



County Human Services Panel

Job and Family Services Directors Association

Roxanne Somerlot, President

Public Children Services Association of Ohio

Crystal Ward Allen, Executive Director

Ohio Child Support Enforcement Agencies Directors' Association

Kim Newsom Bridges, Executive Director

County Commissioners Association of Ohio

Larry L. Long, Executive Director

House Finance Health and Human Services Subcommittee

April 7, 2011



Roxanne Somerlot
President

Budget Impacts to County Job & Family Services

Over the past four years, counties have sustained an overall **40%** loss of funding with further cuts proposed in the next budget.

- 45% cut in Medicaid and Food Assistance funding for local access to benefits.
- 35% (\$128 million) cut in TANF funding for welfare to work and community based programs



Overwhelming Demand for Local Access to Safety Net Programs

- **1** of every **4** Ohioans will seek assistance at a local job and family service agency this year.
- **1/3** of those seeking assistance are new to the system.
- **1** out of every **6** Ohio citizens receives food assistance (increase of 61%)
- **1** out of every **5** Ohio citizens receives Medicaid (increase of 30%) with a projected growth of 158,000 in the next two years.



County JFS Agencies Respond to the Challenge

Individually ...we have

- Reduced staff
- Reduced wages and benefits
- Developed and invested in technology
- Redesigned access

Collectively...we have

- Standardized across county lines
- Shared Resources (technology, talent, vendor contracts, etc.)
- Partnered to redesign state program policy



Modernization & Alternative Business Models

- Multi County Call Center Project
 - Pool work and manpower
 - 100% capacity 100% of the time
 - \$1.5 million increased productivity first year
- Southwest Ohio – 17 County Partnership
- Appalachia 4 county COG



OJFSDA's Budget Request

- Provide maximum funding flexibility
- Provide maximum policy flexibility
- Provide technology to increase productivity for staff, access for consumers and value to the public.





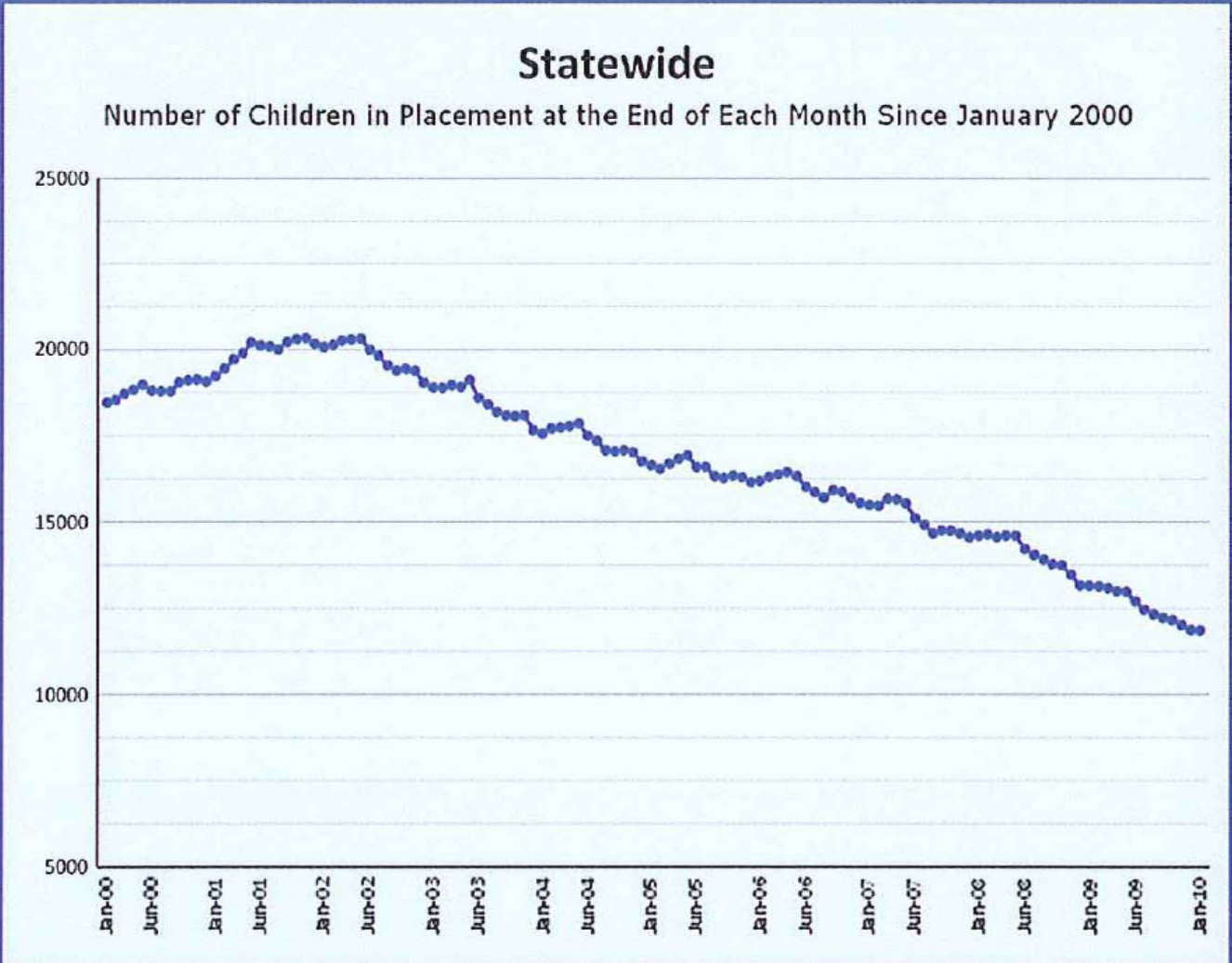
Crystal Ward Allen
Executive Director



Ohio Summit on Children

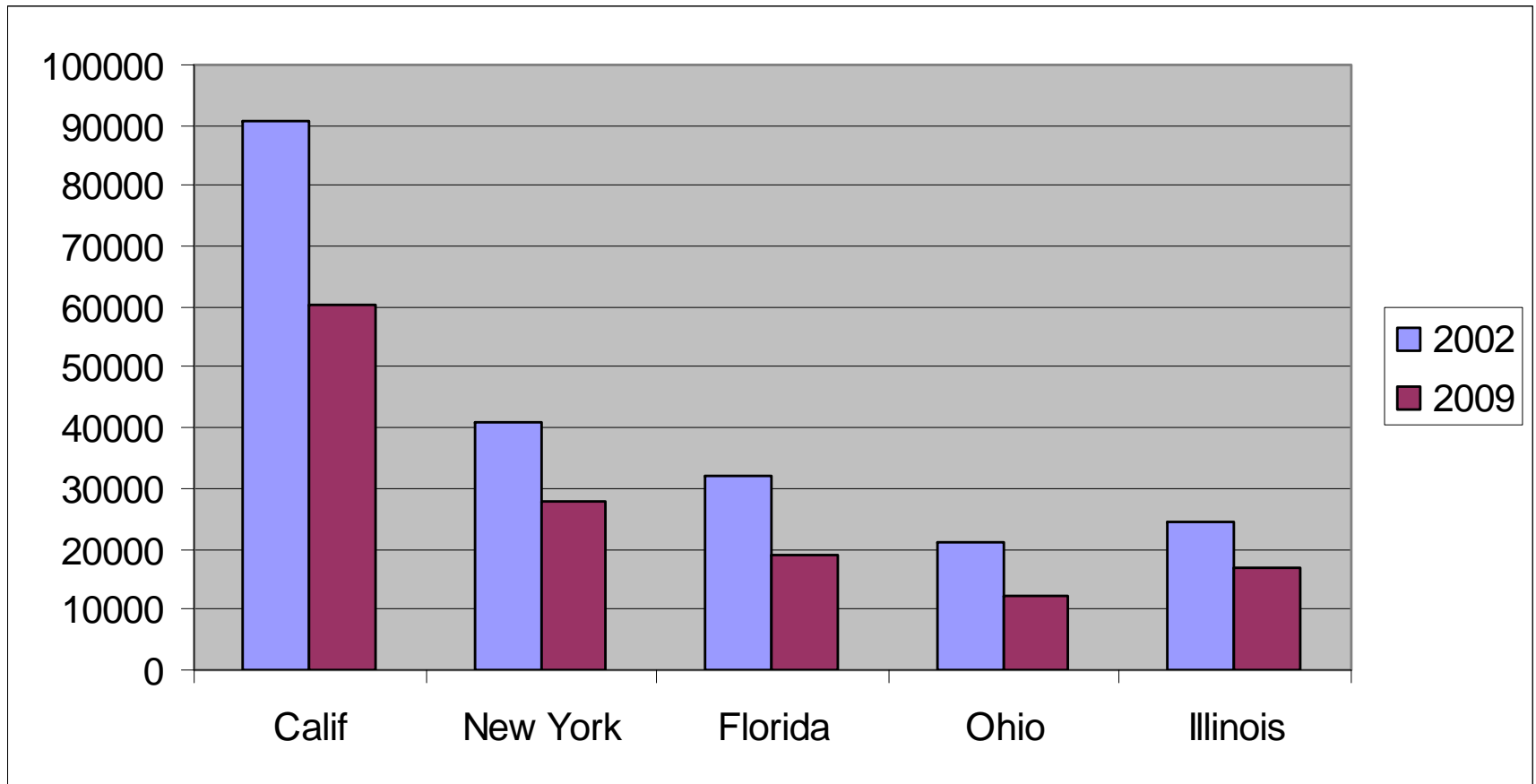
Working together for our future

- >> Browse <<
- Statewide Placements
 - Statewide**
 - Small Counties
 - Medium Small Counties
 - Medium Counties
 - Large Counties
 - Metro Counties
 - Major Metro Counties



Ohio and National Performance

FFY 2002 – FFY 2009, AFCARS



-34% **-31%** **-40%** **-42%** **-30%**

Safe Reduction in Out of Home Care

Child Welfare Reform

- Intentional, Steady Safe Reduction of Children in Care
- Leads nation in rate of Safe Reduction - 42% in past 9 years!
- CAPMIS, Safety & Risk Assessment Tool
- Altern/Diff Response
- **CHIPS, Kinship bill, Adult Adoption**





Government Redesign

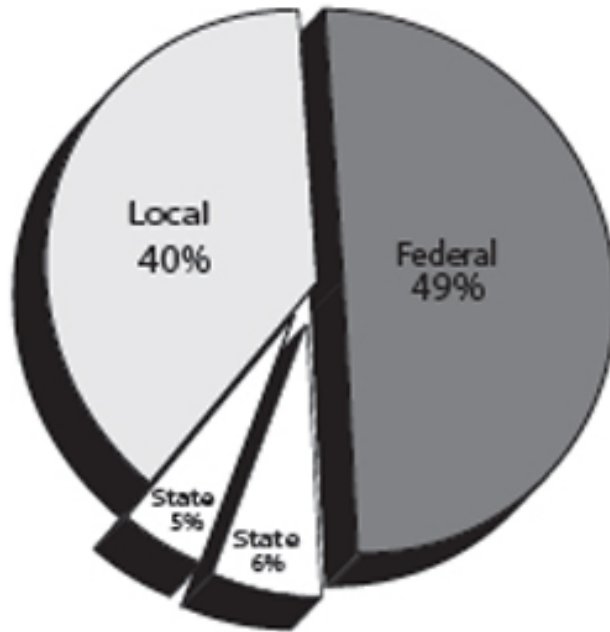
- **State Government**
 - **JobsOhio** – HB 1 privatized Ohio Dept Development
 - **Office of Healthcare Transformation** – a REDO, includes, ODMH, ODADAS, ODDD, ODHealth, ODAging, ODJFS
 - **Privatize** – 5 Prisons, Liquor Sales, Turnpike
- **Local Government Reform** – Reduce / Streamline, cuts to Local Govt Funds
- **Tax reform** - TPP to CAT – Local loss, State gain
- **Collective Bargaining reforms** – state & local
- **Retirement System Updates** – OPERS, STRS, etc.

Child Welfare Budget Items as Proposed

- **State Child Protection Allocation, Line 523** – 10% cut, down to \$45 M / year
- **Tangible Personal Property tax** replacements –accelerated loss schedule, will lose \$31.5 M/year
- **Local Gov't Fund** – halved by 2013, \$23 M/year went to PCSAs
- **Adoption Subsidies, line 528** – state based reduced from \$250 down to \$230 (PASSS maintained)
- **Kinship Permanency Incentive, line 541**
Eliminated

	<u>State \$</u>	<u>Cuts / Invstmt</u>
SCPA	(\$5 M)	\$45 M
TPP	(\$31.5 M)	\$0
LGF	(\$11.5 M)	\$0
AA	(\$7 M)	\$63 M
KPI	(\$5 M)	\$0
Total	(\$60M)	\$108M

PUBLIC EXPENDITURES



2009 Expenditures

Total:	\$1,033,515,954	100%
Federal	\$509,208,202	49%
State*		
Statewide Child Protection Allocation	\$57,723,143	6%
Statewide Programming	\$50,061,063	5%
Local ¹	\$416,523,546	40%

*State Child Protection Allocation- State funds to Counties.

Statewide Programming- SACWIS, Adoption Supports, Foster Parent Training, ETV, etc.

SFY 2010 **State Child Protection Allocation** (SCPA) is \$50 M/year, with 10% cut, it is **\$45 M/year**

5% of total support to county child welfare. This is the **LOWEST** state contribution in the nation.

The 5% investment in statewide programming is critical - includes Adoption supports, SACWIS, etc.

State Budget Impact Local Government

Local Government Fund

Halved by SFY 2013

*\$23 M/year local GRF
funds child welfare, in
43 counties w/out levies*

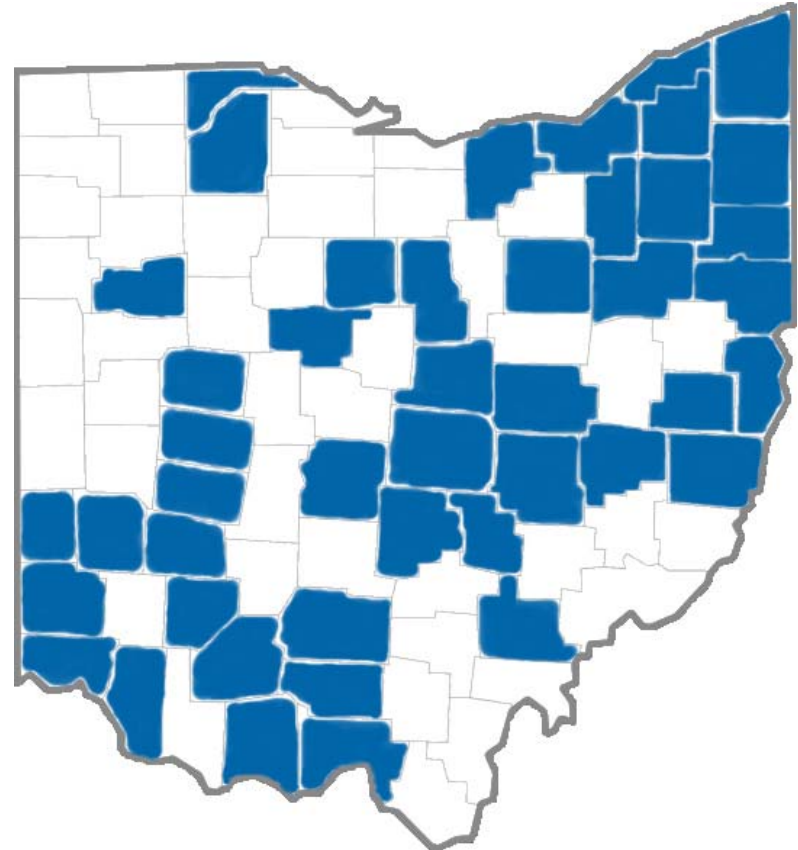
TPP Losses— phase out
schedule accelerated


*\$31.5 M/year Children
Services losses, in 45
counties w/ levies*

RISKS to children....

White = no Levy

Blue = Levy





Tangible Personal Property – Commercial Activity Tax changes

- ✓ TTP taxed inventory and equipment – think used car lot or retail mall – when goods weren't moving, TPP highest.

LOCAL REVENUES

- ✓ CAT taxes business transactions – moving goods/products, pay tax, also tapped into service industries that missed TPP.

STATE REVENUES

- ✓ New world, broader, modernized with change in economy
- State Gain / **Local Loss** - absence of public service investment
- Was it set at right level? Gen. Assembly can assess and adjust
- Current budget proposes addt'l CAT exemptions...

Adoption Assistance Cost Shift



- Only for **Special Needs** adopted children
- Subsidies individually **negotiated** by PCSA & family, **based on needs of child**
- **Often disputed**, State Hearing Officers frequently order PCSAs to renegotiate \$, PCSA cannot reduce
- **Shared Fed / State / Local \$**

**Average AA Subsidy =
\$465/month**

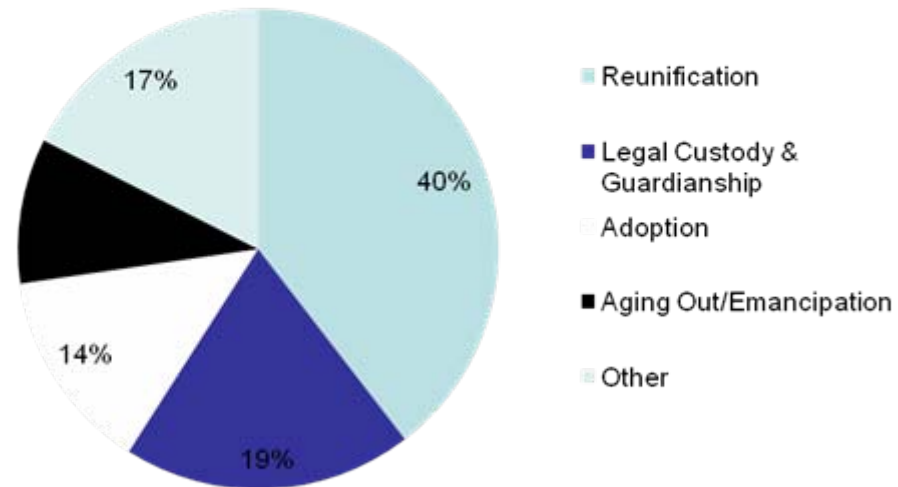
	Current	Proposed
Fed	\$311	\$311
State	83	76
<u>Local</u>	<u>71</u>	<u>78</u>
Total	\$465	\$465

This is a \$7 Million/year cost shift to Counties, while only saving State \$7/case.

Kinship Permanency Incentive program

- 19% children in agency custody exit to Legal Custody of Kin Caregiver
- Better outcomes for children – safety, stability, academics
- Reduced gov't involvement
- Less costly than foster care, adoption, aging out, DYS, etc.
- Restore with reduced Adoption Tax Credits, never launched Adopt Loan Program.

Exits from PCSA Custody
SFY 2010



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



Redesigning Government

Invest in the State Child Protection Allocation

- Current budget makes **inequities** become larger between the haves and have nots
- Improve Statewide contribution – as is lowest in the nation

Invest in Permanency

- Re-purpose adoption incentives (given package of federal opportunities) over to Kinship Incentive Permanency program; *TANF MOE frees \$ for child support – see attachments*
- Maintain \$250 state base in adoption subsidies

Restore local TPP losses back into Child Welfare using State held CAT Revenues



PCSAO Recommends a Balanced Approach

- **Redesign Government** – Re-purpose \$ such as permanency for permanency
- **Require Efficiencies and Accountabilities** – child welfare recently earned a 96+% compliance rate on our federal audit, and we outperform other states in nation on outcomes
- **Cuts alone cannot maintain the Safety Net**



Kim Newsom Bridges
Executive Director

Ohio's Child Support Program:

It's a Great Investment!

- **1** in **3** children in Ohio are involved in the child support program
- On average, we collect and disburse **\$2 Billion** annually
- **40%** of the children born in Ohio are born to unmarried parents. A majority are receiving some form(s) of public aid
- For **every dollar** spent, we collect **\$6.57** in **child support**, which is **37% higher** than the national average



Ohio's Child Support Program: It's a Great Investment!

- **13%** of our one million cases are currently receiving TANF/OWF
 - 44% have received benefits in the past
 - 43% have never received cash benefits
- Child support makes up **39% of the income** in single parent households



Ohio's Child Support Program:

It's a Great Investment!

- Maximizing the administrative process for the establishment of paternity and support and enforcement of support, we save court docket time for contested cases and court enforcement.
- Due to the loss of employment, agencies have doubled the number of Review & Adjustments of Orders. The ability to respond to these requests timely is critical.
- We are currently able to utilize a variety of enforcement tools for collection efforts, both administrative and judicial.

Ohio's Child Support Program

It's a Great Investment

- Ohio retained **\$31** million in FFY10
 - \$27.7 million in support collections and \$3.3 million in cash medical collections
- If we establish a child support order for a family receiving TANF, they will leave TANF **three times faster** than if we do not establish an order



Ohio's Child Support Program:

It's a Great Investment!

- We pass through nearly **\$30 million** in federal funds to local governments for their costs in providing child support services in the courts, sheriffs, prosecutor offices, etc.
- We partner with Fatherhood Organizations, Work Force and other groups, helping to shift cases from enforcement to assistance for obligors, with an end goal of successful and accountable parenting.
- We reduced the number of obligors in State Prisons through successful diversion programs.

Proposed Budget

- 600502 is the line item dedicated to county child support operations. This has been reduced to **\$16.8 million**
- In February 2006, Congress passed the Deficit Reduction Act of 2005. This act removed our ability to use earned performance incentives as local match. We currently earn **\$2 federal dollars for every local dollar** expended.
- Ohio is a great performer and is the **third** largest earner of incentives – earning between \$28 and \$30 million annually
- As explained by ODJFS leadership, this creates a funding gap of over **\$100 million** over the biennium

How does the loss work?

**Please refer to Child Support Attachment **

Prior to DRA

- \$28 million in incentives permits spending of \$84 million
- \$28 million local + \$56 million in Federal = \$84 million is spending power

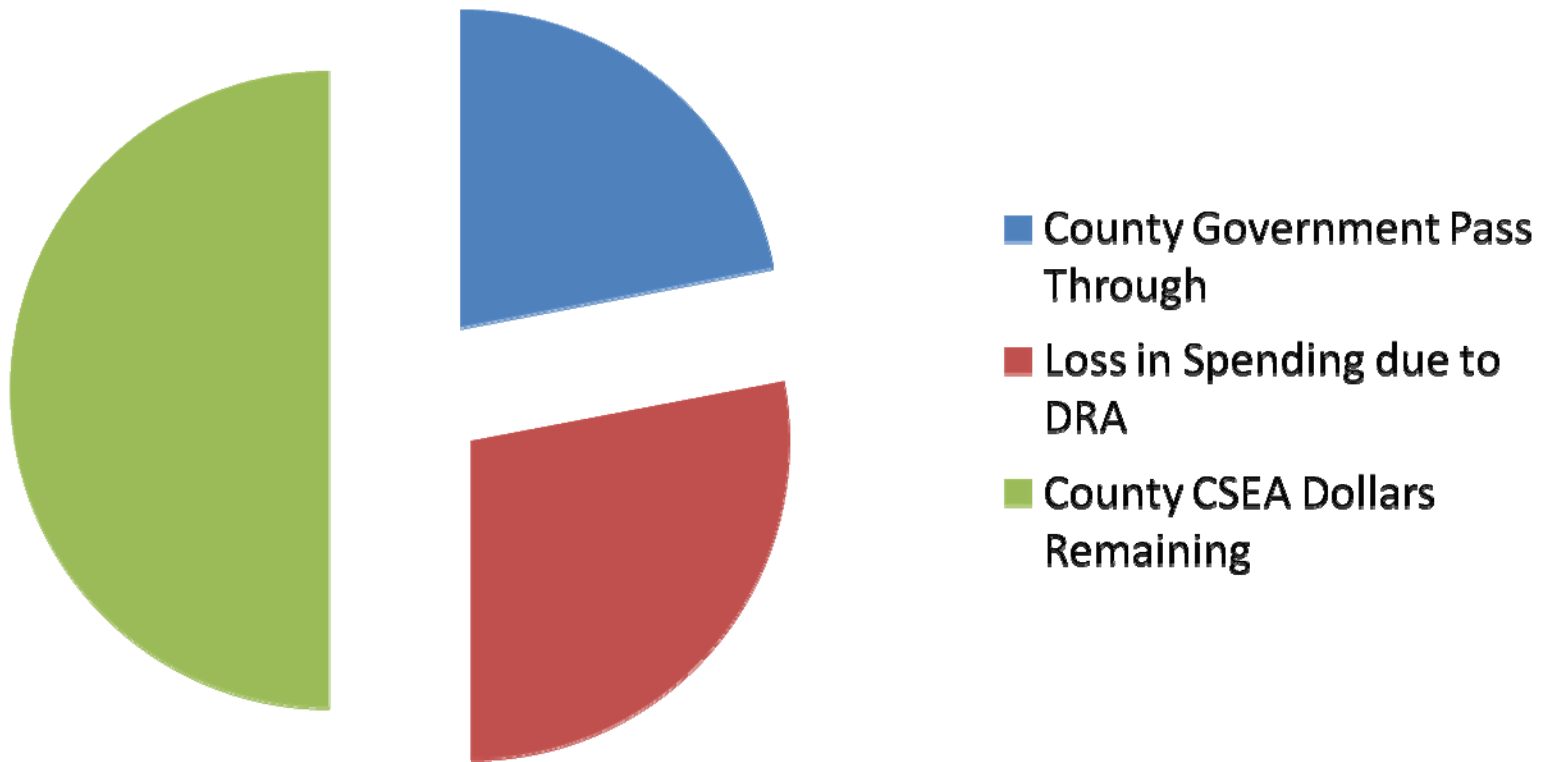
Without match

- \$84 million potential spending
 - \$28 million in incentive earnings
 - \$56 million gap in spending (\$18.7 million in local funds + \$37.4 million in federal loss)



Budget Realities

County Expenditures



What does a loss of this magnitude mean?

- Flexibility
- Loss of County Direct Service Staff – Case Workers, Customer Service and Attorneys
- Service Delivery Model Change
- Web Portal and other IT Assistance from ODJFS





Larry L. Long
Executive Director

County Funding of Human Service Agencies

County GRF

- Sales & Use Tax
 - 46/88 counties maxed out
- Real Property Tax (inside millage)
- Local Government Fund
- Various County Fees
- Investment & Interest Income

PCSA

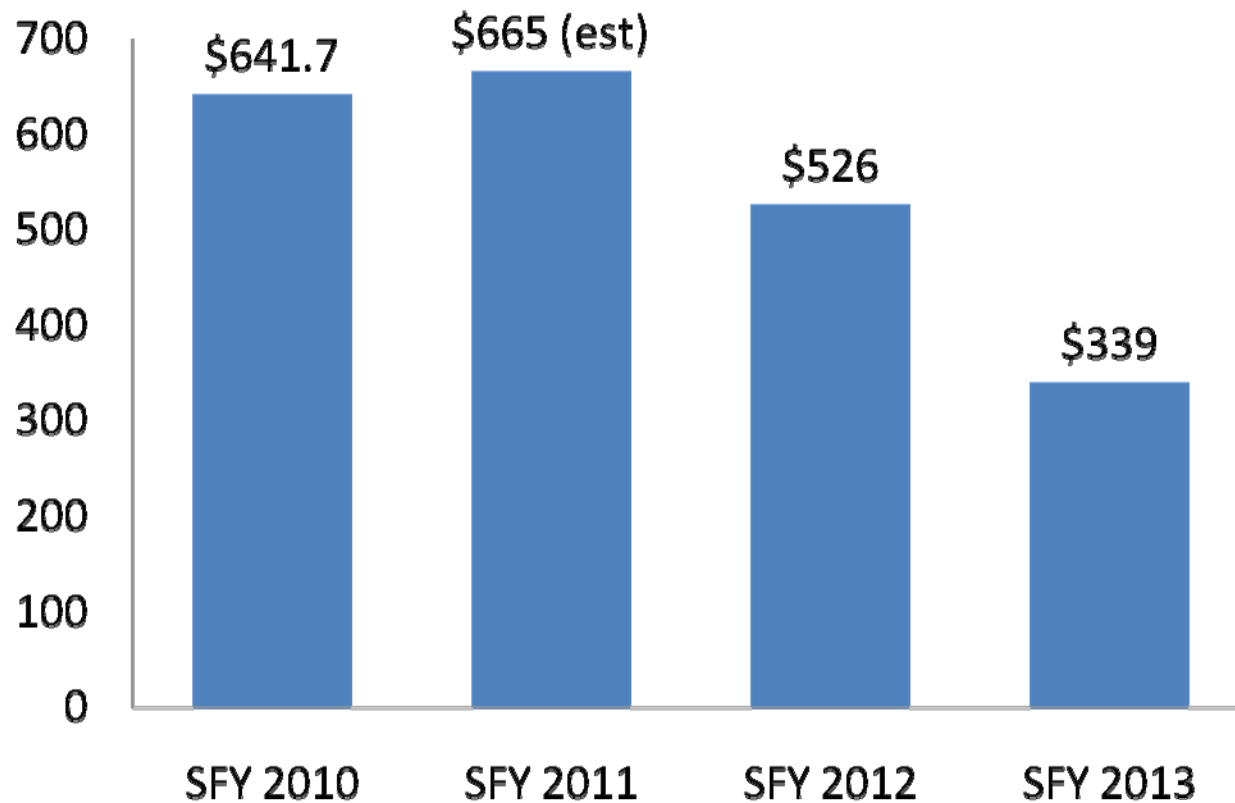
- 43 counties have no children services levy and rely on county GRF

CSEAs

- At least 33 counties invest additional GRF to help subsidize their local child support agencies.



Local Government Fund (LGF) Reductions (in millions)

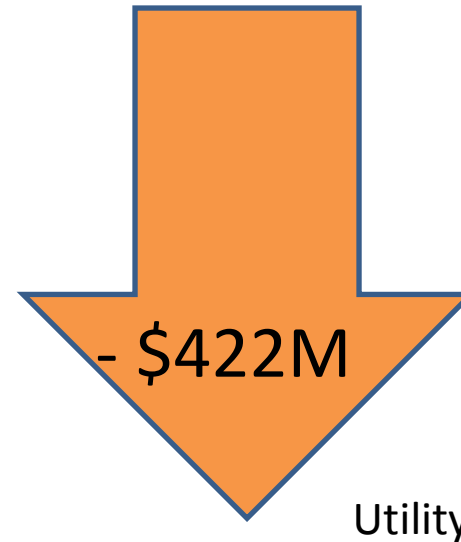
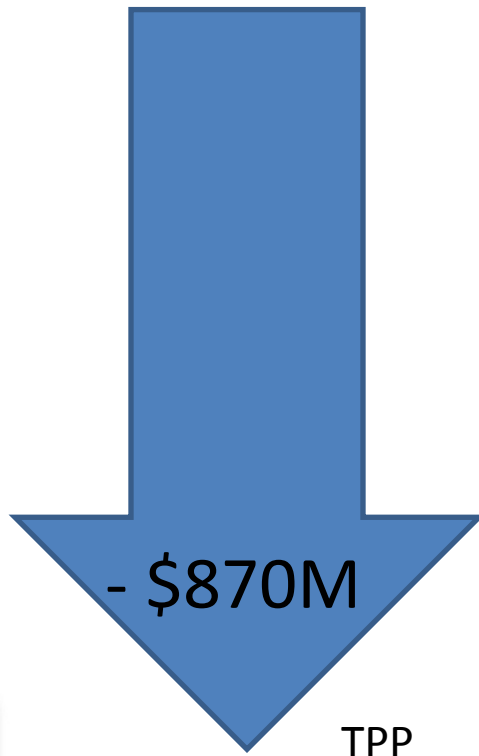


When compared to estimated funding levels in SFY 11, local governments will receive **49% less** in SFY 13.



Tangible Personal Property (TPP) and Utility Tax Reimbursements*

SFY 2012 - 2013



*includes cuts to local governments and school districts

Cost Shifting to Counties

Adoption Assistance:

\$7M in state obligations to **Adoption Assistance Subsidies** (line 528) shifted to counties.

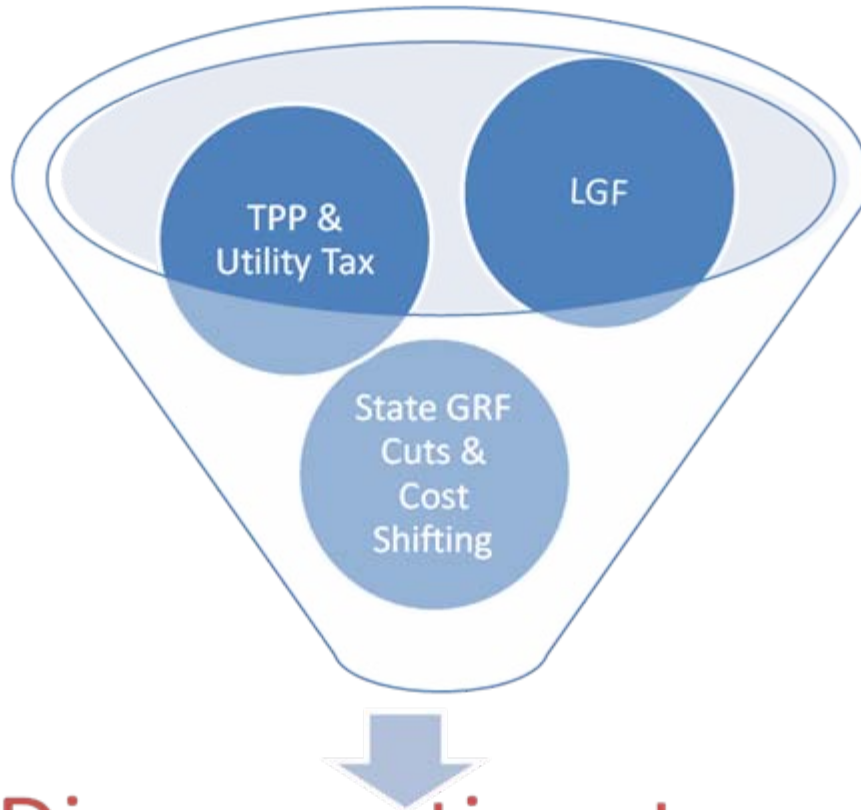
(caseload projected to remain flat.)

Bureau for Children with Medical Handicaps (?)

Bluebook mentioned expanding county assessment to cover diagnostic services & increased appropriation accordingly, but language not included in HB 153. **County assessment appropriation (14% increase in line 607) should reflect no expansion and remain flat funded, per HB 153.**



Squeeze on Counties:



Disproportionate cuts =

more challenges to human service agencies.

BUDGET + 's

- New Tools
- Pension Rates
- Casinos
- Sales Tax Base



Questions?

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