KIDS ARE WAITING
Fix Foster Care Now

Overview of Child Welfare Services in Ohio State

January 2008

Ohio's child welfare system is state-supervised and county-administered. A number of recent developments and converging trends may have a significant impact on child welfare financing in Ohio.[1]

1. Ohio experienced a decline in the number of children in foster care from 21,239 at the end of FY 2001 to 17,112 at the end of FY 2005, which has affected the amount of funding the state can claim under the IV-E foster care program. Federal financing reform could have allowed Ohio to retain and reinvest these savings.

2. The state also experienced an increase in the statewide poverty rate from 10.6 percent to 16.9 percent between 2000 and 2004 and an increase in child poverty from 14 percent to 21 percent during that same period. Although reports of child maltreatment declined 8 percent in that period, poverty is strongly associated with child maltreatment. Accordingly, an increase in poverty rates could ultimately result in rising child welfare caseloads.

3. Recent legislation will phase out the Tangible Personal Property Tax, which will affect county revenues that support human services at the county level. Counties will be held harmless for loss of this revenue until 2010 with proceeds from a new Commercial Activities Tax. Unless the hold harmless provision is extended, county public children services agencies will experience an annual loss of over $30 million and community mental health boards will lose over $25 million, starting in 2011.

4. The Deficit Reduction Act of 2005 cost Ohio millions of dollars in Medicaid, IV-E and child support enforcement funds, including $4.5 million per year for caseworker services on behalf of children in the care of unlicensed relative caregivers.

5. The state general fund share of child welfare spending in Ohio is quite low, compared to other county-administered states, representing only 10 percent of the total in 2005, although state spending increased somewhat in the 2008-2009 biennial budget. The remainder of the costs of child welfare is borne by the counties (49 percent) and the federal government (41 percent). Ohio appears to use a fair amount of TANF funding for child welfare, including $10 million per year for the kinship permanency incentive program, $5 million per year to increase adoptions from foster care, and $2.5 million for transition services for older foster youth.

[1] Most of this information comes directly from the PCSAO Factbook, 8th ed. 2007-2008

6. The country as a whole faces an economic downturn, which might hit Ohio harder than many other states. As stated, Ohio's poverty numbers are already on the rise. Compared with other states, the last recession began earlier in Ohio and ended later. The state lost 204,308 jobs between 2000 and 2005. Another recession, combined with the other trends and developments identified above, could affect funding for child welfare through budget cuts at both the state and local levels and loss of available TANF funds due to rising cash assistance caseloads, among other things.

Flexible federal child welfare funding could help Ohio deal with some of these challenges. Indeed, some Ohio counties have been able to achieve positive results with the aid of flexible funding under the state's IV-E waiver demonstration project, known as ProtectOhio. Richland County, for example, used flexible IV-E funding to invest in Multi-Systemic Therapy to keep children safely in their own homes and reduce foster care entries. Other counties have used innovative strategies to reduce foster care caseloads. Cuyahoga County, for example, reduced the number of children in custody from 6,456 in 2001 to 2,854 in 2006 through family-centered, neighborhood-based support services using Annie E. Casey's Family-to-Family model. In the words of PCSAO, this work "is a great example of how money that is not required to pay for foster care can be invested in strengthening families. **Flexible federal financing would allow all counties and states, who do not have the local funds and foundation support, to invest in such strategies."** (emphasis in original).

Ohio has also recently launched some new initiatives that could benefit from federal financing reform.

- The Access to Better Care Initiative (ABC) targets children, youth and families in need of early intervention, mental health and substance abuse services. The program was funded with $50 million in new and reallocated state and federal funds in the 2006-2007 biennium, with a slight increase in funding for the 2008-2009 biennium.

- A legislatively mandated "alternative response" pilot program. Alternative response is most successful when there is an array of preventive and support services to which child welfare agencies can refer families. Flexible federal funds could help strengthen the state's service array.

- The Beyond the Numbers initiative that seeks to educate the juvenile courts about the CFSR, how court performance affects child outcomes and improve collaboration between the judiciary and the child welfare system.

- Kinship services, including a kinship navigator program and the kinship permanency incentive program, which uses TANF funding to provide support to relatives who agree to become permanent caregivers of children in the child welfare system.

KIDS ARE WAITING
Fix Foster Care Now

To sum up, Ohio child welfare faces some fiscal risks that could be offset by federal financing reform, particularly IV-E flexibility and reinvestment. Because of its heavy reliance on federal funds, Ohio child welfare is vulnerable to the structural defects of federal child welfare financing policy, particularly the IV-E look back. In addition, Ohio is experimenting with new initiatives that could be supported with federal funds if IV-E were more flexible. Some of the counties have already shown their willingness to test innovative approaches through the ProtectOhio waiver and are achieving some positive results.