 18, or is pregnant, or is medication dependent, 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 grant of $115 per month for a one person assistance group. The two largest components of DA medical assistance are physician services and prescribed drugs. The medical assistance portion of the program does not cover inpatient and outpatient hospital services since hospitals must deliver acute care services without charge to persons under 100 percent of the federal poverty level under the Hospital Care Assurance Program.

Three recent pieces of legislation have had a direct effect on the DA program. These are Am. H.B. 249 and Sub. H.B. 167 of the 121st General Assembly and Am. Sub. H.B. 408 of the 122nd General Assembly. Am. H.B. 249 eliminated cash eligibility for people who had previously qualified solely because of a medication dependency. Emancipated minors also became eligible for DA benefits under H.B. 249. Sub. H.B. 167 and Am. Sub. H.B. 408 affected the DA program by easing certain qualifications for OWF. Under these two acts, the work history requirement and the 100-hour work rule for two-parent families have been eliminated, thus making it easier for DA recipients with children to meet qualifications for OWF.

In the wake of this legislation and the implementation of OWF, the DA cash and medical recipient caseloads exhibited a steady decline until Fall 1999. In the Fall of 1999, however, the caseload for cash recipients began to regularly exceed the forecast on which the budget for the program during the FY 2000-FY 2001 biennium was based. The medical assistance caseload has behaved fairly close to forecasts but the inflation rate in the area of medical costs, especially prescription drugs, exceeded expectations. As a result, DA expenses exceeded the amount originally appropriated for FY 2000 and FY 2001. The FY 2000 appropriation authority for line item 400-511, Disability Assistance/Other Assistance (now re-numbered 600-511), was increased by $2.1 million at the end of FY 2000. That increase, however, proved insufficient, and a portion of the payments of DA benefits had to be pushed into FY 2001. JFS anticipated a shortfall of $10.7 million in DA costs in FY 2001. S.B. 346 of the 123rd General Assembly, signed into law by the Governor in December 2000, addressed this shortfall with a $10.7 million increase in appropriation authority. Anticipating a continuation of the increases in the caseload and in medical costs, the budget act appropriates $84.7 million for FY 2002 and $98.2 million of FY 2003. These increases represent a year-over-year change of 18.5 percent for FY 2002 over FY 2001, and 15.9 percent for FY 2003 over FY 2002.

CHILD SUPPORT ENFORCEMENT

OVERVIEW

State law establishes the Office of Child Support (OCS) within the Department of Job and Family Services (JFS) and requires that the office establish a program of child support enforcement to meet the requirements of Title IV-D of the Social Security Act of 1975. OCS has the responsibility of supervising local entities in the establishment and enforcement of support obligations owed by non-custodial parents. State law also requires that each county have a child support enforcement agency (CSEA) that operates the child support enforcement program at the local level. The local CSEA 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 approximately 845,000 cases statewide, which assists almost one million Ohio children. In FY 2000, Ohio collected and disbursed approximately $1.1 billion of child support, which is 70.85 percent of all current support obligations. The other 29.15 percent that was not collected (approximately $434.4 million) was added to the arrears owed in FY 2001.

The final GRF appropriation amounts for child support (line items 600-420, Child Support Administration and 600-502, Child Support Match) are $25.3 million in FY 2002 and $24.7 million in FY 2003. The GRF appropriation amount for child support in FY 2002 is a 6.9 percent decrease from actual expenditures in FY 2001 plus encumbrances for FY 2002. The appropriation amount for FY 2003 is a 2.4 percent decrease from the final appropriation amounts for FY 2002. According to JFS, at this funding level, OCS and the county CSEAs will be able to provide basic services to its customers. However, a reduction of some administrative expenses, such as travel and staff professional development will be required. It should be noted that the GRF appropriation items that fund child support are exempt from the provision of H.B. 94 that reduces GRF appropriations in FY 2002 and FY 2003 by 1.5 percent.

PATERNITY/SUPPORT ESTABLISHMENT AND ENFORCEMENT & COLLECTION

The Personal Responsibility and Work Reconciliation Act of 1996 (PRWORA) 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. OCS assists the counties in meeting these performance measure goals through contracts and interagency agreements.

The state has vendor contracts for both support establishment and genetic testing. The establishment contract is in place for the purpose of processing backlogged cases at the local level. Through the contract, the vendor attempts to establish support orders for county assigned cases, including paternity establishment if necessary, or to close cases that meet the federal case closure criteria. The state also continues its genetic testing contracts, which provide testing in cases where fatherhood is contested. Statewide contracts allow the state to negotiate a lower price per test and the counties can utilize testing services without the administrative responsibility of developing local contracts.

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 CSEAs, 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 collection of 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.

In addition, the child and medical support enforcement and collection services assist CSEAs in locating absent obligors; enforcing orders; and collecting child support, medical support, and other monetary obligations from individuals who owe support. The state's role is to provide the county CSEAs with the resources to assist individuals owed child support to obtain that support. OCS supports statewide contracts for new hire reporting, medical enforcement, financial institution data match, and, in part, collections.

OCS plans to emphasize activities on which the federal government bases distribution of incentive dollars. Those activities include paternity establishment, support order establishment, current collections, collections on arrears, and cost effectiveness. Medical support establishment will soon become an additional performance measure on which the federal government will base distribution of incentive dollars to states. According to JFS, establishment of medical support will be a priority for OCS over the biennium. OCS has begun and will continue to monitor medical support establishment at the county level. In addition, the Auditor of State is involved in performance audits of medical support establishment.

COUNTY FUNDING

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. JFS provides state supervision and the local CSEAs administer the program. The federal government funds a major share of the cost of the program by reimbursing states 66 percent of their administrative expenses, with the exception of genetic testing expenses, which are reimbursed at 90 percent. 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 of the state funds provided to the counties for administration of the Child Support Enforcement Program. (Line item 600-502, Child Support Match). Some of the balance is then 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 and some of it is allocated based on the county's ratings according to performance standards. The remaining dollars are provided to the counties as incentive funds based on a formula established by the department. In FY 2002, JFS will have $3.2 million less to provide to the counties than it did in FY 2001. In FY 2003, JFS will have $575,646 less to pass through to the counties than it will in FY 2002. Since counties use state funds to access additional federal funds for the program, the appropriation levels mean fewer state dollars for the counties, but also fewer federal dollars for the program. However, according to JFS, the centralization of collection and disbursement of child support mitigates the impact on the counties, since some of the administrative responsibilities have shifted to the state. For example, the state is paying for the postage for child support checks, a cost formerly borne by the counties. The state is also paying the cost of depositing and disbursing child support collections.

The total reduction in funds passed through to the counties (line item 600-502, Child Support Match) including the state's share and federally matched funds, is approximately $9.5 million in FY 2002 and $11.1 million in FY 2003. The total shift in costs to the state for postage and centralized collections is approximately $6.4 million in FY 2002 and $6.6 million in FY 2003. Thus, the counties, as a whole, will experience a total reduction of $3.1 million in FY 2002 and $4.5 million in FY 2003 from the current levels.

Overall, JFS believes that the GRF appropriation amounts for child support, combined with a 66 percent federal match, will enable OCS and the county support enforcement agencies to provide basic services to their customers. However, OCS will have to cut back on some administrative expenses, such as travel and expenses associated with staff professional development (e.g. conferences). In addition, OCS may need to cut back on the dollar amounts of some of its contracts for various statewide services.

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. The Ohio automated system aids in the location of absent parents, and the establishment, enforcement, tracking, and reporting of child support cases. In Ohio, it is called SETS. SETS is one of the largest statewide child support systems in the nation. The system maintains data on 1.9 million parents and children seeking child support payments and 634,000 cases. There are approximately 4,000 SETS users statewide. SETS is operational in a personal computer (PC) network environment, which, according to JFS, allows the system to be easily maintained and enhanced to permit a flexible response to legislative actions or other future program initiatives.

The federal government extended the original October 1, 1995 deadline to October 1, 1997. Automation efforts were ongoing, so states were given two options for negotiating compliance: the State Plan Approval Procedure and the Alternative Penalty Procedure. The State Plan Approval option continued the penalty structure established in FSA, an all-or-nothing approach governed by compliance hearings and marked by the potential loss of all federal child support grants for failure to certify the state's system. Most states, including Ohio, chose the Alternative Penalty Procedure, a graduated and partial structure—based on the non-compliant state losing an increasing share of its federal child support grant.

JFS missed the October 1, 1997 and October 1, 1998 deadlines, incurring fines of $5.25 million (representing 4 percent of Ohio's federal fiscal year (FFY) 1997 child support program grants) and $9.4 million (representing 8 percent of FFY 1998 child support program grants). On June 21, 1999, the Controlling Board approved the transfer of $14.6 million in surplus Medicaid funds from line item 400-525, Health Care/Medicaid, to pay the fines in August 1999. The department also failed to meet the October 1, 1999 deadline, incurring a fine of $28.8 million (representing 16 percent of the state's FFY 1999 child support grant). The U.S. Department of Health and Human Services (HHS) assessed this fine by reducing the state's child support grant award by $28.8 million on January 14, 2000. On January 24, 2000, the Controlling Board approved, with conditions, a request to use earned federal reimbursement for allowable Title XX expenditures to cover the shortfall.

Full conversion of cases to SETS was completed by September 30, 2000 and Ohio is awaiting certification from the federal government. Should the system fail certification, Ohio will be fined approximately $50 million. If Ohio achieves compliance and the system is certified, HHS will return 90 percent of the FY 2000 fines or approximately $25.7 million. H.B. 94 requires JFS to notify the Controlling Board on receipt of any refunds received for such penalties. Any returned funds are to be deposited in the General Revenue Fund. Fines paid in previous years, totaling $14.6 million, cannot be recovered under current law.

CHILDREN AND FAMILY SERVICES

OVERVIEW

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. OCF provides administration for a continuum of care, from prevention and protection to permanency. JFS 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 final GRF appropriation amounts for this program series are $145.0 million in FY 2002 and $157.9 million in FY 2003. According to JFS, the final GRF appropriation amounts, as well as the total amount of federal funds available, will not enable OCF to pay the costs associated with instituting the recommendations made by the Child Welfare Reform Shareholders Group and the Auditor's Office that it had planned. However, H.B. 94 included the use of TANF funds (and TANF funds transferred to the Social Services Block Grant) to support child welfare initiatives, which may include some of the recommendations made by the Shareholders Group and the Auditor. H.B. 94 also created line item 600-691, Child Welfare Initiatives, with $5.5 million appropriated in each fiscal year for expansion and support of county public children services agency activities and $2.0 million appropriated in each fiscal year for pilot programs targeted at violent and aggressive youth.

CHILD WELFARE

Ohio Children's Trust Fund

The Ohio Children's Trust Fund (OCTF) 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.

OCTF funding is required by state law to focus exclusively on support for primary and secondary prevention activities. Primary prevention services 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 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.

Throughout Ohio, 156 prevention programs were funded by the OCTF at a cost of $4.7 million during FY 2000 and FY 2001. H.B. 94 increases, by $1, the fee collected for birth and death certificates, and divorce and dissolution petitions. The fee increase will generate an estimated additional $1.3 million annually. The appropriation amounts for this program area will permit continued funding for all current prevention services and an expansion of child abuse grants made to county commissioners. In FY 2003, the new revenue generated from the fee increase will expand the local purchasing power of the programs by approximately 27 percent.

Family Violence Prevention

The goals of the Family Violence Prevention program include preventing family violence through public awareness, education, and community outreach efforts aimed at children and adults, encouraging individuals involved in family violence to seek help, assuring statewide availability of safe, temporary shelter to victims of family violence and their dependents, and support services to victims and their families.

JFS has administered the Family Violence Prevention program since 1986. H.B. 94 transfers the administrative responsibilities for the federal Family Violence Prevention program from JFS to the Office of Criminal Justice Services (CJS). CJS currently administers federal grants targeting family violence prevention services and victims of domestic violence. Currently, 80 domestic violence shelter and related service agencies, two advocacy coalitions, and one hospital receive grants through the program.

Child Protective Services

State and federal laws require county public children services agencies (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 2000, PCSAs received reports alleging 78,384 incidents of child abuse and neglect, involving 107,516 alleged child victims.

JFS 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.

H.B. 94 includes $58.7 million in FY 2002 and $63.1 million in FY 2003 for general child welfare operating costs (line item 600-527, Child Protective Services). Even with the required 1.5 percent reduction in GRF appropriations for FY 2002 and FY 2003, funding at this level is an increase of $3.6 million in FY 2002 (6.5 percent above actual expenditures in FY 2001) and an increase of $4.4 million in FY 2003 (7.5 percent above FY 2002). Counties have the flexibility to use this funding across the entire spectrum of their programs, including support for placement costs.

Title IV-E and the ProtectOhio Waiver

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 pre-paid 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 include: Ashtabula, Belmont, Clark, Crawford, Fairfield, Franklin, Greene, Hamilton, Lorain, Medina, Muskingum, Portage, Richland, and Stark.

Since the waiver's inception, the 14 demonstration counties have achieved aggregate internal savings of over 490,000 placement days valued at over $19.0 million in federal funds. Clark, Crawford, Lorain, and Medina counties have reduced cumulative placement utilization in excess of 10 percent and Belmont and Muskingum counties have achieved over a 30 percent reduction. The demonstration is scheduled to run through September 2002, and is subject to an ongoing evaluation by an outside contractor under the joint supervision of Ohio and the federal government. H.B. 94 includes funding for the state's share of that evaluation.

Child Welfare Reform

In 1999, JFS formed the Shareholders Group to assist the department in improving the quality of services to the children and families of Ohio. The Shareholders Group reviewed a myriad of financial, administrative, programmatic, and intersystem issues, looking at program quality, effectiveness, and accountability. To accomplish this work, the Shareholders Group created nine subcommittees that made 58 recommendations for consideration. The Shareholders Group then prioritized its recommendations and issued an executive report containing 21 recommendations for review and consideration by the JFS director.

In addition, reviews by the Auditor of State and the U.S. Department of Health and Human Services highlighted serious, but correctable, weaknesses in Ohio's administration and oversight of child welfare programs and foster care payments under Title IV-E of the Social Security Act.

JFS will not be able to pay, out of line item 600-527, Child Protective Services, the cost associated with instituting all of the recommendations made by the Child Welfare Reform Shareholders Group and the Auditor's Office. However, H.B. 94 includes the use of $32.5 million of TANF funds to support child welfare initiatives, which may include some of the recommendations made by the Shareholders Group and the Auditor. H.B. 94 also created a new line item, 600-691, TANF Child Welfare. The appropriation for this line item is derived from TANF funds transferred to the Social Services Block Grant and amounts to $5.5 million for each fiscal year for expansion and support of county public children services agency activities and $2.0 million per fiscal year for pilot programs targeted at violent and aggressive youth.

ADULT SERVICES

The Adult Services program addresses the needs of Ohio's vulnerable adults and families by providing services designed to bring about, and continue, self-support and self-sufficiency. The services are provided directly by the 88 county departments of job and family services with JFS providing program planning, technical assistance, training, and monitoring. Activities include protective services, homemaker services, guardian services, refugee services, and other related services funded through the federal Social Services Block Grant (SSBG) and state funds.

Social Services Block Grant

The 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;
- 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. Examples of terms included in the service definitions are adoption, family planning, employment services, prevention and intervention, home delivered meals, and legal services. Twenty-nine of the definitions are already defined in the federal regulations. However, JFS took one of the definitions, "child care," and divided it into three groups: protective, special needs, and employment and training. Thus, Ohio has 31 service definitions.

JFS receives 72.5 percent of Ohio's SSBG award. The remaining amount is divided between the departments of Mental Health and Mental Retardation and Developmental Disabilities. This distribution applies only to the initial federal award and not to any transfer of TANF funding into the SSBG (often referred to as Title XX).

JFS may use up to 3.0 percent of the SSBG for administration and up to 2.0 percent for statewide training. Historically, 20.0 percent is set aside to support childcare programs under the Workforce Development program area. The balance is allocated to the 88 county departments of job and family services. The county departments are primarily responsible for the social services programs and must develop and implement a local plan for service delivery.

In FY 1998, 523,419 persons received at least one SSBG funded service. In FY 1999, the number of persons was 454,819, a 13.1 percent decrease. The decrease can be attributed to the decline in federal revenue for the SSBG. The following table shows the historical decline in the amount of the SSBG Ohio has received in the past few years.

Decline of Federal Revenue for the Social Services Block Grant in Ohio		
Fiscal Year	**Amount of the SSBG for the State**	**JFS' portion of the SSBG (72.5%)**
1997	$106.0 million	$76.9 million
1998	$97.0 million	$70.3 million
1999	$80.0 million	$58.0 million
2000	$73.8 million	$53.5 million
2001	$71.1 million	$51.2 million

Please note, a review of historical appropriations and expenditures for the SSBG line item (600-620) does not appear consistent with the above table. However, it can be explained by the fact that this appropriation item is affected by JFS' flexibility to move cash in and out of it. Appropriations and expenditures do not necessarily represent the grant amount received from the federal government. Also, the appropriation level for FY 2002 and FY 2003 is set at the same level as in FY 2001. This appropriation level does not reflect the amount JFS will receive. Historically, the actual amount of the grant has been declining each year.

The social services provided through this program area are paid for through the SSBG, which is 100 percent federally funded. The portion of Ohio's grant award appropriated to JFS is approximately $51.2 million for FY 2002 and $51.3 million for FY 2003. Of the amounts appropriated, approximately $39.4 million is to be spent on social services provided through the Office for Children and Families in each fiscal year. JFS expects the number of individuals receiving at least one SSBG funded service to continue to decline as federal funding continues to decrease. However, if a person is unable to receive a particular service under the SSBG, the person may be able to get that same service elsewhere. For example, some services that would have been delivered through the SSBG are being offered through the Prevention, Retention, and Contingency (PRC) program, which is a TANF program designed to divert families from public assistance.

Adult Protective Services

Under current law, county departments of job and family services are required to investigate and evaluate all reports of suspected abuse, neglect, and exploitation of adults age 60 and older. The law further provides that those found in need of protective services should receive services to the extent funds are available. The services are designed to protect vulnerable Ohioans who are unable to care for themselves and to allow those individuals to achieve and maintain independence to the greatest extent possible.

In FY 2001, approximately $3.0 million of GRF dollars was spent for adult protective services. H.B. 94 appropriates $2.8 million in FY 2002 and $2.7 million in FY 2003 for line item 600-534, Adult Protective Services. The state has provided GRF funding through line item 600-534, Adult Protective Services, since 1989. Each county receives a base allocation of $20,000, with the balance of funds distributed by a formula based on the county's population of persons over the age of 60 compared to that of the state. The decrease in funding will be experienced by all the counties. Currently, there is no federal money specifically set aside for the Adult Protective Services program. Federal Social Services Block Grant funds can be used for Adult Protective Services at the county's discretion.

HEALTH CARE/MEDICAID

OVERVIEW

The Office of Ohio Health Plans in the Department of Job and Family Services (JFS) operates state and federally funded health plans providing health care coverage to certain low-income and medically vulnerable people of all ages through several health care programs: Medicaid, the State Children's Health Insurance Program (SCHIP, created by Social Security Act as Title XXI), the Hospital Care Assurance Program (HCAP -- Ohio's version of the federally required Disproportionate Share Hospital program), and the state Disability Assistance Medical Assistance program (DA).

Medicaid, the largest health program in Ohio, was created in 1965 as Title XIX of the Social Security Act. Medicaid is an entitlement program and is a state-federal partnership that jointly funds the provision of medical care to eligible needy persons. In this partnership, the federal government establishes broad national guidelines, and each state determines its own eligibility requirements, determines the scope of services, sets payment rates for services and administers its program. SCHIP allows Ohio to provide health care coverage to children who were not previously eligible for Medicaid and whose family income is at or below 200 percent of the federal poverty guideline (FPG). Through HCAP, the state reimburses hospitals for some of their costs to provide medical care to persons who lack any source of payment or health care coverage. The DA program is state funded and provides limited medical coverage to persons who are not eligible for a federally funded program.

In Ohio, Medicaid and SCHIP provide health care coverage to about 1.3 million Ohioans every month and applies to people in the following four distinct insurance markets: children in families with incomes at or below 200 percent of FPG; pregnant women with incomes at or below 150 percent of FPL; parents at or below 100 percent of the FPG; and low-income elderly and persons with disabilities of all ages, commonly referred to as the Aged, Blind and Disabled (ABD). Many consumers with disabilities have medical needs so extensive that commercial plans would deem them "uninsurable." Even though Medicare provides coverage for most of Ohio's elderly population, many of these individuals are "dually eligible," and Medicaid supplements their Medicare benefits by providing Medicaid coverage for services such as prescription medications and long-term care. Medicaid also provides assistance to certain seniors with their Medicare premiums, co-payments, and deductibles.

Although other state agencies provide Medicaid services, the vast majority of Medicaid spending occurs within the budget of JFS. Recognized by the federal government as Ohio's single Medicaid agency, JFS provides long-term care and basic medical services with state and federal moneys through GRF line item 600-525, Health Care/Medicaid. In addition, the department's budget includes appropriations for various administrative initiatives, as well as several provider tax programs and other special revenues that are also used to pay for Medicaid services.[1]

[1] Provider tax programs refer to assessments on hospitals, as well as bed taxes on nursing facilities and intermediate care facilities for the mentally retarded. The programs serve as a mechanism by which to draw additional federal matching funds.
Other special revenues include funds such as General Services Fund line item 600-671, Medicaid Program Support, for the Disproportionate Share Hospital (DSH) offset, and State Special Revenue Fund line item 600-692, Health Care Services, for drug rebates.

The budget act also allows JFS to request up to $150 million from the Budget Stabilization Fund if it is determined that Medicaid expenditures are likely to exceed Medicaid appropriations. Based on the JFS projection for Medicaid biennial expenditures, the department expects to need $65 million in FY 2002 and $85 million in FY 2003 from the Budget Stabilization Fund to support Medicaid service expenditures. Approximately $93 million in FY 2002 and $121 million in FY 2003 in federal financial share will be matched if the above amounts from the Budget Stabilization Fund are spent.

Federal reimbursement for Medicaid spending outside the department passes through Fund 3G5 line item 600-655, Interagency Reimbursement. Please refer to the specific agency's final budget analysis for a more detailed description of these Medicaid related activities, including specific amounts of state and local match also budgeted by other agencies for Medicaid services.

The federal financial share of Ohio's Medicaid program changes every federal fiscal year. In accordance with federal law, the federal government shares in the state's cost of Medicaid at a matching rate known as the FMAP (Federal Medical Assistance Percentage). The FMAP is calculated for each state based upon the state's per capita income in recent years relative to the entire nation. The general description of how this cost-sharing mechanism works has traditionally been as follows: for every one dollar Ohio spends on Medicaid, the federal government gives Ohio 60 cents. However, while the majority of the spending in line item 600-525, Health Care/Medicaid, is matched at the FMAP, a few items, primarily contracts, are matched at 50 percent, and all family planning services receive a 90 percent match. In addition, about 15 percent of Medicare buy-in premiums receive no federal match. Lastly, the State Children's Health Insurance Plan (SCHIP) is matched at an enhanced FMAP of about 70 percent.

HEALTH CARE PROGRAM SERIES FUNDING

The activities of the health care program series provide health care to certain low-income people of all ages who lack the means to pay for medical services and for those for whom health care coverage supports work activity and personal responsibility.

The budget act increased funding for Health Care programs by $1,161.4 million in FY 2002 (14.4 percent above FY 2001 actual expenditures), and by $608.8 million in FY 2003 (6.6 percent above FY 2002 appropriations) to support growth of phase two of Children's Health Insurance Plan ($47.1 million in FY 2002 and $54.7 million in FY 2003), Medicaid Systems Enhancements ($4.4 million in FY 2002 and $1.8 million in FY 2003), Health Care/Medicaid ($7,082.8 million in FY 2002 and $7,573.8 million in FY 2003), and other line items in the Health Care Program Series. GRF appropriations in line item 600-525, Health Care/Medicaid, represent approximately 77.1 percent of total appropriations for the Health Care Program Series. The federal financial share of line item 600-525 is approximately 58.9 percent.

Numerous Health Care policy issues have been budgeted for the FY 2002-2003 biennium, many of which are discussed in this analysis. The analysis focuses on line items 600-525, Health Care/Medicaid, with a $7-plus billion appropriation level; 600-426, Children's Health Insurance Plan; 600-436, Medicaid Systems Enhancements; and 600-692, Health Care Services.

Health Care/Medicaid

The budget act increases funding for line item 600-525, Health Care/Medicaid, by $603.5 million in FY 2002 (above FY 2001 actual spending levels), and by $491.0 million in FY 2003 (above FY 2002 appropriations) to support projected caseload growth, higher utilization, inflationary costs, approximately 500 new Home Care Medicaid waiver slots in each year of the biennium, and other policy changes that will increase Medicaid costs. The appropriations in line item 600-525 amount to $7.1 billion in FY 2002 (9.3 percent above FY 2001 actual expenditures) and $7.6 billion in FY 2003 (6.9 percent above FY 2002 appropriations).

Medicaid experienced a surge in caseloads in the latter part of the FY 2000 - FY 2001 biennium resulting from outreach efforts, new marketing strategies, streamlined redetermination processes, a special effort to re-enroll eligible families who lost Medicaid coverage in the early phases of welfare reform, and expansions in eligibility.[2] Although caseloads are projected to be higher for FY 2002 than in FY 2001, the impact of virtually all of the various causes of caseload growth described above is expected to level off substantially in the beginning of FY 2002. Furthermore, LSC expects moderate caseload growth for the FY 2002 - FY 2003 biennium.

While caseload growth contributes to the need for increased funding to maintain program services, another driver of the need is medical inflation. Health economists are predicting increased health care inflation for the coming years as market forces such as the demand for more and expanded health care services continues to push up costs.

The Medicaid health plan provides a package of benefits to eligible consumers that can be categorized into two broad benefit packages: (1) primary and acute care services available to everyone on the Medicaid plan and (2) long-term care services available to individuals with an institutional or nursing home level of care. Included in primary and acute care services are inpatient and outpatient hospital services, physician services, prescription drugs, dental, and a variety of other health-related services. These services are delivered either on a fee-for-service basis or through licensed managed care plans. Long-term care services are delivered in community and institutional settings. Aggregate spending is projected to increase significantly for all provider groups. However, with three exceptions, these increases in projected costs are driven by growth in caseloads or changes in utilization and not by an increase in the rates paid by the state to the providers for the services. Only the rates paid to hospital services, prescription drugs, and long-term care facility services such as services provided in nursing homes, are required by the law to be adjusted for inflation.

The expenditures for prescription drugs are rising due to increases in: (1) market prices resulting from the introduction of a large number of new drugs; (2) mass market consumer advertising (in particular television), and (3) to a lesser extent, utilization rates by the ABD Medicaid population. Prescription drug spending represented about 13 percent of Medicaid expenditures in FY 2001.

The spending for services provided at nursing facilities and intermediate care facilities for the mentally retarded (ICFs/MR) is also responsible for the increase in the Medicaid budget. Long-term care facility services spending represented about 40 percent of Medicaid spending in FY 2001. The budget act provides funding for a projected increase in the long-term care facility services expenditures. Contributing to the projected increase is escalating capital costs. In addition, the shortage of, and increased demand for, healthcare workers, such as registered nurses (RN's), licensed practical nurses (LPN's) and nurse aides,

[2] In an effort to increase retention of eligible individuals, the redetermination cycle for Healthy Start was increased from every six months to every twelve months in FY 2000-2001 biennium.
In addition, many families who left cash assistance under the OWF program mistakenly believed they were no longer eligible to receive Medicaid benefits.
Lastly, during the FY 2000-2001 biennium, Medicaid eligibility was expanded in three areas. In January 2000, JFS expanded coverage to pregnant women from 133 percent to 150 percent of the FPL. In July 2000, JFS rolled out phase two of the Children's Health Insurance Program (CHIP-II), expanding Healthy Start eligibility to uninsured children from families with incomes between 150 percent and 200 percent of the FPL (phase one of SCHIP was implemented in the FY 1998-1999 biennium through an expansion of Healthy Start to 150 percent of the FPL for all children). Also, in July 2000, JFS expanded coverage to parents with enrolled children for families with incomes at or below 100 percent of the FPL under the Healthy Families program.

coupled with an increase in opportunities for these occupations, is driving up labor costs. Healthcare wages and benefits are particularly affected as facilities compete in a tight labor market to attract these healthcare workers.

Medicaid reimbursement of long-term care facility services: JFS is required to pay the reasonable costs of services that a nursing facility or ICF/MR with a Medicaid provider agreement provides to Medicaid recipients. The amount JFS pays a nursing facility or ICF/MR is determined by formulas established by state law. The following are some of the payment changes to the current nursing facility reimbursement system established by the budget act.

Maximum mean total per diem rate for nursing facilities. The budget act establishes a maximum mean total per diem rate applicable to nursing facilities in FY 2002 and FY 2003. The FY 2001 nursing facilities mean total per diem rate was $132.46. For FY 2002, the mean total per diem rate for all nursing facilities in the state, weighted by Medicaid days and calculated as of July 1, 2001, is not to exceed $143.92. For FY 2003, the mean total per diem rate for all nursing facilities in the state, weighted by Medicaid days and calculated as of July 1, 2002, is not to exceed $152.66, plus any difference between $143.92 and the mean total per diem rate for all nursing facilities in the state for FY 2002, weighted by Medicaid days and calculated as of July 1, 2001, under the law governing the calculation of Medicaid reimbursement rates. If the mean total per diem rate for all nursing facilities in the state for FY 2002 or FY 2003, weighted by Medicaid days and calculated as of the first day of July of the calendar year in which the fiscal year begins, exceeds the maximum amount established by the act, JFS is required to reduce the total per diem rate for each nursing facility in the state by a percentage that is equal to the percentage by which the mean total per diem rate exceeds the maximum amount established by the act for that fiscal year. Adjustments to a nursing facility's Medicaid reimbursement rate required by the law governing the calculation of Medicaid reimbursement rates are to be made during the remainder of the fiscal year in which a reduction required by this provision of the budget act is made.

Additional funding from increase in franchise permit fee. JFS is required to assess an annual franchise permit fee on each long-term care bed in a nursing facility or hospital. Until July 1, 2001, the amount of the fee was $1 for each such bed a nursing facility or hospital has multiplied by the number of days in the fiscal year for which the fee is assessed. There are currently 94,647 long-term care beds in nursing facilities or hospitals. The franchise fee revenue for nursing facilities in FY 2001 was $34,906,946. For FYs 2002 and 2003, the budget act raises the franchise permit fee to $3.30, a $2.30 per bed per day increase. The additional money generated from the increase, and 69.7 percent of the payments related to the franchise permit fee, are to be deposited into the Nursing Facility Stabilization Fund, which the budget act creates in the state treasury. JFS is to use the money in the fund to do all of the following: (1) make payments to nursing facilities under the law governing Medicaid payments to nursing facilities; (2) beginning with payments made to nursing facilities in August 2001, make payments to each nursing facility for each Medicaid day in FYs 2002 and 2003 in an amount equal to 69.7 percent of the franchise permit fee the nursing facility pays for the fiscal year the department makes the payment divided by the nursing facility's inpatient days for the calendar year preceding the calendar year in which that fiscal year begins; and (3) make payments of $1.50 per Medicaid day to all nursing facilities to enhance quality of care.

The Governor vetoed the third use of the money in Am. Sub. H.B. 94 of the 124th General Assembly. However, Am. Sub. H.B. 299 of the 124th General Assembly restores this third use of the Nursing Facility Stabilization Fund with two changes. First, the $1.50 per Medicaid day payment is to be paid to all nursing facilities, rather than just those that pay the franchise permit fee. Second, the purpose of the $1.50 per Medicaid day payment is to enhance quality of care. Reinstating the third use reduces the amounts available for the other two purposes by up to $31.69 million in FY 2002 and up to $32.12 million in FY 2003.

Imputed occupancy. Indirect care and capital cost per diems are to be determined by dividing the nursing facility's actual, allowable costs in a cost reporting period by the greater of the nursing facility's inpatient days for that period or the number of inpatient days the nursing facility would have had during that period if its occupancy rate had been the imputed occupancy rate. The budget act changes Medicaid rates for FY 2002 by allowing (1) indirect care costs to be based on the number of inpatient days a facility would have had during the period if its occupancy rate had been 82 percent in FY 2002 (rather than 85 percent), and (2) capital costs to be based on the number of inpatient days the facility would have had during the period if its occupancy rate had been 88 percent in FY 2002 (rather than 95 percent).[3] A lower imputed occupancy rate results in a higher Medicaid reimbursement for nursing facilities that have an occupancy rate lower than the imputed occupancy rate.

Purchased nursing services. The budget act increases nursing facilities' Medicaid reimbursement rates for direct care costs by providing that costs reported in a nursing facility's cost report for purchased nursing services are to be allowable costs up to 20 percent (rather than 10 percent) of the nursing facility's cost specified in a cost report for services provided by RN's, LPN's and nursing aides who are employees of the nursing facility, plus one half of the amount by which the reported costs for purchased nursing services exceed that percentage. This change is applicable for FY 2002 and thereafter.[4]

Return on equity factor in nursing facility's capital cost rate determination. As part of capital costs, JFS is required to pay each eligible proprietary nursing facility a return on equity computed at the rate of one and one-half times the average interest rate on special issues of public debt obligations issued to the federal Hospital Insurance Trust Fund for a cost reporting period. The budget act reduces the maximum return on equity payment from one dollar to 50 cents per patient day.

Changes in nursing home staffing rule. The Department of Health through administrative rule, has increased minimum staffing levels and other minimum quality standards for nursing facilities. A minimum of 2.75 hours of direct care and services per resident per day is required in each nursing home as follows: two hours per resident per day to be provided by nursing aids with the ratio of nurse aides to residents not exceeding one nurse aide for every 15 residents or major part thereof at any time, two-tenths of an hour per resident per day to be provided by registered nurses, and the remainder of the hours may be provided by nurses, nurse aides, etc. JFS projects the cost of this rule change to be $10.1 million in FY 2002, and $13.5 million in FY 2003.

Medicaid coverage of treatment for breast or cervical cancer: If the state plan amendment is approved by the United States Secretary of Health and Human Services, the budget act requires Medicaid coverage of treatment for breast or cervical cancer for women who (1) are under age 65, (2) are not otherwise are eligible for Medicaid, (3) have been screened for breast and cervical cancer under the Centers for Disease Control and Prevention Breast and Cervical Cancer Early Detection program, (4) need treatment for breast or cervical cancer, and (5) would not otherwise be covered under creditable coverage. According to JFS, the estimated cost for this coverage would be approximately $2.6 million in FY 2002 and $5.6 million in FY 2003.

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[3] H.B. 403 of the 123rd General Assembly had changed imputed occupancy rate temporarily for FY 2001 to be 75 percent for indirect cost and 85 percent for capital cost.

[4] H.B. 403 of the 123rd General Assembly had changed allowable costs for purchased nursing services temporarily for FY 2001 to be 17 percent.

Medicaid managed care: The budget act repeals law that required JFS to establish in Franklin, Hamilton, and Lucas counties a managed care system under which qualified Medicaid recipients were required to obtain medical services from providers designated by JFS. Under the budget act, JFS is permitted to establish a managed care system in some or all counties under which designated Medicaid recipients are required to obtain health care from providers designated by JFS. According to JFS, the purpose of this change is to simplify the law and to eliminate some of the implementation details that were included when the mandatory program was initially established.

Home and community-based waiver programs: Home and community-based waivers are designed to enable Medicaid consumers who are aged, blind, or disabled to receive care in their communities that was previously available only in an institutional setting. Ohio's publicly funded community-based long term care delivery system is administered by a number of state and local agencies using federal, state, and local funds. Medicaid is the principle-funding source for long-term care in Ohio. The state currently has four different waiver programs for target populations, including the elderly, people with physical disabilities, and people with mental retardation or other developmental disabilities. The budget act provides funding to JFS for approximately 500 new Home Care Medicaid waiver slots as well as 500 new Individual Options Medicaid waiver slots in each year of the FY 2002-2003 biennium.

Ohio Access Success Project: The budget act authorizes the Director of JFS to establish the Ohio Access Success Project to help Medicaid recipients make the transition from residing in a nursing facility to residing in a community setting. The director's authority to establish the project is limited to the extent the budget act makes funds available. If the director establishes the project, the director must provide one-time benefits to not more than 75 Medicaid recipients in FY 2002 and not more than 125 Medicaid recipients in FY 2003. No person is to receive more than $2,000 worth of benefits under the project. The estimated spending for this pilot program is $150,000 in FY 2002 and $250,000 in FY 2003.

Adjusting the Hospital Care Service Payment System: JFS plans, with approval of rules by the Joint Committee on Agency Rule Review (JCARR), to implement a plan to bring Ohio in line with the federal Medicare practice of inflating hospital rates based on medical inflation minus 1.0 percent. JFS estimates that this adjustment will moderate growth by approximately $4.6 million in FY 2002 and $16.6 million in FY 2003. The budget act provides additional funding of $300,000 in FY 2002 to contract with industry experts to review the department's hospital payments systems in light of Medicare changes and in regard to trends in the hospital marketplace in general.

Adjusting the Prescription Drug Payment System: Currently, the state pays for prescription drugs 11.0 percent above the wholesale acquisition cost (WAC) for the Medicaid program. The budget act allows JFS to reduce this by 2.0 percent in FY 2003 to 9.0 percent above the WAC. JFS estimates that this reduction will moderate cost growth by $16 million in FY 2003.

The appropriations in the budget act are based on projected costs that included the above reductions in the growth of rates paid to hospitals and pharmacies.

Children's Health Insurance Plan

Phase two of the Children's Health Insurance Plan (CHIP-II) provides medical coverage for uninsured children under age 19 in families with incomes between 150 percent and 200 percent of FPL. The insurance plan takes advantage of structures in place for Healthy Start Medicaid, such as a benefit package, health delivery, and payment systems.

CHIP-II began on July 1, 2000. Under this program, health benefits were provided to a monthly average of 11,201 children in FY 2001. The budget act appropriates $47.1 million in FY 2002 and $54.8 million in FY 2003 (an increase of $30.1 million in FY 2002 and $7.6 million in FY 2003) for this program.

These funds are estimated to provide health benefits to 38,836 eligible children per month in FY 2002 and 42,750 eligible children per month in FY 2003.

Ohio currently provides health assistance to certain uninsured, residential parents with family income not exceeding 100 percent of FPL under regular Medicaid. The budget act permits the Director of JFS to seek an amendment to attribute medical costs for some parents to the SCHIP program instead of to regular Medicaid. The match rate on a SCHIP parent expansion would be the enhanced FMAP of just over 70 percent.

Medicaid Systems Enhancements

The Medicaid Management Information System (MMIS) supports the benefits administration of the Ohio Medicaid and Disability Assistance programs. It processes reimbursements to medical providers for services rendered to eligible recipients based on JFS and federal policy. MMIS is a federally certified system for the processing of all Medicaid payments. It includes several subsystems: Recipient, Provider, Claims Processing, Surveillance and Utilization Review System (SURS), Management and Administrative Reporting, and Reference file. In addition to continuing service required to maintain the systems, the budget act provides funding for three major initiatives:

(1) Initial changes toward implementation of the "Administrative Simplification" requirement of the Health Insurance Portability and Accountability Act (HIPAA);

(2) Further development of the Decision Support System, including an upgrade to SURS; and

(3) Development of a nursing home direct billing system.

Funding of $4.4 million in FY 2002 and $1.8 million in FY 2003 is appropriated in a new GRF line item, 600-436, Medicaid Systems Enhancements. Approximately $1.0 million in FY 2002 and $1.9 million in FY 2003 appropriated in this new GRF line item is to support the initial state share of systems redesign costs associated with HIPAA. Additionally, $3.5 million in FY 2002 is to develop a nursing home direct billing system and a decision support system. The federal share of these systems enhancements is contained in Fund 3F0, line item 600-623. The projected federal share of spending for HIPAA is approximately $25 million for the biennium and is approximately $26 million for the Decision Support System.

The Health Insurance Portability and Accountability Act of 1996 contains several provisions designed to make health coverage more accessible, affordable, and portable. HIPAA is designed to protect confidential healthcare information through improved security standards and federal privacy legislation. It defines requirements for storing patient information before, during, and after electronic transmission. It also identifies compliance guidelines for critical business tasks such as risk analysis, awareness training, audit trail, disaster recovery plans, and information access control and encryption.

The Decision Support System initiative has been underway since the last biennium and work is ongoing. The system will provide significant administrative tools for the Medicaid program. With the Decision Support System, JFS expects to make data informed program decisions, monitor program performance and integrity, and provide models for decision-making. In addition to the data analysis and modeling functions available, powerful SURS capabilities will be incorporated into the system for program monitoring and fraud and abuse detection and prevention.

With funding provided in the budget, JFS intends to implement a direct billing system for long-term care facilities, thus administering the system in the same manner as other Medicaid providers. According to JFS, implementation of this plan will improve timeliness of payments and reduce the number of erroneous payments, such as payments of claims for deceased consumers.

Health Care Services

The budget act creates the Prescription Drug Rebates Fund in the state treasury and requires all rebates paid by drug manufacturers to JFS in accordance with a rebate agreement required under federal law to be credited to the account. JFS must use money credited to the fund for Medicaid services and contracts. Appropriations of $223,847,498 in FY 2002 and $255,386,713 in FY 2003 in line item 600-692, Health Care Services, reflect rebate estimates based on prior and current year activity. The appropriations do not represent new spending. Current practice of depositing rebates to the credit of the GRF is not consistent with State Accounting practices. According to JFS, the creation of a new fund and line item corrects this problem.

UNEMPLOYMENT INSURANCE

OVERVIEW

The Unemployment Insurance (UI) program was created as a federal/state partnership for income maintenance during periods of involuntary unemployment, by providing partial compensation for lost wages as a matter of right, to eligible individuals. Such compensation provides a counter-cyclical source of revenue to support the local economy in times of economic downturn. Funds for administration of UI are provided primarily by the U.S. Department of Labor (USDOL) from revenues collected from employers by the Internal Revenue Service pursuant to the Federal Unemployment Tax Act. Benefits are paid through the Unemployment Compensation Trust Fund, which is funded through state insurance taxes that are paid by employers and collected by JFS. The Unemployment Compensation Trust Fund has a balance of approximately $2.4 billion at the present, and is forecast to end FY 2003 with a balance in excess of $2.3 billion.

The UI program is administered by the Office of Unemployment Compensation. The primary goal of the Office of Unemployment Compensation is to collect sufficient employer taxes to support the payment of unemployment compensation benefits to individuals who have become unemployed through no fault of their own.

Through information collected regarding hiring, wages, and benefits, the UI system directly supports the informational needs for measuring outcomes related to employment and supports the interception of benefit payments for the deduction of child support. In addition, this information is used to help detect fraud and prevent overpayments in such programs as TANF, workers compensation, railroad retirement benefits, as well as unemployment compensation itself.

BUDGET ISSUES

Local Office Closings

JFS plans to close 56 local unemployment offices over a 15-month period and replace these local offices with an expansion, from 7 to 21, in the number of telephone registration centers. JFS estimates that this reorganization will produce a “cost avoidance” of $10 million in FY 2003. (For further detail, please see the discussion under the heading “Reorganization of Local Operation” in the Administration section.)

Benefit Automation

The Unemployment Insurance program is currently involved in the completion of a multi-year project called Ohio Job Insurance Project. The mission of the project is to redesign business processes and apply advanced technology to improve the accuracy, accountability, accessibility, and efficiency of UI benefits service for employers and claimants. Funding for the project was obtained through legislation in 1995 (H.B. 275 of the 121st General Assembly) enacted to establish an unemployment benefit reserve fund. Interest on the principal maintained in the reserve fund is to be used to pay for the costs of automation and reengineering. To support this project, appropriation authority for line item 600-685 is increased by the budget act to $19.6 million for FY 2002 and $13.6 million for FY 2003. Actual spending from the line item in FY 2001 was $3.2 million.

Unemployment Compensation Review Committee

The Unemployment Compensation Review Committee handles appeals of benefits determinations. Under the budget act, the Unemployment Compensation Review Committee will receive funding through two new line items: GRF line item 600-435, Unemployment Compensation Review Committee and Federal Special Revenue Fund 3V4, line item 600-679, Unemployment Compensation Review Committee-Federal.

ADMINISTRATION

OVERVIEW

Central Administration within the Department of Job and Family Services (JFS) consists of the Director's Office and the offices of the Chief Inspector; Communications; Fiscal Services; Internal Administration; Legal Services; Legislation; Professional Development and Quality Services; and Research, Assessment & 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.

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 also 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.

GRF line items 600-100, Personal Services; 600-200, Maintenance; and 600-300, Equipment, while the primary source of funding for central administration, are allocated across program areas throughout JFS. Appropriation amounts for FY 2002 and FY 2003 include in the 100, 200, and 300 line items funding previously appropriated in line items 600-406, Workforce Development; 600-407, UI/ES Operating; 600-408, Labor Market Projections; 600-414, Apprenticeship Council; and 600-429, Women's Programs. These appropriation items are subject to the provision in H.B. 94 that reduced by 1.5 percent GRF appropriations in FY 2002 and FY 2003. The final appropriations for those line items are $116.9 million in FY 2002 and $107.6 million in FY 2003. JFS plans to implement an early retirement incentive to cut administrative costs and eliminate duplicate functions. The 1.5 percent reduction has required JFS to implement reductions across all program areas.

JFS also has plans to reorganize the local service delivery system that includes the delivery of unemployment compensation services via telephone by state staff. This will result in the closing of 56 local offices and the expansion of the number of Telephone Registration Centers (TRCs) from seven to 21. H.B. 94 provides some funding for the cost of the physical reorganization of the local offices. However, since plans for the reorganization are still being discussed and not yet finalized, the implications of H.B. 94 on the local operation reorganization is not fully ascertainable.

Primarily through line item 600-416, Computer Projects, JFS funds the development and implementation of various computer systems and projects. The final appropriations for this line item are $170.2 million in FY 2002 and $177.7 million in FY 2003. Due to the many factors that affect MIS, resulting in continuous priority changes, the implication of the final appropriation amounts for this line item cannot be fully realized at this time.

CENTRAL ADMINISTRATION

JFS central administration consists of several offices. The Office of the Chief Inspector is responsible for department security matters, monitoring and follow-up to audits of the department conducted by outside entities, and ensuring civil rights compliance. The Office of Communications informs the public, via the news media, and other customers about JFS programs and issues. The 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. The Office of Internal Administration includes the department's personnel, office services, facility management, Equal Employment Opportunity, and contract management functions. The 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 department customers. The Office of Legislation responds to constituent inquires and is the department's principal liaison to the General Assembly. The Office of Professional Development and Quality Services administers and develops programs for employee training, development, education, and cultural awareness. The Office of Research, Assessment & Accountability provides a range of services for department offices including program research and evaluation, quality assessment, labor market information, and auditing.

Early Retirement Incentive

Given the appropriation levels in H.B. 94 and the continuing transition period following the merger of the Department of Human Services and the Bureau of Employment Services, JFS has implemented an early retirement incentive program as a way to cut administrative costs and eliminate duplicate functions. As of April 1, 2001, JFS began offering a one-year early retirement incentive to all eligible employees. The early retirement incentive will be available until March 31, 2002. JFS expects the retirement incentive to be self-funded. While JFS will be required to pay the employees' contributions to the Public Employees Retirement System (PERS), it will save on the salaries that would have been paid if the individuals had not taken advantage of the early retirement incentive. JFS will only be able to back fill approximately 33 percent of those positions left open from retiring employees.

Five hundred seventy-six employees have been identified as eligible, and so far 270 have indicated their intention to take advantage of the incentive (indication of intention is not binding and an individual may change his or her decision). JFS has referred 127 responses to PERS and 92 employees have left employment under the program as of August 15, 2001. If all 576 eligible employees take advantage of the early retirement incentive, the cost to JFS will be $9,858,897. However, JFS does not expect all who are eligible to take advantage of this program and at this time JFS does not know what the final number will be.

MANAGEMENT INFORMATION SYSTEMS

The Office of Management Information Services provides information systems to meet the department’s operational and managerial decision-making needs. 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). There are several new projects in the development phase including: the Electronic Integrated Client Management System (eICMS), Ohio Works, Statewide Automated Child Welfare Information System (SACWIS), and Ohio Job Insurance (OJI). MIS currently has a staff that includes 297 state employees and, at any given time, approximately 613 contractors.

According to JFS, there are a number of challenges that MIS will face in FY 2002 and FY 2003, including contract rates, workloads, management of new development, rapid technology changes, and the integration of still separate Department of Human Services' (HUM) and Bureau of Employment Services' (BES) computer systems and network.

Contract Rates

The department's ability to fill MIS positions has been somewhat problematic. Due to many factors, including a tight labor market, JFS has made use of contract employees to fill the voids.

Many of the MIS contracts have been around for the past eight to ten years (two-year contracts with renewal clauses). MIS is in the process of rebidding all of its contracts and is not sure of what to expect. Since many of the rates were negotiated several years ago and have been augmented with only annual cost of living increases, the new rates could be considerably higher.

Workloads

As mentioned above, MIS has 297 state employees and approximately 613 contractors. State employees include information technology employees and data processing/project support professionals. One year ago, MIS had 370 state employees. Due to attrition of information technology employees and a limit on contract expenditures, MIS must carefully balance its staff to ensure services are being provided.

Management of New Development

Changes in state and federal law and customer user needs require continual changes or additions to various computer systems and projects that can entail considerable resources (time, personnel, and equipment).

Industry Changes

The information technology industry changes rapidly and software and equipment quickly become obsolete. For example, as of April 1, 2001, Novell no longer supports the version of Netware that MIS uses. This means that should MIS have any problems with Netware, the software company that developed and sells Netware is no longer available for assistance in troubleshooting problems. This software is the fundamental component to operating the network that supports over 20,000 state and county users.

Merger

Operationally, MIS still operates two computer systems. MIS has established a three to five year plan for full integration of the HUM and BES computer systems. The HUM system is an IBM platform-based system and the BES system is a Unisys platform-based system. With two systems, it is difficult to achieve economies of scale.

H.B. 94 appropriates $170.2 million in FY 2002 and $177.7 million in FY 2003 for line item 600-416, Computer Projects. According to JFS, the impact of the appropriation amounts on the JFS computer systems cannot be fully realized at this time. As federal and state law changes, MIS contracts are rebid, the information technology industry continues to change at an ever-increasing rate, and JFS continues to work through merger issues, MIS priorities may change.

REORGANIZATION OF LOCAL OPERATIONS

Currently, JFS manages and maintains 1.5 million square feet of state-owned and leased properties. JFS plans to reorganize the local service delivery system. The reorganization will reduce the amount of square feet needed to house employees by 50 percent. JFS will deliver unemployment compensation services via telephone by state staff. This will result in the closing of 56 local offices and the expansion of the number of Telephone Registration Centers (TRCs) from seven to twenty-one. Adjudication services will be transferred from the local offices to TRCs and be performed by state staff. Specially trained state staff will be dedicated to work closely with claimants to help them find work.

JFS plans to intensify support of business-driven local workforce policy boards as they continue to create workforce systems that meet local needs; specifically, providing more technical assistance and support to the development of one-stop service centers. JFS also plans to establish a team dedicated to ensuring a smooth transition as services are transferred from local offices to TRCs. JFS will continue face-to-face services for veterans.

H.B. 94 requires the director to present a report to the members of the House Finance and Appropriations Committee on or before October 1, 2001 that describes the director's plan to replace the existing local public offices with telephone registration centers, mail claims centers, or one-stop employment centers. It also requires the report to contain specific information concerning plans for staffing, cost projections, and a description of funding sources broken down by federal, state, and local funding expectations.

H.B. 94 provides an increase in line item 600-300, Equipment, which according to JFS, will help fund the cost of the physical reorganization. JFS plans to purchase modular furniture for the new local offices so that it can be easily configured and reconfigured as needed. Since plans for the reorganization are still being discussed and have yet to be finalized, LSC was not able to ascertain more fully the implications of H.B. 94 on the local operation reorganization. JFS estimates that the reorganization will reduce GRF-funded operating costs by $10.0 million in FY 2003.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill   **Version:** Enacted

JFS Job and Family Services, Department of

Fund	Line Item	Description	FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
GRF	600-100	Personal Services	$ 0	$ 0	$55,294,474	$ 74,130,805	34.07%	$ 76,863,214	3.69%
GRF	600-200	Maintenance	$ 0	$ 0	$22,886,898	$ 37,168,385	62.40%	$ 29,697,111	-20.10%
GRF	600-300	Equipment	$ 0	$ 0	$458,288	$ 5,564,123	1,114.11%	$ 996,390	-82.09%
GRF	600-402	Electronic Benefits Transfer (EBT)	$ 0	$ 0	$11,230,219	$ 14,876,071	32.46%	$ 15,198,706	2.17%
GRF	600-405	Family Violence Prevention Program	$ 0	$ 0	$715,078	$ 0	-100.00%	$ 0	N/A
GRF	600-406	Workforce Development	$ 0	$ 0	$314,327	$ 0	-100.00%	$ 0	N/A
GRF	600-407	Unemployment Insurance/Employment	$ 0	$ 0	$22,579,652	$ 0	-100.00%	$ 0	N/A
GRF	600-408	Labor Market Projections	$ 0	$ 0	$147,023	$ 0	-100.00%	$ 0	N/A
GRF	600-410	TANF State	$ 0	$ 0	$259,428,144	$ 268,636,561	3.55%	$ 268,619,061	-0.01%
GRF	600-411	TANF Federal Block Grant	$ 0	$ 0	$541,453,386	$ 0	-100.00%	$ 0	N/A
GRF	600-413	Day Care Match/MOE	$ 0	$ 0	$89,162,077	$ 84,120,606	-5.65%	$ 84,120,606	0.00%
GRF	600-414	Apprenticeship Council	$ 0	$ 0	$172,018	$ 0	-100.00%	$ 0	N/A
GRF	600-416	Computer Projects	$ 0	$ 0	$108,520,778	$ 170,248,377	56.88%	$ 177,679,089	4.36%
GRF	600-420	Child Support Administration	$ 0	$ 0	$4,367,517	$ 7,919,511	81.33%	$ 7,885,309	-0.43%
GRF	600-426	Children's Health Insurance Plan	$ 0	$ 0	$23,957,445	$ 47,106,345	96.63%	$ 54,739,233	16.20%
GRF	600-427	Child and Family Services Activities	$ 0	$ 0	$2,737,524	$ 7,081,250	158.67%	$ 6,895,421	-2.62%
GRF	600-428	Wellness Block Grant	$ 0	$ 0	$14,158,152	$ 0	-100.00%	$ 0	N/A
GRF	600-429	Women's Programs	$ 0	$ 0	$464,638	$ 0	-100.00%	$ 0	N/A
GRF	600-434	Nutrition Programs	----	$ 0	$2,548,603	$ 0	-100.00%	----	N/A
GRF	600-435	Unemployment Compensation Review	----	----		$ 3,702,764	N/A	$ 3,728,599	0.70%
GRF	600-436	Medicaid Systems Enhancements	----	----		$ 4,378,703	N/A	$ 1,825,807	-58.30%
GRF	600-502	Child Support Match	$ 0	$ 0	$20,765,684	$ 17,383,992	-16.29%	$ 16,814,103	-3.28%
GRF	600-504	Non-TANF County Administration	$ 0	$ 0	$74,483,825	$ 69,496,057	-6.70%	$ 67,667,214	-2.63%
GRF	600-511	Disability/Other Assistance	$ 0	$ 0	$71,441,628	$ 84,662,017	18.51%	$ 98,152,408	15.93%
GRF	600-512	Non-TANF Emergency Assistance	$ 0	$ 0	$4,218,417	$ 1,062,815	-74.81%	$ 1,062,815	0.00%
GRF	600-522	Burial Claims	$ 0	$ 0	$1,211,575	$ 0	-100.00%	$ 0	N/A
GRF	600-525	Health Care/Medicaid	$ 0	$ 0	$6,479,302,550	$ 7,082,761,191	9.31%	$ 7,573,807,482	6.93%
GRF	600-527	Child Protective Services	$ 0	$ 0	$55,095,487	$ 58,698,178	6.54%	$ 63,086,767	7.48%
GRF	600-528	Adoption Services	$ 0	$ 0	$51,762,347	$ 65,243,587	26.04%	$ 74,339,503	13.94%

Line Item Detail by Agency

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
JFS	**Job and Family Services, Department of**								
GRF	600-534	Adult Protective Services	$ 0	$ 0	$3,031,333	$ 2,808,210	-7.36%	$ 2,734,311	-2.63%
GRF	600-552	County Social Services	$ 0	$ 0	$11,909,349	$ 11,184,232	-6.09%	$ 10,889,910	-2.63%
General Revenue Fund Total			**$ 0**	**$ 0**	**$ 7,933,818,438**	**$ 8,118,233,781**	**2.32%**	**$ 8,636,803,057**	**6.39%**
613	600-645	Training Activities	----	$ 0		$ 1,462,626	N/A	$ 1,157,525	-20.86%
4A8	600-658	Child Support Collections	----	$ 0	$42,097,618	$ 42,389,027	0.69%	$ 42,389,027	0.00%
4R4	600-665	BCII Service Fees	----	$ 0	$7,201	$ 124,522	1,629.23%	$ 136,974	10.00%
5C9	600-671	Medicaid Program Support	----	$ 0	$66,976,461	$ 50,846,239	-24.08%	$ 59,226,893	16.48%
5R1	600-677	County Computers	----	----		$ 5,000,000	N/A	$ 5,000,000	0.00%
General Services Fund Group Total			**----**	**$ 0**	**$ 109,081,280**	**$ 99,822,414**	**-8.49%**	**$ 107,910,419**	**8.10%**
316	600-602	State and Local Training	----	$ 0	$2,268,595	$ 10,166,587	348.14%	$ 10,325,460	1.56%
327	600-606	Child Welfare	----	$ 0	$8,609,288	$ 34,594,191	301.82%	$ 34,592,977	0.00%
384	600-610	Food Stamps and State Administration	----	$ 0	$74,749,539	$ 160,371,358	114.54%	$ 161,716,857	0.84%
385	600-614	Refugee Services	----	$ 0	$2,632,291	$ 4,388,503	66.72%	$ 4,559,632	3.90%
395	600-616	Special Activities/Child and Family Serv	----	$ 0	$2,983,998	$ 9,491,000	218.06%	$ 9,491,000	0.00%
3H7	600-617	Day Care Federal	----	$ 0	$236,674,197	$ 299,156,430	26.40%	$ 337,848,130	12.93%
396	600-620	Social Services Block Grant	----	$ 0	$49,676,213	$ 51,195,100	3.06%	$ 51,297,478	0.20%
3S5	600-622	Child Support Projects	----	$ 0	$280,831	$ 534,050	90.17%	$ 534,050	0.00%
3F0	600-623	Health Care Federal	----	$ 0	$152,660,702	$ 260,504,926	70.64%	$ 281,562,040	8.08%
397	600-626	Child Support	----	$ 0	$204,035,181	$ 248,001,590	21.55%	$ 247,353,041	-0.26%
398	600-627	Adoption Maintenance/Administration	----	$ 0	$169,106,232	$ 277,806,175	64.28%	$ 341,298,661	22.85%
3N0	600-628	IV-E Foster Care Maintenance	----	$ 0	$117,877,069	$ 152,981,760	29.78%	$ 173,963,142	13.71%
3A2	600-641	Emergency Food Distribution	----	$ 0	$1,777,005	$ 2,018,844	13.61%	$ 2,018,844	0.00%
3D3	600-648	Children's Trust Fund Federal	----	$ 0	$731,712	$ 2,040,524	178.87%	$ 2,040,524	0.00%
3F0	600-650	Hospital Care Assurance Match	----	$ 0	$309,093,463	$ 320,551,643	3.71%	$ 332,807,785	3.82%
3G5	600-655	Interagency Reimbursement	----	$ 0	$724,031,893	$ 852,461,818	17.74%	$ 860,986,436	1.00%
3G9	600-657	Special Activities Self Sufficiency	----	$ 0	$520,301	$ 522,500	0.42%	$ 190,000	-63.64%
3V4	600-678	Federal Unemployment Programs	----	----		$ 74,025,525	N/A	$ 74,025,525	0.00%
3V4	600-679	Unemployment Compensation Review	----	----		$ 2,286,421	N/A	$ 2,286,421	0.00%
365	600-681	Job Training Program	----	$ 0	$21,232,216	$ 25,000,000	17.75%	$ 5,469,259	-78.12%
331	600-686	Federal Operating	----	$ 0	$101,658,727	$ 41,600,896	-59.08%	$ 41,640,897	0.10%

Line Item Detail by Agency

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
JFS	**Job and Family Services, Department of**								
3V0	600-688	Workforce Investment Act	----	$ 0	$62,989,353	$ 128,476,093	103.96%	$ 128,476,093	0.00%
3V6	600-689	TANF Block Grant	----	----		$ 654,410,661	N/A	$ 677,098,311	3.47%
3V6	600-690	Wellness	----	----		$ 14,337,515	N/A	$ 14,337,515	0.00%
Federal Special Revenue Fund Group Total			**----**	**$ 0**	**$ 2,243,588,806**	**$ 3,626,924,110**	**61.66%**	**$ 3,795,920,078**	**4.66%**
600	600-603	Third-Party Recoveries	----	$ 0	$885,771	$ 0	-100.00%	$ 0	N/A
4E7	600-604	Child and Family Services Collections	----	$ 0		$ 145,805	N/A	$ 149,450	2.50%
4E3	600-605	Nursing Home Assessments	----	$ 0	$7,353	$ 95,511	1,198.88%	$ 95,511	0.00%
4A9	600-607	Unemployment Compensation Admin F	----	$ 0	$7,782,037	$ 9,420,000	21.05%	$ 9,420,000	0.00%
5R2	600-608	Medicaid-Nursing Facilities	----	----		$ 59,462,415	N/A	$ 79,283,220	33.33%
4F1	600-609	Foundation Grants/Child & Family Servi	----	$ 0		$ 116,400	N/A	$ 119,310	2.50%
4V2	600-612	Child Support Activities	----	$ 0		$ 124,993	N/A	$ 124,993	0.00%
4J5	600-613	Nursing Facility Bed Assessments	----	$ 0	$29,707,332	$ 31,179,798	4.96%	$ 31,279,798	0.32%
4J5	600-618	Residential State Supplement Payment	----	$ 0	$14,139,057	$ 15,700,000	11.04%	$ 15,700,000	0.00%
4K1	600-621	ICF/MR Bed Assessments	----	$ 0	$24,846,488	$ 21,604,331	-13.05%	$ 22,036,418	2.00%
4Z1	600-625	Healthcare Compliance	----	$ 0	$421,720	$ 10,000,000	2,271.24%	$ 10,000,000	0.00%
5E6	600-634	State Option Food Stamps	----	$ 0		$ 6,000,000	N/A	$ 0	-100.00%
3W8	600-638	Hippy Program	----	----		$ 62,500	N/A	$ 0	-100.00%
3W9	600-640	Adoption Connection	----	----		$ 50,000	N/A	$ 0	-100.00%
198	600-647	Children's Trust Fund	----	$ 0	$2,382,201	$ 4,368,785	83.39%	$ 4,379,333	0.24%
651	600-649	Hospital Care Assurance Program Fun	----	$ 0	$217,740,460	$ 222,480,109	2.18%	$ 233,384,431	4.90%
4N7	600-670	Wellness Block Grant	----	$ 0	$1,000,000	$ 0	-100.00%	$ 0	N/A
4G1	600-683	Interagency Agreements	----	$ 0	$45,493	$ 0	-100.00%	$ 0	N/A
557	600-684	Apprenticeship Council Conference	----	$ 0	$31,697	$ 0	-100.00%	$ 0	N/A
5A5	600-685	Unemployment Benefit Automation	----	$ 0	$3,231,898	$ 19,607,027	506.67%	$ 13,555,667	-30.86%
4R3	600-687	Banking Fees	----	$ 0	$314,920	$ 592,937	88.28%	$ 592,937	0.00%
5P4	600-691	TANF Child Welfare	----	----		$ 7,500,000	N/A	$ 0	-100.00%
5P5	600-692	Health Care Services	----	----		$ 223,847,498	N/A	$ 255,386,713	14.09%
3W3	600-695	Adult Protective Services	----	----		$ 120,227	N/A	$ 0	-100.00%
3W3	600-696	Non-TANF Adult Assistance	----	----		$ 1,000,000	N/A	$ 0	-100.00%
State Special Revenue Fund Group Total			**----**	**$ 0**	**$ 302,536,426**	**$ 633,478,336**	**109.39%**	**$ 675,507,781**	**6.63%**

Line Item Detail by Agency

			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
JFS	***Job and Family Services, Department of***								
5B6	600-601	Food Stamp Intercept	----	$ 0	$442,797	$ 5,283,920	1,093.30%	$ 5,283,920	0.00%
583	600-642	Support Intercept-State	----	$ 0	$15,434,147	$ 20,162,335	30.63%	$ 20,565,582	2.00%
192	600-646	Support Intercept-Federal	----	$ 0	$106,889,760	$ 80,000,000	-25.16%	$ 82,000,000	2.50%
Agency Fund Group Total			**----**	**$ 0**	**$ 122,766,703**	**$ 105,446,255**	**-14.11%**	**$ 107,849,502**	**2.28%**
R12	600-643	Refunds and Audit Settlements	----	$ 0	$10,673	$ 200,000	1,773.87%	$ 200,000	0.00%
R13	600-644	Forgery Collections	----	$ 0		$ 700,000	N/A	$ 700,000	0.00%
Holding Account Redistribution Fund Group Total			**----**	**$ 0**	**$ 10,673**	**$ 900,000**	**8,332.41%**	**$ 900,000**	**0.00%**
Job and Family Services, Department of Total			***$ 0***	***$ 0***	***$ 10,711,802,327***	***$ 12,584,804,896***	***17.49%***	***$ 13,324,890,837***	***5.88%***