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Senate Finance Committee Testimony Impact of HB 153, Biennial Budget on Child Welfare May 18, 2011

Good afternoon Chairman Widener, Ranking Member Skindell, and other members of the Senate Finance Committee. I am Crystal Ward Allen, Executive Director for Public Children Services Association of Ohio – a non profit membership organization serving Ohio’s 88 county public child welfare agencies through support of program excellence and sound public policy for safe children, stable families and supportive communities.

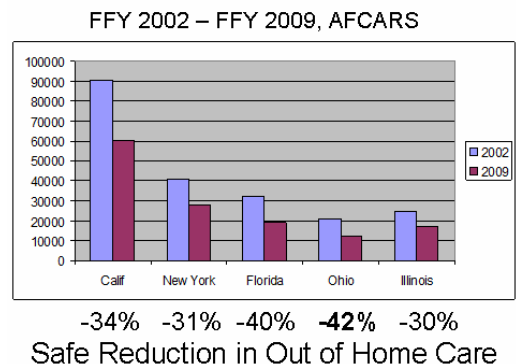


A WORTHY SYSTEM

The Child Welfare System in Ohio has reformed the way we do business by Protecting Children through Strengthening Families – and our outcomes are excellent. The Supreme Court of Ohio’s Court Improvement Program chart clearly shows Ohio has made a **steady, intentional safe reduction in child placements**, between January 2002 and January 2010. See more at <http://www.summitonchildren.ohio.gov/AttySvcs/cfsr>.

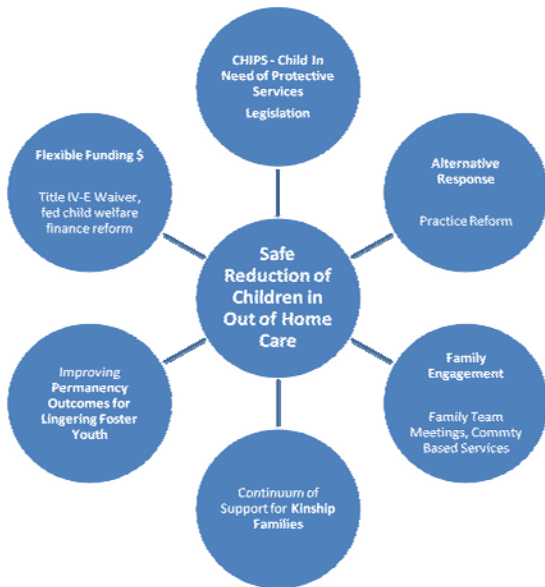
This federal AFCARS (Adoption and Foster Care

Analysis and Reporting System) chart on the right, shows **Ohio’s performance compared to other states – leading in the rate of Safe Reduction of out of home care, over time.** Four of the five high performing states – California, Florida, Ohio and Illinois – had Title IV-E Waivers. We are pleased that Ohio has just been awarded a renewal of our ProtectOhio Title IV-E Flexible Funding Waiver, enjoyed by one-third of the state. You can view more at http://www.acf.hhs.gov/programs/cb/stats_research/index.htm#afcars.



Ohio data shows even when experiencing a **15% increase of reports of child maltreatment** – we believe due to the stressed economy – Ohio continues to better serve our children by safely investing in families vs. placement. Not only are we placing fewer children, but they are staying in care for shorter length of stays – with more timely reunifications, permanency with relatives or adoptive families. *And safety, as measured by repeat reports of child maltreatment, has not been compromised.*

Ohio Statewide Trends	2009	% Change 2001 - 2009
Children in custody at least a day	23,139	34 % decrease
Children in custody at year-end	11,721	42 % decrease
Children awaiting adoption	2,897	46 % decrease
Reports of maltreatment	116,216	15 % increase



To achieve such excellent outcomes, we have invested our flexible resources and professional talents in the whole continuum of child welfare services: community based prevention services, family strengthening diversion and safety planning services, support of relatives and other kin, enhancing the quality of services for children and youth in care, and targeted and aggressive reunification services and post placement services. **Please do look for a CHIPS bill and a Budget Neutral Kinship bill this year.** We are pursuing a plan.

ODJFS provides some significant supports I want to mention – their leadership moving child welfare to a new **Differential / Alternative Response** has been excellent, and is supporting our Safe Reduction in Out of Home care. ODJFS has also really **improved our SACWIS system** – our SACWIS team has regularly achieved important “fixes” to this statewide case

management system. And to provide real time management reports for the county agencies doing the work of child welfare, excellent work has been done to map SACWIS to the *subscription free ROM (Results Oriented Management)* service that will produce real time management reports. We look forward to connection.

Thus, **we are proponents of change and redesigning government**, and we can appreciate the strategic steps sought by the administration and legislature thus far. But – in this budget, child welfare is hit in a way that I believe is unintended, not in keeping with investing in policy of importance and demonstrated outcomes.

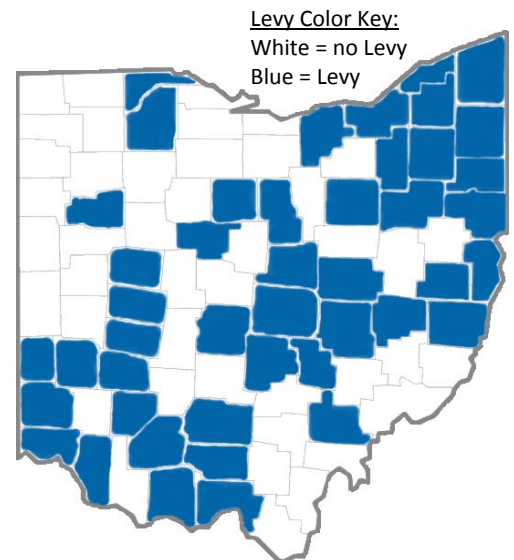
MINIMAL STATE SUPPORT, INCREASING DEPENDENCE ON LOCAL FUNDS

Ohio’s support to the counties that do the work of child welfare is the lowest in the nation, contributing only 5% of the total cost. We do appreciate an additional 5% for Statewide Programming – including Adoption Supports that go directly to parents, the statewide SACWIS computer system, and the 20% non-fed match for Education and Training Vouchers for our foster alums in college.

The impact of the **cuts to the Local Government Fund will devastate the 43 counties that do not have a local child welfare levy and depend upon Local General Revenue for \$23 M/year in support.** We are working in earnest with county commissioners and others on any and all efficiencies.

The **45 counties with dedicated children services levies** are experiencing a **loss due to Tangible Personal Property tax changes.** The state modernized to the Commercial Activity Tax with its resulting gain in State Revenues. **We are very appreciative of the changes in the House Budget dedicating a portion of CAT revenues to ongoing partial TPP loss replacements** – our agencies had been scheduled to lose \$31.5 M/year, it **now appears they will lose about half** that amount.

*While the voting public has been very supportive of children services local levies in recently years, we seek flexible policy, and **respectfully request authority to extend our levy timespans from the current limit of ten years. This will save costly campaigns, election costs and voter fatigue.*** Suggested amendment language is at the end of my testimony.



REJECT COST SHIFT IN ADOPTION ASSISTANCE

I ask you **reject the cost shift in Adoption Assistance**, which will cost the counties \$7 Million / year. The subsidies only go to special needs adopted children, and they cannot be renegotiated down at the desire of state or county government. *Adoption supports are the only one real shared child welfare fiscal investment – investigations / assessments and family safety services are local costs, and foster care is a local/federal cost share (with the 5% state contribution).* This AA change is a cost shift, pure and simple.

RESTORE FULL AMOUNT OF COST EFFECTIVE PERMANENCY INCENTIVE PROGRAM

Please restore the \$5 M / year Kinship Permanency Incentive program proposed for elimination – this efficient and cost effective program supports over 8,000 children in safe, permanent kinship families. Courts have reviewed and awarded judicial custody, research and child outcomes support the program, basic math shows lowered costs than foster care, adoption, aging out, or DYS. The House budget restored the funds to \$3.5 M in 2012 and \$2.5 M in 2013. Recognizing your need for funding solutions, PCSAO suggests reducing the state adoption tax credit and other adoption supplement and repurposing revenues for KPI. While greatly valuing adoption, there is a generous array of federal supports for the adoption process. Restoring *KPI has been and can be used as \$5 M / year TANF MOE, freeing up Child Support Collection funds to be directed into the County Child Support Match line item. \$5 M becomes \$15 M when they can match such funds with their federal Title IV-D.* Specific amendment language suggestion is at the back of my testimony.

OPPORTUNITIES WITHIN THE TANF SPENDING PLAN

The \$80 M / year cut to the County TANF Allocation will negatively impact most county child welfare systems, as they invest TANF and TANF - Title XX Transfer, to maintain children in their own homes. But the counties need the same funds to support welfare to work programs. Along with our county partners, the County Commissioners Association of Ohio, the Ohio Job and Family Services Directors Association and the Ohio Child Support Enforcement Association, we have spent much time analyzing the proposed TANF Spending Plan. **PCSAO asks you to redirect a portion of TANF funds to county JFSs for local use including child welfare, and to redirect funds collected by child support agencies, from MOE to send back to the Child Support Agencies so they can triple using their federal Title IV-D funds.** Our joint association recommendations at the back of my testimony, show how to maximize these finite federal block grant and state Maintenance of Effort funds, for smart investments.

CHILD ABUSE PREVENTION – Ohio Children’s Trust Fund

I am pleased to serve on the Ohio Children’s Trust Fund Board along with our Chair, Senator Kevin Bacon. Funding for prevention does not come from the State’s Operating Budget, but from fees on birth certificates and divorces. The fund has worked hard to ensure our finite funding is well invested by local groups based on a local needs assessment, in evidence informed programming, and evaluated. This formula promotes effective investment.

It is in that framework, that I **request you to delete language within Am. Sub. HB 153 Section 3109.17 (B) (7)** – this language would have the OCTF fund crisis nurseries using funds slated for localities, regardless of whether that community identified crisis nursery services as part of their local needs assessment.

BEHAVIORAL HEALTH BUDGET CONCERNS

PCSAO supports efforts to continue to fund the Early Childhood Mental Health Consultation program that served over 22,000 children in early childhood settings last year. This successful initiative saw 87% of the young children at risk for removal for social emotional problems, maintained in the classroom and sent to kindergarten “ready to learn.” A Child Welfare Demonstration Project was recently added, providing early consultation and treatment services to child welfare involved preschool children and their families (birth, kinship, foster or adoptive). To date over 380 children are being served in this program.

And we remain invested to ensure the Ohio Department of Mental Health’s evolving Medicaid cost containment strategies do not unduly impact the well-being of Ohio’s children and youth engaged with the child welfare and juvenile justice systems – we are working with others on amendment language.

PCSAO SUPPORTS A BALANCED APPROACH – NOT CUTS ALONE

State level investment in services is critical as the gap between the agencies with resources and those without widens. Statewide investment should be put invested in the Child Protection Allocation – Ohio has the lowest investment of any state in the nation. Permanency with adoptive and kinship families reduces costs and trauma for kids. While I realize the CAT has not generated the revenues projected, we are pleased to see the economy has started to improve and sales revenues are up, as are projected income tax revenues.

PCSAO supports a balanced approach to this budget:

- redesign government – child welfare has reformed our services
- invest in what matters – child safety and permanency
- invest in efficiency – by protecting children through strengthening families (birth and kin), we have reduced the future cost and trauma of out of home placement
- invest in accountability - **Ohio’s child welfare system just achieved a 96+% compliance rate on our federal fiscal audit**, and our Child and Family Services Review performance is above the national average.

Cuts alone cannot maintain the Safety Net. We have all heard children are of importance to the Administration and you, as Ohio’s elected officials. But the chart below tells a different story, showing current support to child welfare, proposed to be cut by 37%, thus a diminishing future investment.

Child Welfare Investment	Current Investment/yr	Gov’s HB 153 Budget	Proposed Cut	House passed Sub HB 153	PCSAO Senate Request
State Child Protection Allocation, line 523	\$50.7 M	\$45 M	\$5.07 M/yr	Same	Restore the cut
Local Government Fund (to child welfare)	\$23.0 M	(maybe...) \$11.5 M	\$11.5 M/yr	Same	
Tangible Personal Property tax losses	\$31.5 M	\$0	\$31.5 M/yr	CAT dedicated for partial replacmt funds (\$15 M?)	Maintain House change, <i>extend levy time spans</i>
Adoption Assistance Cost Shift, line 528	\$70.0 M	\$63 M	\$7 M/yr	Same	Reject \$7 M/year cost shift to counties
Kinship Permanency Incentive prgm, line 541	\$5 M	\$0	\$5 M/yr	\$3.5 M 2012 \$2.5 M 2013	Addt'l to restore \$5 M each year
Totals	\$180.2 M	\$119.5 M	\$60.7 M/yr	\$18 M restored	
ODJFS TANF Spending Plan	Current	Gov’s HB 153 Budget	Proposed Cut	House passed Sub HB 153	Budget Neutral Senate Request
TANF Allocation to JFSs	\$238.9 M	\$155.1 M	\$80 M/yr	Same	Redirect addt'l \$23 & \$33 M/yr to JFSs.
Child Support Collections, line 658	\$23 M claimed for TANF MOE	\$34 M claimed for TANF MOE	Child Support line 502 cut & fed fund crisis	Same	Redirect \$10 M/year TANF MOE to Local Child Support match, Line 510

Thank you for the opportunity to explain this biennial budget’s impact on child welfare, and to offer a path for better public policy. I would be happy to respond to any questions.



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PCSAO Sub HB 153 Senate Amendment Requests

- Kinship Permanency Incentive program Funding Solution amendments
- Amendment Language to extend Levy time spans
- Ohio Children's Trust Fund amendment request
- Reject Cost Shift in Adoption Subsidies

- TANF Spending Plan recommendations from PCSAO, CCAO, OCDA, OJFSDA

Restoring the Kinship Permanency Incentive program Rationale

Background and Value Information

The Kinship Permanency Incentive (KPI) program is proposed to be eliminated in HB 153, Biennial Budget for 2012-13 as submitted by the Administration to the General Assembly. This is an extremely valuable program serving over 8,000 children in permanent stable kinship homes. These are families in which children who have been abused, neglected, abandoned or otherwise, have a safe, familiar and permanent caregiver. No one is eligible for KPI unless a court has awarded judicial custody to the caregiver (including a family and home assessment, and criminal background check by the local child welfare agency). KPI is a temporary fiscal incentive for permanency, paid out over three years.

Census data shows an increasing trend for grandparents and other relatives to do what society desires – take care of their own. Child welfare safety and permanency data show kinship placement is the most frequent exit out of agency custody when children cannot be safely reunified with their families, and safety is not compromised. Furthermore, research shows children fortunate enough to have a kinship caregiver as compared to paid foster care do not bounce between homes as often, their school attendance and academic performance is better and they have fewer behavior and community problems. Ohio KPI data shows these children stay with their permanent caregiver with very little movement. It is an excellent program.

The Math – with a \$5 Million investment (funded at \$10 Million in previous years, cut in half last budget)

- KPI serves over 8,000 children in safe permanent homes
- Temporary foster care would provide for 685 children (based on modest \$20/day or \$600/month)
- Permanent adoptive homes would provide for 896 children (with an avg. subsidy of \$465/month)

Funding Proposal to Restore KPI at \$5 Million / year

Recognizing Ohio's fiscal situation and that all non-Medicaid funds within the ODJFS budget are already being significantly cut, PCSAO suggests the following revenue sources to restore funding for KPI. The federal tax code now allows a generous \$13,000+ tax credit for adoption finalizations, refundable, claimable over two years. This is a redirection of Ohio resources from one permanency support to a different permanency support:

1. **Reduce the Ohio Adoption Tax Credit to \$500** (ORC 5747.37, currently at \$1,500) – According to Mike Sobul, Section Chief over Forecasting and Special Projects of the Ohio Department of Taxation, reducing the tax credit to \$500 would **generate \$1.5 Million/year** in additional tax revenues that could be redirected

to KPI, **while still maintaining a state adoption tax credit.** The Tax Expenditures Blue Book, page 29, estimates the full tax credit is valued at \$2.5 Million/year.

2. **Redirect funds slated for the Adoption Loan Program to KPI** – again, both incentives are for permanency. This program was an amendment in the budget passed in 2007, and has yet to launch. Given the availability of \$1,000 reimbursement for non-recurring costs (see Adoption Resources sheet), asking ODJFS to manage a loan fund for the same purposes seems unnecessary. **Fund 5DP0, Line 600634, \$500,000 / year** in proposed budget, funds could be redirected to KPI.
3. **CAT, Rising Sales Tax Revenues** above estimates or other, could fill the **remaining \$3 Million** to fund KPI at \$5 Million/year.
4. **KPI can be used for TANF MOE**, freeing \$5 M Child Support Collections (line 658) – repurpose for Co. Child Support Match, line 502, fed IV-D makes it \$15 M

PCSAO Kinship Permanency Amendment Language Recommendation

<u>GRF 600541</u>	<u>Kinship Permanency Incentive program</u>	\$	<u>5,000,000</u>	\$	<u>5,000,000</u>	<u>92759a</u>
<u>5DP0 600634</u>	<u>Adoption Assistance Loan</u>	\$	<u>500,000</u>	\$	<u>500,000</u>	<u>92812</u>

Section 340.40 . KINSHIP PERMANENCY INCENTIVE

The appropriation item 600541 shall be used by the Department of Job and Family Services as TANF Maintenance of Effort.

5747.37 Credit for legally adopted minor child. Amend - Mike Sobul, Michael.Sobul@tax.state.oh.us, 614/466-0097, Section Chief over Forecasting and Special Projects of the Ohio Department of Taxation estimated this tax credit reduction would generate **\$1.5 M / year savings that could be redirected to KPI.**

As used in this section:

(A) “Minor child” means a person under eighteen years of age.

(B) “Legally adopt” means to adopt a minor child pursuant to Chapter 3107. of the Revised Code, or pursuant to the laws of any other state or nation if such an adoption is recognizable under section [3107.18](#) of the Revised Code. For the purposes of this section, a minor child is legally adopted when the final decree or order of adoption is issued by the proper court under the laws of the state or nation under which the child is adopted, or, in the case of an interlocutory order of adoption, when the order becomes final under the laws of the state or nation. “Legally adopt” does not include the adoption of a minor child by the child’s stepparent.

There is hereby granted a credit against the tax imposed by section [5747.02](#) of the Revised Code for the legal adoption by a taxpayer of a minor child. The amount of the credit shall be **one thousand** five hundred dollars for each minor child legally adopted by the taxpayer. The taxpayer shall claim the credit for each child beginning with the taxable year in which the child was legally adopted. If the sum of the credit to which the taxpayer would otherwise be entitled under this section is greater than the tax due under section [5747.02](#) of the Revised Code for that taxable year after allowing for any other credits that precede the credit under this section in the order required under section [5747.98](#) of the Revised Code, such excess shall be allowed as a credit in each of the ensuing two taxable years, but the amount of any excess credit allowed in any such taxable year shall be deducted from the balance carried forward to the ensuing taxable year. The credit shall be claimed in the order required under section

[5747.98](#) of the Revised Code. For the purposes of making tax payments under this chapter, taxes equal to the amount of the credit shall be considered to be paid to this state on the first day of the taxable year.

3107.018 Application to state adoption assistance loan fund. Repeal

~~(A) A prospective adoptive parent may apply to the department of job and family services for a loan from the state adoption assistance loan fund created under section [5101.143](#) of the Revised Code. Subject to available funds, the department may approve a state adoption assistance loan application, in whole or in part, or deny the application. In reviewing a loan application submitted to the department, the department shall consider the financial need of the prospective adoptive parent in determining whether to approve a loan application, in whole or in part, or deny the application. If the department approves a loan application, in whole or in part, and the child being adopted resides in Ohio, the department shall loan a prospective adoptive parent not more than three thousand dollars from the state adoption assistance loan fund. If the department approves a loan application, in whole or in part, and the child being adopted does not reside in Ohio, the department shall loan a prospective adoptive parent not more than two thousand dollars from the state adoption assistance loan fund.~~

~~(B) A prospective adoptive parent who receives a loan under division (A) of this section shall use that loan for only a disbursement listed under division (C) of section [3107.055](#) of the Revised Code or an expense related to adopting from the public child welfare system.~~

~~(C) This section applies to adoptions arranged by an attorney or by any public or private organization certified, licensed, or otherwise specially empowered by law or rule to place minors for adoption.~~

5101.143 State adoption assistance loan fund. Repeal, this would free \$500,000 that could be directed to KPI.

~~(A) The state adoption assistance loan fund is hereby created in the state treasury. The fund shall consist of all money appropriated or transferred to it and all loan repayments or other money, including interest and penalties, derived from state adoption assistance loans. The department of job and family services shall administer the fund. Money in the fund shall be used to make state adoption assistance loans to prospective adoptive parents applying for a loan under section [3107.018](#) of the Revised Code. All investment earnings of the fund shall be credited to the fund.~~

~~(B) The director of job and family services shall adopt rules in accordance with Chapter 119. of the Revised Code as necessary to implement this section, including rules for creating a loan application form, procedures and standards for reviewing and granting or denying loan applications, conditions on the use of the loan, loan repayment terms, procedures for collection of loan arrearages, and any monetary penalties for loan arrearages or improper use of loan funds.~~

Extending Levy Timespan for Children Services

The amendment language below allows counties options for how often they return to the public for financing to keep children safe, and in stable permanent homes. These options will continue to require all the local oversight of the current tax levy system, and of course voter approval. The amended language could reduce the burden of frequent and costly elections – a worthy goal in this time of scarce resources.

5705.24 County tax levy for support of children services.

The board of county commissioners of any county, at any time and in any year, after providing the normal and customary percentage of the total general fund appropriations for the support of children services and the care and placement of children, by vote of two-thirds of all the members of said board may declare by resolution that the

amount of taxes which may be raised within the ten-mill limitation will be insufficient to provide an adequate amount for the support of such children services, and that it is necessary to levy a tax in excess of the ten-mill limitation to supplement such general fund appropriations for such purpose. Taxes collected from a levy imposed under this section may be expended for any operating or capital improvement expenditure necessary for the support of children services and the care and placement of children.

Such resolution shall conform to the requirements of section [5705.19](#) of the Revised Code, except that the levy may be for any number of years, as specified within the resolution. ~~not exceeding ten.~~ The resolution shall be certified to the board of elections not less than ninety days before the general, primary, or special election upon which it will be voted, and be submitted in the manner provided in section [5705.25](#) of the Revised Code, except that it may be placed on the ballot in any such election.

If the majority of the electors voting on a levy to supplement general fund appropriations for the support of children services and the care and placement of children vote in favor thereof, the board may levy a tax within such county at the additional rate outside the ten-mill limitation during the period and for the purpose stated in the resolution or at any less rate or for any of the said years.

After the approval of such levy and prior to the time when the first tax collection from such levy can be made, the board of county commissioners may anticipate a fraction of the proceeds of such levy and issue anticipation notes in a principal amount not to exceed fifty per cent of the total estimated proceeds of the levy throughout its life.

Such notes shall be issued as provided in section [133.24](#) of the Revised Code, shall have principal payments during each year after the year of their issuance over a period not exceeding the life of the levy, and may have a principal payment in the year of their issuance.

Amended by 128th General Assembly File No. 29, HB 48, § 1, eff. 7/2/2010.

Effective Date: 09-17-1991

Ohio Children's Trust Fund Amendment

Please delete the language below, as it diverts funds that would be invested locally, dependent upon a local needs assessment, evidence informed practice, and an evaluation. While crisis nurseries are worthy programs, it is poor policy to divert funding to support them, at the expense of other needs. OCTF has finite funding, and crisis nurseries are eligible to apply as are other programs.

~~Section 3109.17 (B)(7) Allocate funds to children's crisis care facilities as defined in section 5103.13 of the Revised Code that have been approved by the children's trust fund board. The board shall subtract the amount of any funds allocated to a children's crisis care facility from the amount allocated pursuant to division (B)(5) of this section to the child abuse and child neglect prevention advisory board that serves the county or multicounty district in which the facility is located.~~

Reject Cost Shift in Adoption Subsidies from State Support to Counties

GRF 600528	Adoption Services				
	Adoption Services Total	\$	63-70,343,101	\$	63-70,343,101

Please see separate TANF Spending Plan Amendment recommendations.