Dave Yost · Auditor of State

The Auditor of State of Ohio

Ohio Department of Job and Family Services Performance Audit

June 13, 2013

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Dave Yost • Auditor of State

To the Governor's Office, General Assembly, Director and Staff of the Ohio Department of Job and Family Services, Ohio Taxpayers and Interested Citizens:

It is my pleasure to present to you this report of operations at the Ohio Department of Job and Family Services (ODJFS). This service to ODJFS and to the taxpayers of the state of Ohio is being provided pursuant to Ohio Revised Code §117.46 and is outlined in the letters of engagement signed Oct. 3, 2011 and Feb. 1, 2012.

This audit includes an objective review and assessment of selected program areas within ODJFS in relation to peer states, industry standards, and recommended or leading practices. The Ohio Performance Team (OPT) of the Auditor of State's office managed the project and conducted the work in accordance with Generally Accepted Government Auditing Standards.

The objectives of this engagement were completed with an eye toward analyzing the agency, its programs and service delivery processes for efficiency, cost effectiveness and customer responsiveness. The scope of the engagement was confined to the areas of organizational structure, the Unemployment Compensation Review Commission, the Supplemental Nutrition Assistance Program, Medicaid provider enrollment, and the Workforce/One-stop system.

This report has been provided to ODJFS and its contents have been discussed with the program administrators and other appropriate personnel. ODJFS is reminded about the Agency's responsibilities for public comment, implementation, and reporting as a result of this performance audit per the requirements outlined under ORC §117.461 and §117.462. The Agency is also encouraged to use the results of the performance audit as a resource in improving overall operations and delivery of services.

Sincerely,

Dave Yost
Auditor of State

June 13, 2013

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I. AUDIT OVERVIEW, SCOPE, AND OBJECTIVES

Ohio Revised Code (ORC) §117.46 provides that the Auditor of State (AOS) shall conduct performance audits of at least four state agencies each budget biennium. In consultation with the Governor and the Speaker and Minority Leader of the House of Representatives and the President and Minority Leader of the Senate, the Auditor of State selected the Ohio Department of Job and Family Services (ODJFS or the Department) for audit during the state fiscal year (SFY) 2011-12 and SFY 2012-13 biennium.

Prior to the formal start of the audit AOS and ODJFS engaged in a collaborative planning process which included initial meetings, discussion, and assessments. Based on these planning activities AOS and ODJFS signed a letter of engagement marking the official start of the performance audit effective October 3, 2011.

The letter of engagement established that the purpose of the audit was to review and analyze selected areas of ODJFS operations to identify opportunities for improvements to economy, efficiency, and effectiveness. The operational areas specifically selected for review included the Agency's organizational structure, the Unemployment Compensation Review Commission, the enrollment process for Medicaid providers, and the Supplemental Nutrition Assistance Program (SNAP).

At the request of the Governor's Office, an addendum to the letter of engagement expanded the operational areas for review to include the State's One-Stop system for delivery of workforce development programs. The addendum to the letter of engagement was signed on February 1, 2012. Combined, these operational areas comprise the scope of the audit as reflected in this report.

The engagement, managed by the Ohio Performance Team (OPT) of the AOS, was conducted in accordance with Government Auditing Standards. Per these standards and based on the established audit scope, AOS engaged in supplemental planning activities to develop detailed audit objectives for comprehensive analysis. See **Section VI** for information about how each of the scope areas and audit objectives were addressed in this report.

This report reflects the results of the detailed analysis performed to meet these objectives in the following areas:

- **Unemployment Compensation Review Commission –** including operations, processing and staffing
- **Organizational Structure –** including staffing ratios and management layering
- **SNAP –** including benefits delivery processes
- **Medicaid Provider Enrollment –** including enrollment processes and fraud mitigation
- **Workforce Development/One-Stop System –** including resource utilization comparison across Workforce Investment Act (WIA) areas and one stops.

Analysis of these selected areas considered Department operations in relation to peer states, industry standards, and recommended or leading practices.

Where supported, the performance audit identified noteworthy accomplishments and recommendations for improvement. In addition to the written recommendations included in this report, the AOS issued verbal guidance to ODJFS for the local operations' call centers and processing centers. Though this guidance was not included as part of the final audit report, it has been formally communicated to ODJFS management for consideration.

II. METHODOLOGY

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

OPT conducted this performance audit of ODJFS in accordance with generally accepted government auditing standards (GAGAS). These standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. AOS has determined that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

Audit work was conducted between September 2011 and May 2013. To complete this report, AOS staff worked closely with ODJFS staff to gather data and conduct interviews to establish current operating conditions. This data and information was reviewed with staff at multiple levels within ODJFS to ensure accuracy and reliability. Where identified, weaknesses in the data obtained are noted within the report where germane to specific assessments.

To complete the assessments, as defined by the audit scope and objectives, AOS identified sources of criteria against which current operating conditions were compared. Though each source of criteria is unique to each individual assessment there were common sources of criteria included across the audit as a whole. These common sources of criteria include: statutory requirements such as contained in Ohio Revised Code (ORC) or Ohio Administrative Code (OAC), federal code or federal regulation, ODJFS internal policies and procedures, other State agency policies and procedures, industry standards, government and private sector leading practices, and peer or similar state comparisons. AOS staff reviewed all sources of criteria to ensure that use would result in reasonable, appropriate assessments, but did not conduct the same degree of data reliability assessments as were performed on data and information obtained from ODJFS.

The performance audit process involved information sharing with ODJFS staff, including preliminary drafts of findings and proposed recommendations related to the identified audit scope and objectives. Status meetings were held throughout the engagement to inform the Department of key issues, and share proposed recommendations to improve or enhance operations. Input from the Department was solicited and considered when assessing the selected

areas and framing recommendations. The Department provided verbal comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, the report was modified based on agency comments.

During the course of the audit, AOS released three interim reports, the contents of which are included in this final report, along with heretofore unreleased content. The interim reports were released in December 2012 and in March and May 2013 and were intended to help provide ODJFS with the necessary information to begin implementing the report recommendation or to begin developing an implementation strategy for more complex recommendations requiring a high degree of management skill and coordination.[1]

This audit report contains recommendations that are intended to provide the Department with options to enhance its operational economy, efficiency, and effectiveness. The reader is encouraged to review the recommendations in their entirety.

III. ODJFS OVERVIEW

ODJFS is a cabinet-level Department and, as such, the Director of the Department is appointed by, and serves at the pleasure of, the Governor. The Department was formed as a result of the merger of the Ohio Department of Human Services and the Ohio Bureau of Employment Services on June 1, 2000. This merger came on the heels of national welfare reform, the creation of the Temporary Assistance to Needy Families (TANF) program, and the passage of the Workforce Investment Act, which created the national one-stop system.

ODJFS is one of Ohio's largest state agencies with more than 4,100 staff positions. The agency is responsible for the state's public assistance, workforce development, unemployment compensation, child and adult protective services, adoption, child care, and child support programs. ODJFS is currently responsible for the administration of Ohio's Medicaid program, although its Office of Medical Assistance is in the process of becoming a separate cabinet-level agency in the upcoming biennium.

The guiding principle of ODJFS is *"to strengthen Ohio families with solutions to temporary challenges."* To this end, the Department oversees and develops a wide array of assistance programs in three broad categories: 1) family stability services; 2) employment services, and 3) medical services. Most of the programs are federally mandated, with funding and regulations established at the national level for implementation by the states. In Ohio, many of these programs are supervised by ODJFS and administered by county or local agencies. The state and local partnership network involves 120 county offices and partner agencies in Ohio's 88 counties. The resulting federal, state, and local government partnership is a complex system that impacts program delivery.

[1] Interim report release dates and content were as follows:

- December 19, 2012 – Unemployment Compensation Review Commission **(see R 1.1 through R 1.4).**
- March 21, 2013 – Organizational Structure, SNAP and Medicaid Provider Certification and Enrollment **(see R 2.1 through R 5.1).**
- May 30, 2013 – Workforce/One-stop System **(see R 7.1 through R 7.4).**

As reported in its 2012 Annual report, the SFY 2012 budget of ODJFS is the largest of any state agency at $22 billion, approximately 70 percent of which comes from federal funding sources. The Department expects an approximate 84 percent decrease in total funding for SFY 2014 primarily due to the separation of the Office of Medical Assistance in the next biennium.

ODJFS faces efficiency challenges related to the large percentage of its funding associated with federal entitlement programs. During the period of the performance audit, OPT would often receive comments from ODJFS staff about the need for the Agency to spend all possible funds because the dollars would otherwise be lost to other states or reduced in subsequent years. These unintended consequences of federal policy, also known as perverse incentives, drive the culture of the Agency counter to one where financial decisions are based on the most efficient use of taxpayer dollars.

The Agency also was challenged throughout the engagement to produce data needed by OPT to complete robust analysis in many scope areas. Whether hamstrung by antiquated computer systems or new systems from which data was difficult to pull, constrained by insufficient programmatic data collection, confined to data based on inputs instead of outcomes, or for other reasons, ODJFS often faced difficulty in filling OPT data requests during the period of the audit. Further information on Agency data issues are found throughout this report.

In spite of these challenges, during the course of the audit ODJFS set goals intended to promote efficiency. Key priorities established for 2012 were reported as:

1. Growing Jobs: Promote job growth in Ohio;
2. Cutting Government Bureaucracy: Continuously evaluate and improve organization structure, policies, procedures and processes to meet customer needs; and
3. Improving Customer Service & Access to Information/Services: Customers/clients in need of temporary assistance will receive access to information and services in a timely manner.

The Department conveyed that it established these priorities, and the strategies aligned to each, to “ensure the most efficient, effective delivery of services and programs through seamless alignment with, and support of, the Governor’s Priorities.”

IV. SUMMARY OF RECOMMENDATIONS

The Recommendations and Issues for Further Study identified in the report are summarized in this section. Detailed analysis of each recommendation is included in the relevant sections of the report.

Summary of Recommendations with Financial Impact
The following table lists the objective areas yielding recommendations with a quantifiable financial impact. Potential savings are annual except as otherwise noted.

Financial Impact Summary

Recommendations by Assessment Area	Financial Impact
Unemployment Compensation Review Commission	
• Hearing Officer Staffing Levels and Classification **(R1.1, R1.2)**	$950,757
• Law Books in Digital Form **(R1.4)**	$7,710
Organizational Structure	
• Span of Control Expansions **(R2.1, R2.2)**	$10,760,000
• Fully Constitute or Dissolve UCAC **(R3.1)**	$34,000
SNAP	
• Technology Updates – Data Brokering and E-Communication **(R4.1, R4.3)**	$4,224,000
• Shared Services Model for Document Imaging Contracts **(R4.2)**	1,444,560
Medicaid Provider	
• Certification and Enrollment Process Consolidation **(R5.1)**	$427,310
• Provider Fraud Mitigation **(R6.1, R6.2)**	$29,750,000
Total Cost Savings from Performance Audit Recommendations:	**$47,598,337**

Summary of Recommendations with Management Implications
In addition to recommendations with financial implications, the audit also identified management recommendations that do not include financial implications, but are likely to provide improvement to overall operations and otherwise serve management purposes, including in some cases the subsequent identification of cost savings and improvements in efficiency and effectiveness. These areas include:

- UCRC case logging by time **(R1.1a)**
- UCRC spending order of funding **(R1.3)**
- SNAP performance metric tracking at the county level **(R4.4)**
- Medicaid comprehensive tracking of outstanding debt **(R6.3)**
- Workforce performance measurement **(R7.1)**
- Workforce strategic training **(R7.2)**
- Workforce financial data standardization and analysis **(R7.3)**
- Workforce data quality **(R7.4)**

Summary of Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may have required time and resources in excess of what is merited by the audit scope. Areas where such issues were noted include:

- Organizational Structure – Non-supervising manager positions **(I2.1)**
- SNAP – Consolidated Benefit Card **(I4.1)**
- Medicaid Provider Enrollment – Data systems **(I5.1)**
- Medicaid Provider Fraud Mitigation – Card swipe technology **(I6.1)**[2]

V. AUDIT RESULTS

The performance audit identified recommendations in the areas of UCRC, Organizational Structure, SNAP, Medicaid Provider Enrollment and the Workforce/One-Stop System, as set forth in the following analysis.

[2] Issues for Further Study are included in the report at the end of the relevant section, i.e. at the end of Audit Results Section 2 is I2.1.

1. UNEMPLOYMENT COMPENSATION REVIEW COMMISSION

SUMMARY

Savings 1.1: $636,106

Finding 1.1: UCRC's workload is declining. The agency is able to operate efficiently with fewer hearing officers.

Recommendation 1.1: Right-size UCRC's hearing officer staffing based on incoming appeals workload. In an environment of declining appeals workload, UCRC must scale down its hearing officer positions to maintain operational efficiency.

Recommendation 1.1a: UCRC should log the count of 15 and 45 minute cases in order to gain further insight into its staffing needs.

Financial Impact 1.1: Based on a projection of future appeals workload, UCRC will be able to scale down its hearing officer staff to 22 positions in the coming year. This represents a reduction of 10 positions since the beginning of OPT's engagement, or approximately **$636,106** in savings.

Savings 1.2: $314,651

Finding 1.2: UCRC is using a specialized hearing officer position classification that is at a higher salary range than Ohio's standard series for hearing officers.

Recommendation 1.2: Reclassify hearing officers. UCRC uses a specialized classification for its hearing officer staff that is at a higher pay range than the general classification used by Ohio peer agencies for hearing officers with similar duties.

Financial Impact 1.2: Reclassifying the UCRC positions to the standard state series for hearing officers will reduce salaries by approximately 10 percent at every step, saving **$314,651** through attrition that will take eight years to complete.

Savings 1.3: n/a

Finding 1.3: ODJFS has not been consistent in its choice of spend-order for UCRC funding.

Recommendation 1.3: Expend federal funding before state funding.

Financial Impact 1.3: Operational savings will accrue to Ohio, rather than offsetting the Federal budget.

Savings 1.4: $7,710

Finding 1.4: ODJFS can avoid the cost of printing UC law books.

Recommendation 1.4: Discontinue the printing of Unemployment Compensation Law books and repeal OAC 4146-27-02.

Financial Impact 1.4: 1,000 books at a cost of $7.71 each, for a total financial impact of **$7,710**.

Noteworthy Accomplishment: OPT would like to acknowledge the work of the UCRC and its executive management team who, during the period covering this performance audit, led the effort to reduce the state's backlog of appeals and bring Ohio out of the USDOL's "at risk" status.

Unemployment Compensation Review Commission

Note: These recommendations were issued as part of the ODJFS interim report dated December 19, 2012

Overview & Background

Ohio's Unemployment Compensation Review Commission (UCRC) is an independent state agency within the funding structure of the Ohio Department of Job & Family Services that conducts reviews for Unemployment Insurance (UI) applicants who appeal a benefit determination from the Office of Unemployment Compensation (UC). The UCRC includes a staff of attorney hearing officers who hear the initial lower authority appeals and a three-member board of commissioners who determine whether appeals of the hearing officer decisions, known as higher authority appeals, merit further review. Administrative support for the appeals function is provided by UCRC staff and additional ODJFS employees. In 2011 UCRC ruled on approximately 36,000 lower authority appeals and 4,600 higher authority appeals.

In 2009 an extraordinary volume of initial unemployment claims and appeals created a backlog in which the UCRC was receiving more appeals cases than they were able to dispose. This backlog persisted for almost two years and as a result UCRC failed to meet several US Department of Labor (USDOL) standards for appeals promptness. The USDOL placed UCRC on "at risk" status in response. At the same time Ohio ranked nearly last among states in the Department of Labor's measure of operating efficiency called "Minutes Per Unit."

Minutes Per Unit (MPU) is a performance metric the US Department of Labor (USDOL) uses for measuring the efficiency of each state's unemployment department operation. This metric allows each state to be measured against peers for the amount of time used to process appeals. Once the rankings are completed, USDOL applies a reduction to each state's base level of federal funding. The amount of this funding reduction is a sliding scale that ranges from approximately 30 percent for lowest performing states to less than 1 percent for the 11th ranked state. States ranking in the top 10 for MPU receive no reduction to their base federal funding. The MPU funding formula provides states with the incentive to operate efficiently. Ohio ranked 44th worst among all states for UI Appeals in the USDOL's FY2013 allocation[3].

Beginning in 2011, UCRC appointed a new director, became intent on improving its operations, and implemented a new IT system. As part of the objectives contained in the Letter of Arrangement, the Ohio Performance Team (OPT) was retained to assist UCRC in identifying cost savings and process improvements to help the agency reach its goals of becoming more efficient and saving tax dollars.

Noteworthy Accomplishment: The OPT would like to acknowledge the work of the UCRC and its executive management team who led the effort to reduce the state's backlog of appeals and bring Ohio out of the USDOL's "at risk" status during the period covering this performance audit.

[3] See **Table A.1** in **Appendix A** for the list of state rankings by Appeals MPU.

RECOMMENDATION 1.1: Right-size UCRC's hearing officer staffing based on incoming appeals workload. In an environment of declining appeals workload, UCRC must scale down its hearing officer positions to maintain operational efficiency.

Financial Impact 1.1: Based on a projection of future appeals workload, UCRC will be able to scale down its hearing officer staff to 22 positions in the coming year. This represents a reduction of 10 positions since the beginning of OPT's engagement, or approximately **$636,106** in savings.

Background

Ohio's funding for appeals functions from the Federal Unemployment Insurance grant is tied to the state's hearing officer and hearing support labor costs. These costs contribute to the performance metrics used by the USDOL to measure a state's efficiency. With Ohio ranked 44th worst among all states, the OPT looked at the underlying contributors, including the state's hearing officer labor costs.

Methodology

To analyze the UCRC's hearing officer labor costs, the OPT interviewed ODJFS and USDOL financial personnel, reviewed state payroll documents and looked at federal reports. Hearing officer productivity reports obtained from UCRC were analyzed but found to be kept in a manner that inhibited complete performance analysis. In addition, interviews were conducted with directors of other state programs and their tables of organization were reviewed.

Analysis of Direct Labor Costs

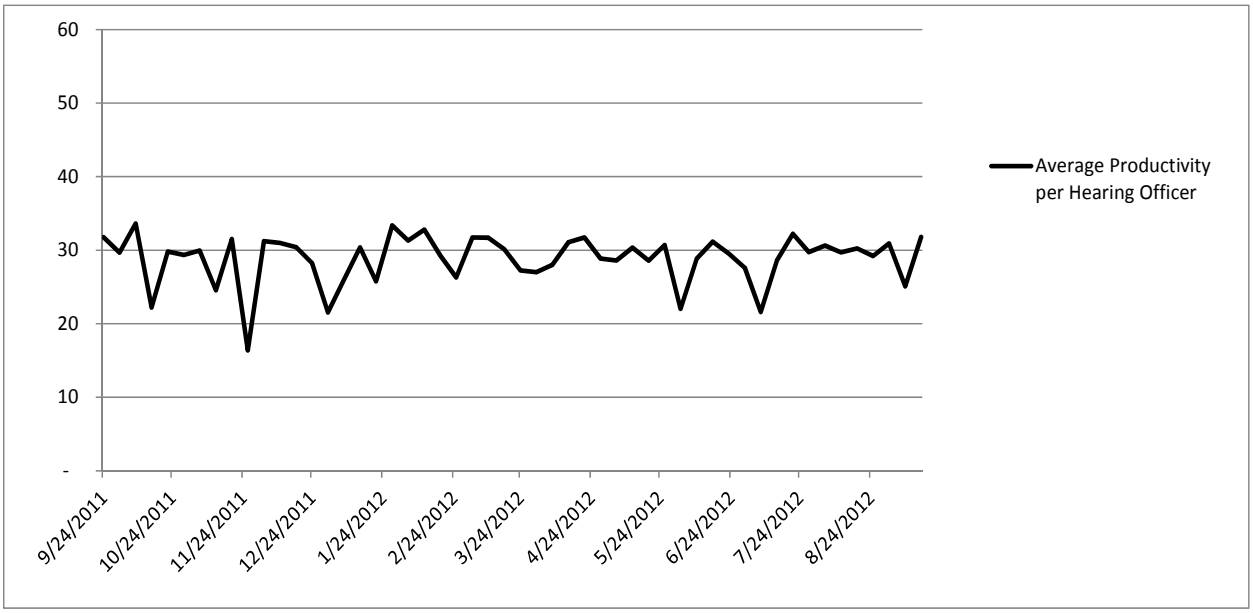
In working through the appeals backlog over the last year, the UCRC made operational improvements to increase individual hearing officer productivity. An analysis of UCRC production reports revealed that hearing officers averaged 29 cases per person per week over the last year. Conversations with the UCRC director corroborate that 29 cases per week is a reasonable, sustainable rate to target for hearing officers going forward. OPT recommends staffing to this target production-rate going forward, which will allow UCRC to maintain a constant and operationally proven level of productivity.

Since the number of incoming appeals is expected to decrease as the unemployment rate in the nation and therefore Ohio begins to decline,[4] maintaining a productivity of 29 hearings per week per hearing officer will entail a reduction of FTEs in hearing officers.

To determine an appropriate caseload, OPT analyzed approximately one year's worth of weekly data. Individual hearing officers averaged 29 hearings per week over that period, as shown in **Chart 1.1** below and in **Table A.2** of **Appendix A**.

[4] Based on projections done by the Federal Reserve's Federal Open Market Committee (FOMC). http://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20120913.pdf

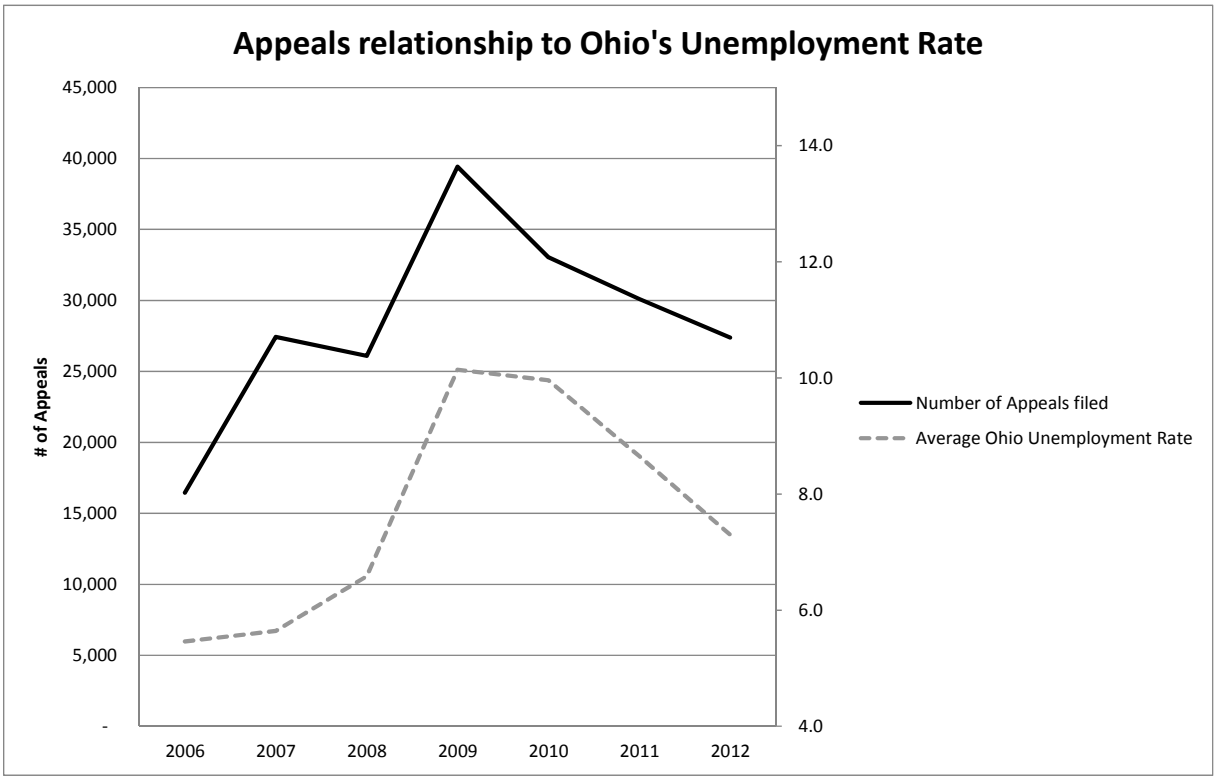
Chart 1.1 – Hearing Officer Productivity by Week



Source: UCRC internal weekly production reports

An analysis of the number of incoming appeals shows a strong positive relationship to the unemployment rate as depicted in **Chart 1.2**. Given an estimate of future unemployment rates, UCRC can use this relationship to project their expected caseload.

Chart 1.2 – Appeals Relationship to Ohio's Unemployment Rate



Source: US Bureau of Labor Statistics

The Federal Reserve Open Market Committee's consensus forecast of the unemployment rate, suggests an estimated caseload of approximately 30,000 appeals for calendar year 2013.

Conclusion

Given the projection of 30,000 cases, and a required hearing officer productivity of 29 cases per week, the appropriate staffing level of hearing officers in 2013 is 22 FTE positions. As of August 26, 2012, UCRC maintained a hearing officer pool of 26, including 21 full time permanent and 5 intermittent staff working up to 40 hours per week. The agency should be able to reduce 4 FTE positions over the next year, saving $298,775. This is in addition to a reduction of six hearing officer positions enacted by UCRC management since the start of OPT's engagement which will save $337,331 per year. The total annual savings from reducing 10 hearing officer FTEs is **$636,106**.

To maintain flexibility through the short-term spikes and drops in caseload, the recommended hearing officer staffing level should include some in intermittent status whose hours can be increased or decreased as appropriate.

RECOMMENDATION 1.1a: UCRC should log the count of 15 and 45 minute cases in order to gain further insight into its staffing needs.

One of the innovations undertaken in 2011 that helped UCRC clear the backlog of cases was a process where phone hearings were scheduled for different amounts of time depending on the complexity of the case. Auto-scheduling software assigns cases to hearing officers in either 15 minute or 45 minute blocks depending on the case type.

By considering the breakdown between 15 minute and 45 minute cases, UCRC management could better understand its caseload and the personnel resources required to cover it. UCRC does not currently track this data and OPT could not include such metrics in the staffing analysis.

RECOMMENDATION 1.2: Reclassify hearing officers. UCRC uses a specialized classification for its hearing officer staff that is at a higher pay range than the general classification used by Ohio peer agencies for hearing officers with similar duties.

Financial Impact 1.2: Reclassifying the UCRC positions to the standard state series for hearing officers will reduce salaries by approximately 10 percent at every step, saving **$314,651** through attrition that will take eight years to complete.

Background

Ohio Revised Code (ORC) 4141.06 requires UCRC hearing officers to be classified by the Department of Administrative Services (DAS). Concerned about the current classification and high compensation of its hearing officers, UCRC requested that OPT conduct a review of DAS classifications to determine if others with lower compensation and similar responsibilities existed.

Methodology

To analyze the position classifications used for hearing officers, OPT interviewed UCRC management, Ohio Department of Administrative Services human resource personnel, and representatives of other state agencies that use hearing officers. Position descriptions that included job responsibilities of conducting administrative hearings were reviewed as peer comparisons. State published payroll records and classification pay range documents were studied.

Position Classification Analysis

OPT found eight job series for administrative hearing officer positions within the state's classification system. One, the Attorney classification series, is a general series for hearing officers available for use by all agencies. Several agencies have created their own, "agency specific" classifications for hearing officers they employ. These agencies include the State Employee Relations Board, Industrial Commission, Bureau of Workers' Compensation, State Personnel Board of Review, the State Medical Board, and UCRC.

The departments of Taxation and Commerce[5] use the general Attorney series for staff employed as administrative hearing officers. The Attorney classification series pre-dates each agency specific series but contains similar primary job responsibilities.

The differences are negligible between the primary job functions of the UC Administrative Hearing Officer and Attorney classifications (See **Table A.3** in **Appendix A**). Duties found in both include presiding over hearings, writing decisions, and conducting research. Of particular note, the job duties of the Attorney 3 classification specifically include presiding over quasi-judicial administrative hearings regarding, as example, unemployment compensation appeals.

Likewise, the minimum qualifications are identical when comparing the Attorney 3 and UC Administrative Hearing Officer Trainee classifications, both bargaining unit classes. Each requires admission to the Ohio bar and six months experience as a licensed attorney. Minimum qualifications are different at the next level, the first exempt level, in that the Attorney 4 requires 12 months experience as a licensed attorney and the UC Administrative Hearing Officer requires three years of experience as an UC Administrative Hearing Officer Trainee.

The differences are significant between the classification pay scales. At each level, the Attorney pay range is one step below that of the equating UC Administrative Hearing Officer. The annual pay differential between the classification pay scales is about $5,000 at step one and about $7,400 at the top step, a 10 percent increase (See **Table A.3** in **Appendix A**).

Contracting Hearing Officer Services: An alternative to hiring hearing officers is to contract out for those services. As noted, the Ohio Department of Commerce is one of the state agencies that has chosen to privatize the services of hearing officers. In August, 2012, Commerce had 12 attorneys under contract, paid at a rate of $75 per hour with an annual cap of $20,000. The departments of Mental Health and Education also contract for hearing officer services with hourly rates ranging from $75 to $125. Given the volume of hearings at UCRC and the hourly rate of pay for private hearing officer services, this option is not economically feasible for consideration by UCRC as it seeks to become more efficient and save tax dollars.

Reclassification Process: The Department of Administrative Services (DAS) confirmed that it is possible to proceed with reclassification of employees per the procedures outlined in ORC §124.14. Under this section, the director of DAS is authorized to establish, modify or rescind the classifications of positions paid by the state or may reassign positions that have been assigned to an improper classification. According to ORC §124.14 (A)(2)[6], if the reclassification results in an employee's pay exceeding the maximum rate of pay in the new classification, the statute provides:

[5]Commerce used the Attorney classification series until 2011 when it began contracting out for hearing officer services.

[6] O.R.C. §124.14 was revised effective Sept. 10, 2012, but paragraphs referenced in this recommendation remained unchanged.

> *. . . the employee shall be placed in pay step X and shall not receive an increase in compensation until the maximum rate of pay for that classification exceeds the employee's compensation.*

DAS indicated they have been meeting with UCRC regarding hearing officer classifications. When the DAS review process began, UCRC considered the general Attorney series, but instead opted to revise its agency specific UC Administrative Hearing Officer series.

Conclusion

The Ohio Performance Team (OPT) found that the Unemployment Compensation Review Commission (UCRC) spends more than half of its payroll budget on hearing officers. The UCRC hearing officers are in an agency-specific classification that has associated compensation about 10 percent higher at every level than the Attorney classification available for use by all agencies for hearing officers (See **Table A.3** in **Appendix A**). Analysis found that the Attorney classification contains primary job duties that are substantially equal and sufficient for use by the UCRC for its hearing officers. UCRC has recently proceeded to rewrite its agency-specific UC Administrative Hearing Officer classification, but could have chosen to use the substantially similar, lower cost classification that currently exists.

Reassigning the UCRC hearing officers to a classification with a lower compensation level will yield financial savings over time. Reclassification will not cause an immediate drop in salary for current hearing officers, but savings will be realized as current pay rates are frozen and vacancies occur.

Savings from reassigning hearing officers into a lower pay range classification are two-fold. The first type of savings is through freezing the pay of current hearing officers. Current pay rates of UCRC hearing officers exceed the maximum of the general hearing officer classification by 14 percent to 29 percent. Payroll for current hearing officers would remain at today's level for several years until their compensation fell within the range of the general classification.

A second type of savings would be realized by UCRC when filling vacancies. Under this recommendation, new hearing officers would be hired under the general classification and its associated compensation rates. Using the state average attrition rate of nearly ten percent, UCRC could expect to replace two hearing officers per year. Bringing two hearing officers on at the lower pay range would save the agency approximately $45,000 annually.

Given the rolling replacement of hearing officers, the present value of savings UCRC would realize over an eight-year period equals **$314,651**.

RECOMMENDATION 1.3: Expend federal funding sources before tapping into state funding sources.

Financial Impact 1.3: Operational savings from implementation of the performance audit recommendations will accrue to Ohio.

Background

The Ohio Unemployment Compensation Review Commission currently receives its funding from two sources:

1. The Federal UI Grant.
2. The State Special Administrative Fund[7].

Payments for the expenses of administering the state's unemployment compensation appeals program are drawn from these two funding streams throughout the year. Any funds remaining in the Federal UI Grant at the end of the fiscal year return to federal coffers. Any funds remaining in the State Special Administrative Fund are available for reappropriation to state unemployment compensation and appeals functions in future years. Top performing states maintain their UI Appeals functions within the funding received from the USDOL. If the Federal UI grant is sufficient to cover UCRC expenses, the state fund would not need to be used to cover the costs of administering the state's unemployment compensation appeal's program. Rather, state funds would be available for disaster benefits and other purposes as outlined in ORC §4141.11.

Methodology

To analyze the spending patterns of the federal and state funds, the OPT reviewed financial documents covering these funds for the past three fiscal years. In addition, interviews were conducted with ODJFS fiscal agents and UCRC management to determine spending processes and operational controls being used by the agency.

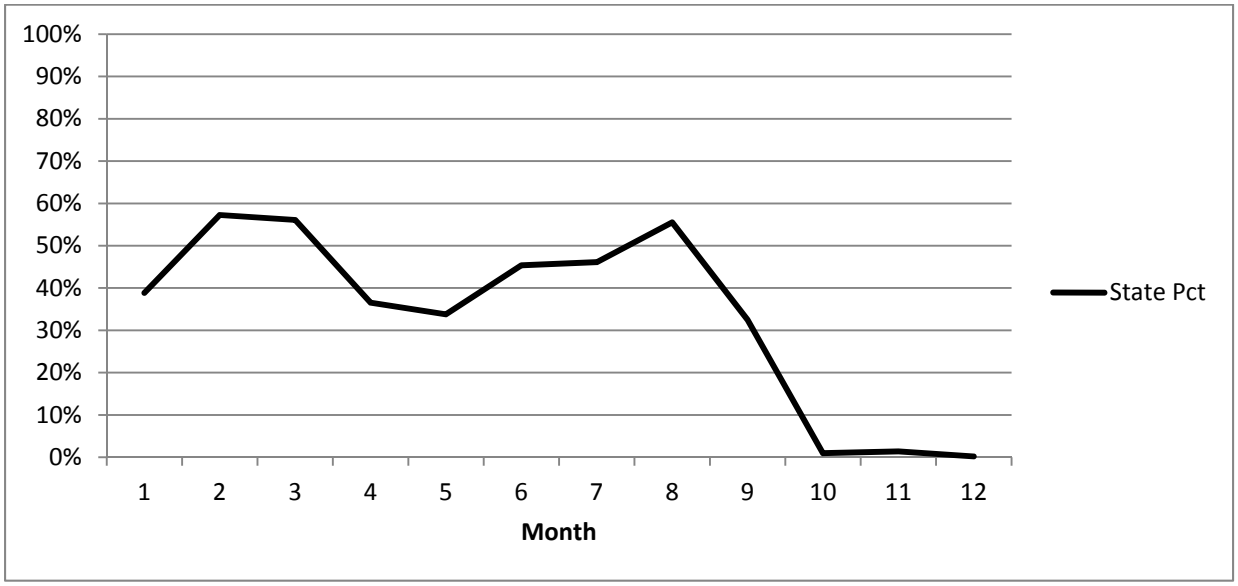
Analysis

Expenses of the UCRC are paid from the Federal UI Grant and State Special Administrative Fund simultaneously throughout the year. UCRC must use funds from the State Special Administrative Fund as its operational expenses exceed what it receives from the Federal UI Grant.

ODJFS serves as the fiscal officer for UCRC and staff confirms that there is not a process in place to first utilize all available federal funding before dipping into state coffers. **Chart 1.3** below displays the state fund spending pattern during FFY 2012.

[7] O.R.C §4141.11 references sources of special administrative funds.

Chart 1.3 – State % of Total Appeals Expenses FFY 2012



Source: UCRC OAKS Disbursements by Fund

Funds disbursement records of FFY 2010 - 2012 verify inconsistencies in spending order (see **Table A.4** in **Appendix A**.) A comparison of the monthly draw-down between the two funds demonstrates ODJFS does not exhaust federal funds prior to utilizing the state funding source. By using state funds first, those funds were largely depleted before the end of the year, precluding the possibility that operational savings left over at the end of the year would accrue to Ohio. The spend order has not been an item for focus in recent years, as both funds have been exhausted to cover the costs associated with UI appeals.

At the end of the fiscal year, there is no carryover of unspent Federal money into the next fiscal year. Any unspent balances in the state fund remain within Ohio's coffers. Therefore the spend order that minimizes the impact on state funding resources is to expend all Federal funds before utilizing the state funds, to the extent possible.

Conclusion

If the UCRC ends the fiscal year under budget, the spend-order of these two funds becomes crucial in order for the department to reduce its dependence on state funding. As the agency implements the recommendations of this report and other continuous improvement initiatives, UCRC should finish FY2013 under budget. To ensure all these monetary savings remain in Ohio, UCRC should expend Federal dollars before state dollars when possible. The implementation of Recommendation 4 allows the savings realized from the recommendations in this performance audit to be realized first by the state of Ohio which has funded this performance audit.

RECOMMENDATION 1.4: Discontinue the printing of Unemployment Compensation Law books and repeal OAC 4146-27-02.

Financial Impact 1.4: 1,000 books at a cost of $7.71 each for a **total savings of $7,710** per print cycle.

Background

Management of the UCRC provided OPT with a printed, bound book of the laws and administrative rules governing unemployment compensation in Ohio. Text found on the inside cover of the book indicates the quantity of books printed and the per book price.

Methodology & Analysis

OPT conducted a review of the agency's laws and rules regarding printing, interviewed UCRC management, and used financial data to calculate savings. Although OAC 4146-27-02 states that the rules shall be printed and kept in supply,[8] the statute upon which this rule is based, ORC 4141.15, was repealed on July 1, 2000.

Conclusion

Repealing the rule would be consistent with repeal of the statute. During the past decade, the state of Ohio and many other states have saved substantial amounts of money by reducing printing costs. Offering its Unemployment Compensation Laws & Rules via a link on its web site only in 2010 would have saved ODJFS the printing cost of 1,000 books at $7.71 per copy.

[8] "The review commission shall cause the rules promulgated under agency-level 4146 of the Administrative Code to be printed from time to time and . . . shall maintain a supply of such printed copies sufficient to furnish copies to all persons making request therefor."

APPENDIX A: Supplemental Information for Section 1 - UCRC

Table A.1: States' MPU Rankings FY2013

STATE	MPU	ADJ MPU	% DECREASE
NEW YORK	364.254	254.350	-30.1724
MONTANA	341.706	249.104	-27.0999
SOUTH DAKOTA	336.089	246.453	-26.6703
VERMONT	327.317	242.353	-25.9577
MAINE	303.570	230.942	-23.9246
NEVADA	298.270	228.109	-23.5226
OHIO	286.301	221.437	-22.6559
WEST VIRGINIA	281.932	221.192	-21.5442
MASSACHUSETTS	280.099	218.978	-21.8212
PUERTO RICO	278.238	219.482	-21.1172
NEW HAMPSHIRE	272.669	216.968	-20.4281
MICHIGAN	271.151	214.542	-20.8773
WISCONSIN	264.229	211.903	-19.8033
PENNSYLVANIA	259.722	206.982	-20.3063
IDAHO	251.337	207.159	-17.5772
WYOMING	250.870	207.094	-17.4497
OREGON	247.911	204.719	-17.4224
UTAH	242.077	202.516	-16.3423
CONNECTICUT	240.341	201.607	-16.1163
CALIFORNIA	235.472	188.330	-20.0202
MISSOURI	223.647	193.734	-13.3751
SOUTH CAROLINA	222.623	193.561	-13.0544
KANSAS	220.947	192.966	-12.6641
ALABAMA	216.037	190.480	-11.8299
HAWAII	213.334	189.789	-11.0367
GEORGIA	211.873	187.801	-11.3615
NORTH DAKOTA	207.588	187.174	-9.8339
COLORADO	203.587	184.909	-9.1745
MINNESOTA	201.559	184.006	-8.7086
KENTUCKY	200.511	183.547	-8.4604
TEXAS	197.847	180.722	-8.6557
ARKANSAS	195.215	181.263	-7.1470
RHODE ISLAND	193.926	180.841	-6.7474
OKLAHOMA	193.452	180.474	-6.7086
ALASKA	192.347	180.158	-6.3370
IOWA	190.994	179.347	-6.0981
NORTH CAROLINA	187.108	177.253	-5.2670
DELAWARE	185.735	177.071	-4.6647
VIRGINIA	180.120	174.356	-3.2001
MISSISSIPPI	174.774	172.001	-1.5866
NEW JERSEY	172.836	171.091	-1.0096
WASHINGTON	172.077	170.773	-0.7578
TENNESSEE	171.259	170.419	-0.4905
LOUISIANA	169.744	169.744	0.0000
MARYLAND	155.520	155.520	0.0000
NEW MEXICO	152.527	152.527	0.0000
FLORIDA	152.350	152.350	0.0000
ARIZONA	150.398	150.398	0.0000
NEBRASKA	139.783	139.783	0.0000
DIST. OF COLUMBIA	132.791	132.791	0.0000
ILLINOIS	130.149	130.149	0.0000
VIRGIN ISLANDS	115.601	115.601	0.0000
INDIANA	88.531	88.531	0.0000

Source: USDOL Unemployment Insurance Program Letter No. 26-12 FY2013

Table A.2: Hearing Officer Productivity

Week Ending	HearingsScheduled	Hearings Heard	Decisions Issued	Cases Heard this week and Not Closed	Outstanding Cases Not Closed	Active HO	Average Productivity
9/24/2011	1,143	968	1,126	391	582	36	32
10/1/2011	1,009	819	1,045	324	495	34	30
10/8/2011	1,143	967	1,083	361	536	34	34
10/15/2011	777	681	770	337	575	35	22
10/22/2011	1,044	873	1,111	334	542	35	30
10/29/2011	1,027	860	1,036	327	542	35	29
11/5/2011	1,048	888	1,079	341	575	35	30
11/12/2011	810	682	854	347	602	33	25
11/19/2011	1,040	898	1,178	377	599	33	32
11/26/2011	524	436	778	147	435	32	16
12/3/2011	1,031	892	894	401	643	33	31
12/10/2011	961	831	1,206	264	551	31	31
12/17/2011	1,004	884	1,351	241	490	33	30
12/24/2011	904	778	1,216	274	563	32	28
12/31/2011	538	482	651	3	19	25	22
1/7/2012	807	703	1,176	225	518	31	26
1/14/2012	942	798	1,134	368	701	31	30
1/21/2012	799	661	1,093	213	565	31	26
1/28/2012	1,001	814	1,210	215	560	30	33
2/4/2012	1,002	856	1,228	188	503	32	31
2/11/2012	951	789	1,078	208	514	29	33
2/18/2012	878	735	1,351	303	614	30	29
2/25/2012	762	626	1,214	190	458	29	26
3/3/2012	984	845	1,185	203	406	31	32
3/10/2012	887	755	1,083	81	215	28	32
3/17/2012	904	811	101	808	1,201	30	30
3/24/2012	763	630	1,167	138	274	28	27
3/31/2012	783	676	1,134	156	266	29	27
4/7/2012	812	656	904	129	242	29	28
4/14/2012	839	676	840	121	217	27	31
4/21/2012	793	671	930	174	258	25	32
4/28/2012	721	619	1,393	125	204	25	29
5/5/2012	744	634	802	171	259	26	29
5/12/2012	819	673	851	160	240	27	30
5/19/2012	743	630	1,410	147	219	26	29
5/26/2012	798	684	980	197	298	26	31
6/2/2012	573	472	743	100	202	26	22
6/9/2012	750	628	998	21	61	26	29
6/16/2012	810	689	772	156	228	26	31
6/23/2012	738	596	793	130	231	25	30
6/30/2012	690	597	1,197	151	238	25	28
7/7/2012	475	416	581	97	211	22	22
7/14/2012	715	627	755	102	199	25	29
7/21/2012	838	734	1,254	123	210	26	32
7/28/2012	862	741	957	150	256	29	30
8/4/2012	796	697	1,056	164	280	26	31
8/11/2012	743	647	974	172	296	25	30
8/18/2012	635	549	852	107	270	21	30
8/25/2012	730	625	1,028	131	267	25	29
9/1/2012	680	567	921	135	274	22	31
9/8/2012	602	515	894	96	188	24	25
9/15/2012	700	599	998	106	193	22	32
Grand Total	**67,908**	**57,972**	**77,414**	**19,630**	**33,057**	**2,362**	**29**

Source: UCRC Hearing Officer Productivity Reports

Table A.3: Hearing Officer Classification Comparison – Duties & Pay Ranges

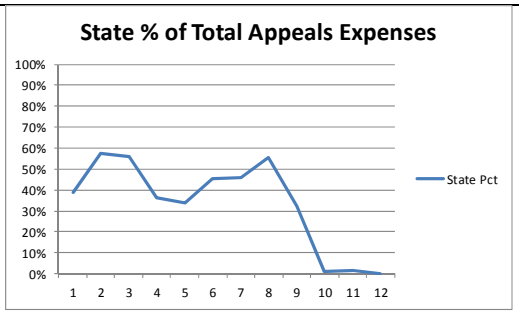
	Atty 3	UC Admin Hrg. Officer Trainee	Atty 4	UC Admin Hrg. Officer	UC Senior Admin Hrg. Officer
Pay Range:	33	34	14	15	16
Primary Job Duties:	$49,649 - $72,841	$54,662 - $80,225	$58,094 - $76,107	$63,814 - $83,657	$70,366 - $92,310
Presides over quasi-judicial administrative hearings - or - conducts administrative law hearings to determine why an individual was separated from employment	X	X	X	X	X
Prepares written recommendations containing findings of fact and conclusions of law; cases involve issues having statewide impact;…cases involve multiple & most complex type of issues *such as…unemployment compensation appeals…)* - or - writes decisions, prepares for hearings, ...	X	X	X	X	X
Conducts legal research of case & statutory law, constitutions, state &/or federal rules, opinions &/or orders	X	X	X	X	X
Prepares transcripts for appellate review	X				
Receives training (observes hearings & conducts hearings under observation of supervisor)		X			
Supervises legal staff consisting of lower level attorneys, other professionals & support staff, trains attorneys , assigns work load, reviews work product or serves as management level employee			X		X
Prepares presentations for referee's conferences; speaks to outside groups regarding Board operations, answers questions from callers					X
Minimum Qualifications:					
Admission to Ohio Bar	X	X	X	X	X
6 mos. exp. As licensed atty.	X	X			
12 mos. exp. As licensed atty.			X		
6 mos. exp in employee training & development			X		
3 yrs exp as UC Hearing Officer Trainee or 3 yrs equiv legal exp				X	
12 mos. exp as UC Admin Hearing Officer					X

Source: DAS position classification specifications

Table A.4: Appeals Function Expenditures by Federal Fiscal Year

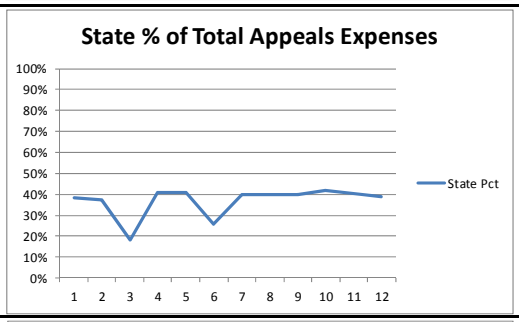
2012

Accounting Period	Federal Fund	State Admin Fund	Total	Federal Pct	State Pct
1	$ 257,242	$ 163,323	$ 420,565	61%	39%
2	$ 206,296	$ 276,487	$ 482,783	43%	57%
3	$ 183,862	$ 234,704	$ 418,566	44%	56%
4	$ 389,945	$ 224,375	$ 614,320	63%	37%
5	$ 263,407	$ 134,404	$ 397,811	66%	34%
6	$ 214,253	$ 177,789	$ 392,042	55%	45%
7	$ 207,173	$ 177,154	$ 384,327	54%	46%
8	$ 172,081	$ 214,776	$ 386,857	44%	56%
9	$ 264,327	$ 127,304	$ 391,631	67%	33%
10	$ 551,345	$ 5,300	$ 556,645	99%	1%
11	$ 359,275	$ 4,910	$ 364,185	99%	1%
12	$ 362,982	$ 740	$ 363,722	100%	0%
TOTAL	**$ 3,432,188**	**$ 1,741,266**	**$ 5,173,454**	**66%**	**34%**



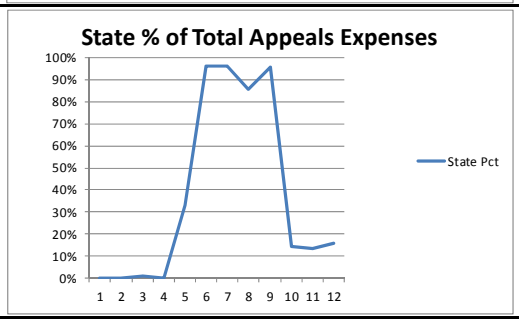
2011

Accounting Period	Federal Fund	State Admin Fund	Total	Federal Pct	State Pct
1	$ 377,568	$ 232,282	$ 609,850	62%	38%
2	$ 270,413	$ 159,795	$ 430,208	63%	37%
3	$ 387,304	$ 85,152	$ 472,456	82%	18%
4	$ 419,814	$ 292,063	$ 711,877	59%	41%
5	$ 281,856	$ 192,895	$ 474,751	59%	41%
6	$ 354,813	$ 121,850	$ 476,663	74%	26%
7	$ 278,028	$ 182,414	$ 460,442	60%	40%
8	$ 278,042	$ 184,784	$ 462,826	60%	40%
9	$ 286,970	$ 189,293	$ 476,263	60%	40%
10	$ 263,305	$ 189,348	$ 452,653	58%	42%
11	$ 402,471	$ 270,639	$ 673,110	60%	40%
12	$ 259,726	$ 165,828	$ 425,554	61%	39%
TOTAL	**$ 3,860,310**	**$ 2,266,343**	**$ 6,126,653**	**63%**	**37%**



2010

Accounting Period	Federal Fund	State Admin Fund	Total	Federal Pct	State Pct
1	$ 618,408	$ 1,392	$ 619,800	100%	0%
2	$ 426,567	$ 456	$ 427,023	100%	0%
3	$ 429,164	$ 4,148	$ 433,312	99%	1%
4	$ 425,450	$ 350	$ 425,800	100%	0%
5	$ 429,092	$ 211,515	$ 640,607	67%	33%
6	$ 17,434	$ 419,715	$ 437,149	4%	96%
7	$ 15,348	$ 410,283	$ 425,631	4%	96%
8	$ 73,526	$ 445,541	$ 519,067	14%	86%
9	$ 20,075	$ 435,057	$ 455,132	4%	96%
10	$ 373,468	$ 63,838	$ 437,306	85%	15%
11	$ 556,360	$ 88,071	$ 644,431	86%	14%
12	$ 193,272	$ 36,153	$ 229,425	84%	16%
TOTAL	**$ 3,578,164**	**$ 2,116,519**	**$ 5,694,683**	**63%**	**37%**



Source: UCRC OAKS Disbursements by Fund 2010-2012
Note: Additional accounting periods in original source were rolled into period 12 for illustrative purposes only

2. ORGANIZATIONAL STRUCTURE – SPAN OF CONTROL

SUMMARY

Savings 2.1: $2.76M

Finding 2.1: The ODJFS span of control or supervisor-to-staff ratio is 1:6.737. The agency has not met its internal goal of 1:7 and it maintains a large number of middle-level managers.

Recommendation 2.1: The Ohio Department of Job and Family Services (ODJFS or the Department) should increase its span of control to meet its internal goal of a supervisor-to-staff ratio of 1:7 and reduce layers of management by eliminating middle-level supervisory positions by 29 FTEs during 2013.

Financial Impact 2.1: Reduction of 29 FTE middle-level supervisory positions through attrition, reassignment or reduction in force can lead to a savings of **$2.76M** annually in payroll costs.

Savings 2.2: $8M - $18.57M annually

Finding 2.2:
The ODJFS goal of a supervisor-to-staff ratio of 1:7 is lower than the levels of peer states and defined leading practices.

Recommendation 2.2: ODJFS should further flatten its organizational structure to decrease the total number of supervisors to reach a supervisor-to-staff ratio between 1:8 and 1:10 within the next biennium.

Financial Impact 2.2: Reduction of an additional 84 to 195 FTE supervisory positions through attrition, reassignment or reduction in force can lead to a savings range of **$8M to $18.57M** annually in payroll costs.

Issue for Further Study 2.1: OPT found that 392 employees across 14 offices within ODJFS are in management-level classifications that allow for supervisory responsibilities but who are not supervising other employees. ODJFS should review the job duties performed by each of the 392 non-supervising managers to verify or alter classifications according to work performed.

ORGANIZATIONAL STRUCTURE
Span of Control Analysis

Note: These recommendations were issued as part of the ODJFS interim report dated March 21, 2013. The Issue for Further Study was not included in the interim report.

Overview

The Ohio Department of Job and Family Services (ODJFS) is one of Ohio's largest state agencies with more than 4,100 staff positions including nearly 600 supervisors. The agency is responsible for the state's public assistance, workforce development, unemployment compensation, child and adult protective services, adoption, child care, and child support programs. ODJFS is currently responsible for the administration of Ohio's Medicaid program, although its Office of Medical Assistance is in the process of becoming a separate cabinet-level agency in the upcoming biennium.

Under the scope of organizational structure, the Ohio Performance Team (OPT) was tasked with evaluating the agency to look for ways to optimize staff ratios and management layering. The department analysis includes comparisons to leading research on span of control and against standards set by government and industry peers.

Understanding Span of Control

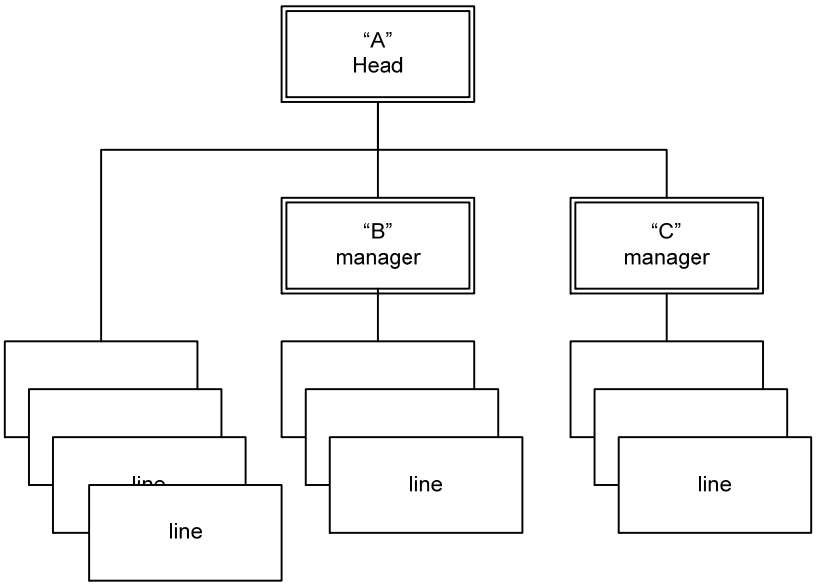
Definitions:

Layers of Management: A management layer consists of one or more supervisors at the same level or rank in a hierarchy. Layers of management are identified as the highest number of managers the non-supervisory or line staff would have to report through to reach the topmost manager.

Span of Control: Span of control refers to the average number of employees or subordinates that report directly to each supervisor or manager in the organization. This figure generally is rendered as a ratio. Both management and non-management personnel under the supervisor will be included.

As shown in **Figure 1**, an office with one supervisor "A" and four non-management subordinates (with no more layers under these 4 persons) and two management subordinates (these two persons "B" and "C" also have 3 personnel reporting to each of them), then the span of control ratio for A is 1:6, for B and C each is 1:3. The average span of control for this office is 1: (6+3+3)/3, or 1:4. This was the method employed by OPT. **Figure 1** is an example of an organization with 2 layers of management, with an average span of control of 1:4.

Figure 2.1: Organization Chart Example



Supervisory Position: Throughout this report, directors, managers and supervisors are counted as supervisory positions. For example, for any position with subordinates, this position is counted as a supervisory position and the person in the position is counted as a supervisor.

Synthesis of the Research

Span of control analysis has been the topic of research in federal, state and local governments since the 1990s. A review of the empirical studies conducted within the public and private sectors is helpful to determine whether the span of control in ODJFS is in the appropriate range.

Literature Review:
Generally, research reveals that tall structures with too many management layers increase the number of approvals needed for action and restrict the ability of front-line workers to exercise control on their jobs. Ultimately, a tall structure prevents organizations from improving customer service. These studies further find that a narrow span of control with too many middle-level supervisory positions can cause duplication among supervisors in the same layer and between supervisors and subordinates.[9]

While research emphasizes a broader span of control (1:8 to 1:40) and prefers fewer over more layers with no more than seven layers,[10] the correct number depends on the complexity of position responsibilities. These studies conclude that a wider span of control will improve

[9] Talya Bauer and Berrin Erdogan, *Organizational Behavior*, Chapter XIV, Organizational Structure and Change, (chapter purchased via internet) Feb 2009; and http://govinfo.library.unt.edu/npr/library/reports/tosexe.html
[10] "Global Organizational Efficiency Survey (GOES)", Nexgen Advisors, October 19, 2009, http://www.nexgenadvisors.com/

communication and organizational flexibility and reduce personnel costs internally; fewer layers and wider span of control will empower frontline employees and improve the quality of service to clients.

Peer Review:
The State of Texas determined it had a span of control ratio of 1:9 in 1997. The Texas Performance Review Division of the State Comptroller recommended a minimum ratio of 1:11 to the legislature based on the average from a survey of private companies. By 2010, the State of Texas statewide ratio was 1:14.6, higher than the minimum standard set by the legislature.[11]

California conducted a state government organization evaluation in 1997 and found the average span of control was 1:6.1 across departments. It then set a goal to flatten the organizational structure and reduce the ratio to 1:9 in 2000 and 1:11 in 2002.[12] The California baseline was based on previous public and private sector studies.

In 2010, the Iowa state government mandated that most state agencies reach a 1:15 span of control by 2012.[13] At about the same time, the Board of Regents reported a span of control ratio of 1:10 for its colleges and established a goal to achieve 1:14 by 2011 and 1:15 by 2012. In 2012, the actual average span of control within the Iowa higher education system was reported to be approximately 1:11.[14]

Table 2.1 summarizes the peer state government span of control.

Table 2.1: Summary of State Government Span of Control Studies

	Year of Study	Span of Control		
		Initial Findings	Goal	Rationale for the Goal
California	1997	1:6	1:9 by 2000 and 1:11 by 2002	Based on previous study in public sector
Iowa	2010	1:10	1:14 in 2011 1:15 in 2012	Increase by 1 every year until reaching 1:20
Texas	2003	1:9	1:11	Based on private sector average

Source: California, "Flattening Organization: Practices and Standards"; *op.cit.*

Departments that conduct similar functions as ODJFS have also been the focus of span of control analysis. The federal Office of Health and Human Services had a span of control ratio of 1:6 in 1993,[15] 1:8 in 1996 and set a goal of 1:11 in 1999[16]. The California Social Services Department

[11] (Texas) State Auditor Office Report, Nov 11-701, November 2010
[12] Alicia Bugarin, *Flattening Organization: Practices and Standards*, California Research Bureau, California State Library CRB-97-004, September 1997. (Whether or not the goal was reached was not ascertained.)
[13] (Iowa) Legislative Services Agency, Fiscal Note, HF 498 – Span of Control (LSB 2163HV)
[14] Board of Regents, State of Iowa, "Annual Report on Span of Control" Agenda Item 4d, March 21, 2012
[15] While 1993 data is almost 20 years old, it serves to demonstrate the length of time these studies have been undertaken, and reiterates that span of control is not a recent topic, objective or fad.
[16] National Performance Review, "Transforming Organizational Structures." http://govinfo.library.unt.edu/npr/library/reports/tos.html 02/07/2012

reported a span of control ratio of 1:5.98 in 1997. The California Employment Development Department estimated its span of control ratio at 1:6.72 with about 5 layers according to a recent interview. The Iowa Legislative Services Agency reported in 2011 that the state's Human Services agency had a span of control of 1:10, the state average.[17]

Private sector organizations with similar functions as ODJFS can provide additional insight on span of control. OPT interviewed a healthcare company located in Ohio because it performed similar functions, i.e. handling and processing cases, and making payments. The company reported it had a supervisor-to-staff ratio of 1:11.

Table 2.2 summarizes the span of control findings for health-welfare types of organizations.

Table 2.2: Summary of Health-Welfare Type Services Spans of Control

	Year of Study	Span of Control	
		Initial Finding	Goal
Federal Health and Human Services	1993	1:6	1:11
CA Social Services	1997	1:5.98	1:9 -1:10
CA Employment Development Department	2012	1:6.72	
Iowa (Statewide and Board of Regents)	2011	1:10	1:14-1:15
Health Insurance Company	2011	1:11	
ODJFS	**2012**	**1:6.737**	**1:7**

A 2009 benchmark survey of 31 *Fortune 1000* companies[18] maintains that no company should have more than 7 layers, regardless of headcount. Furthermore the study provides Best-in-Class Span of Control ranges for each management layer as shown in **Table 2.3**.

Table 2.3: Best-in-Class Span of Control ranges for Management Layers

Layer Description	Layer Number	Best-in-Class Span of Control Range
CEO & Senior Management	1	1:14-15
	2	1:5-13
	3	1:8-15
Mid-Level Managers	4	1:15-24
	5	1:27-37
Shared Services, Call Centers, Front line staffs	6	1:30-40
	7	1:30-40

Source: GOES[19]

Table 2.3 represents the variation in span of control ratios according to work conducted. Typically, higher level managers, as represented by the CEO and Senior Management category,

[17] (Iowa) Legislative Services Agency, Fiscal Note, HF 498 – Span of Control (LSB 2163HV)
[18] "Global Organizational Efficiency Survey (GOES)", Nexgen Advisors, October 19, 2009, http://www.nexgenadvisors.com/
[19] *Ibid.*

have fewer subordinates than a manager involved in a more standardized field such as a call center. Call center operations can operate with a span of control of 1:30-1:40; whereas, at the CEO level of an organization, the best-in-class span of control is narrower from 1:5 to up to 1:15.

RECOMMENDATION 2.1: The Ohio Department of Job and Family Services (ODJFS) should increase its span of control to meet its internal goal of a supervisor-to-staff ratio of 1:7 and reduce layers of management by eliminating middle-level supervisory positions by 29 FTEs during 2013.

Financial Impact 2.1: Reduction of 29 FTE middle-level supervisory positions through attrition, reassignment or reduction in force can lead to a savings of **$2.76M** annually in payroll costs.

Background

In reviewing the organizational structure of ODJFS, OPT analyzed the department's span of control. ODJFS management reported it has an active manpower-planning program that in 2009 recognized that the department had a span of control issue. As part of the program, ODJFS initiated an effort to reduce its span of control, and established a target supervisor-to-staff ratio of 1:7.[20]

Methodology

Tables of Organization (TO) from January 1, 2013 were received from ODJFS and reviewed to determine overall department span of control as well as the span of control for each office.[21] During the course of this analysis, supervisor is defined as anyone directly supervising an employee and subordinate is defined as anyone reporting to a manager.[22] Supervisory-staff ratios were derived from the number of subordinates reporting to each supervisor. Only managers directly supervising employees are included as supervisors. Employees classified as supervisors but not directly managing other employees are not included as supervisors; however, non-supervising managers are included in total subordinates. To acknowledge the difference between supervising a line staff or another supervisor, total positions and total subordinates were calculated separately. Total employees supervised were calculated and the total reduction was determined based on the difference of the goal ratio of one supervisor for every seven subordinates and the Department's current total supervisors.

An estimation of the personnel cost savings was calculated using the average salary range of the Department's management staff for pay ranges 8-18 and 45-47. Data were acquired from the

[20] ODJFS HR Interview, 8-21-12; DAS Pay Range Classification Booklet by Title 7-17-11

[21] Unemployment Compensation Review Commission was not included because the UCRC was the subject of a separate study. The Faith Based Initiatives section was not included because of its small (6) person staff size, and mostly tangential relationship to ODJFS. The Director's Office was also excluded from the total to align with the Department's span of control methodology.

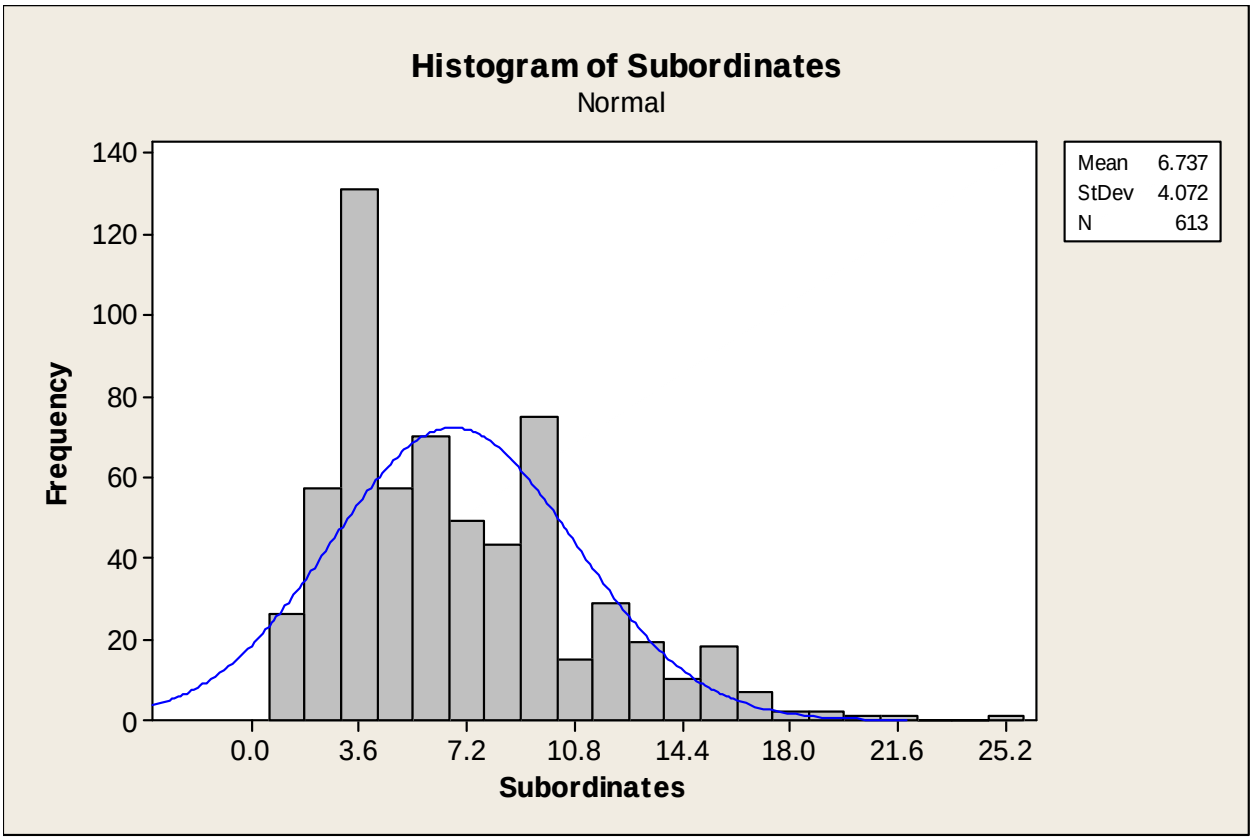
[22] Subordinates include all employees that report to a manager; including those that also supervise other employees. Total number of subordinates and supervisors is not equivalent to total positions.

Department of Administrative Services (DAS) employee salary data (payroll period ended at 2/8/2013) and Pay Range Classification Booklet. The cost of personnel includes salary with 38% benefits.

Analysis

ODJFS frequently monitors its span of control. The FY 2013 2nd quarterly internal planning report dated December 15, 2012 indicates the agency has a span of control ratio of 1:6.6.[23] During the course of the audit, OPT calculated the overall ODJFS span of control to be 1:6.737, as represented in **Figure 2.2**, as of January 1, 2013.[24]

Figure 2.2: ODJFS Span of Control by Unit Supervisor



As depicted in **Figure 2.2**, the span of control of 1:6.737 is a representative average of the entire department based on the number of subordinates reporting to each of the 614 supervisors within ODJFS. On average, each supervisor manages 6.737 employees; however, during the analysis of

[23] ODJFS internal study. Quarterly Planning Data 2nd Quarter FY 2013 (Period of September 9, 2012 to December 15, 2012). Average does include Government Faith Based Initiative, UCRC, and the Director's Office.
[24] OPT-calculated span of control of 6.737 does not include Government Faith Based Initiatives, UCRC, and the Director's Office.

the tables of organization and as illustrated in **Figure 2.2**, OPT found numerous instances in which a supervisor manages four or fewer employees.
As shown in **Table 2.4**, a total of 4,137 positions were reviewed across 14 offices of ODJFS. [25] The average subordinates per supervisor within each office ranged from 3.0 in the Communications Office to 9.16 in the Local Operations Office.

Table 2.4: Current ODJFS Staffing by Office [1]

	Current Staffing			
Office	**Total Supervisors[2]**	**Total NON Supervisors**	**Total Positions[3]**	**Average Subordinates Per Supervisor[4]**
Chief Inspector	4	19	23	5.50
Child Support	20	96	116	5.75
Communications	3	7	10	3.00
Employee & Business Services	30	112	142	4.70
Families & Children	18	104	122	6.72
Family Assistance	31	148	179	5.71
Fiscal & Monitoring Services	62	161	223	3.60
Information Services	85	502	587	6.89
Legal & Acquisition Services	18	113	131	7.22
Legislation	2	8	10	4.50
Local Operations	116	948	1064	9.16
Medical Assistance	85	481	566	6.74
Unemployment Compensation	100	648	748	7.53
Workforce Development	40	176	216	5.38
Totals	**614**	**3523**	**4137**	**5.89**

Source: ODJFS January 1, 2013 Tables of Organization and ODJFS Quarterly Personnel Statistics 2nd Quarter SFY13
[1] Governor's Faith Based Initiatives, Unemployment Compensation Review Commission (UCRC), and the Director's Office are not included.
[2] Total supervisors do not include non-supervisory managers (1:0 Ratios).
[3] Total positions include vacant positions.
[4] Total average subordinates per supervisor is the average calculated using the unique hierarchical structure of each individual office. Please refer to the analysis described in Figure 2.1 for an explanation of how this average is calculated. The weighted average is 6.737 as shown in Figure 2.2.

In **Table 2.4**, the 4,137 positions include all levels of management. For this analysis, the 14 Deputy Directors that oversee each of the 14 offices were not included as subordinates, bringing the total number of subordinates to 4,123. As demonstrated in the calculations in **Table 2.**5, for ODJFS to operate at a span of control ratio of 1:7, the Department needs 585 total managers to supervise the 4,123 subordinates. Currently, ODJFS has 614 supervisory positions.

[25] Total positions include vacancies.

Conclusion

The ODJFS span of control ratio is currently 1:6.737. The agency has not met its own internal goal of 1:7 and it maintains a large number of middle-level managers, 214 of which are supervising 4 or fewer employees.

ODJFS can increase its span of control and meet its internal goal of 1:7 by reducing its middle–level supervisory positions by 29 FTEs.

Table 2.5 outlines the financial impact of the elimination of 29 supervisory positions.

Table 2.5: Supervisor Cost Analysis (1:7)

Total Positions	4137
Total Department Heads	14
Total Employees Supervised	4123
Total Current Supervisors	614
Total Supervisors Needed for 1:7 Ratio	589
Supervisors in Excess of 1:7 Ratio	25
Additional Supervisors Reduced by Condensing Structure	4.08
Total Supervisors Needed for 1:7 Ratio with Condensing (589-4)	585
Total Supervisor Reduction	**29**
Average ODJFS Supervisor Salary	$69,004.07
Average ODJFS Benefits	$26,221.55
Total Per Supervisor Cost	$95,225.62
Total Savings from Reduction	$2,761,542.95

Source: DAS Employee Salary Data, DAS Pay Range Classification Booklet, and ODJFS Tables of Organization (January 1, 2013)

As shown in **Table 2.5**, ODJFS can save approximately **$2.76M** by eliminating 29 FTE supervisory positions to reach its span of control goal of 1:7. The Department is currently structured with 614 supervisors or 25 more supervisors than needed to meet its 1:7 desired span of control ratio. As the Department condenses to reach 1:7, an additional supervisor will also be reduced for every seven supervisors reduced, bringing the total reduction to 29 supervisory FTEs.

The positions that should be eliminated or combined should be determined by ODJFS top management based on the working nature of specific offices. Due to the variation of work performed across each of the 14 offices, ODJFS should implement the recommendations outlined in this report to accommodate the nature of the work performed to maximize efficiency.

Several options exist to carry out the recommendations in this report including a reevaluation of the 74 management positions that are currently vacant, a review of workload overlap among currently filled manager positions for possible condensing, or the reduction of positions through

attrition. Combining positions or reassigning supervisory employees into non-supervisory roles, however, will reduce the financial impact associated with this recommendation.

RECOMMENDATION 2.2: ODJFS should further flatten its organizational structure to decrease the total number of supervisors to reach a supervisor-to-staff ratio between 1:8 and 1:10 within the next biennium.

Financial Impact 2.2: Reduction of an additional 84 to 195 FTE supervisory positions through attrition, reassignment or reduction in force can lead to an additional savings range of **$8M to $18.57M** annually in payroll costs.

Analysis

ODJFS has a low span of control ratio compared with peer states and private industry benchmarks. The narrow span of control is due to a large number of management layers and middle-level managers/supervisors.

As depicted in **Table 2.6**, by moving to a span of control of 1:8, ODJFS would be able to reduce 113 total supervisory positions. Again, for every eight supervisors reduced, an additional manager that would supervise those eight managers could also be reduced. This reduction can result in a savings of up to **$10.76M** from the agency's current state, or an additional savings of **$8M** beyond that realized by implementing **Recommendation 2.1**.

Table 2.6: Supervisor Cost Analysis (1:8)

Total Positions	4137
Total Department Heads	14
Total Employees Supervised	4123
Total Current Supervisors	614
Total Managers Needed for 1:8 Ratio	515
Managers in Excess of 1:8 Ratio	99
Additional Management Layers Reduced	14.11
Total Supervisor Reduction	**113**
Average ODJFS Supervisor Salary	$69,004.07
Average ODJFS Benefits	$26,221.55
Total Supervisor Cost	$95,225.62
Total Savings from Reduction	$10,760,495.06
Savings Less the Initial Savings from 1:7	**$7,998,952.11**

As shown in **Table 2.7**, by moving to a span of control of 1:10 from the current span of control, ODJFS would be able to reduce 224 total supervisory positions. For every ten supervisors reduced, an additional manager that would supervise those ten managers could also be reduced. This reduction can result in a savings of $21.33M from the agency's current state, or an additional savings of **$18.57M** beyond that realized by implementing **Recommendation 2.1**.

Table 2.7: Supervisor Cost Analysis (1:10)

Total Positions	4137
Total Department Heads	14
Total Employees Supervised	4123
Total Current Supervisors	614
Total Managers Needed for 1:10 Ratio	412
Managers in Excess of 1:10 Ratio	202
Additional Management Layers Reduced	22.44
Total Supervisor Reduction	**224**
Average ODJFS Supervisor Salary	$69,004.07
Average ODJFS Benefits	$26,221.55
Total Supervisor Cost	$95,225.62
Total Savings from Reduction	$21,330,538.61
Savings Less the Initial Savings from 1:7	**$18,568,995.67**

Conclusion

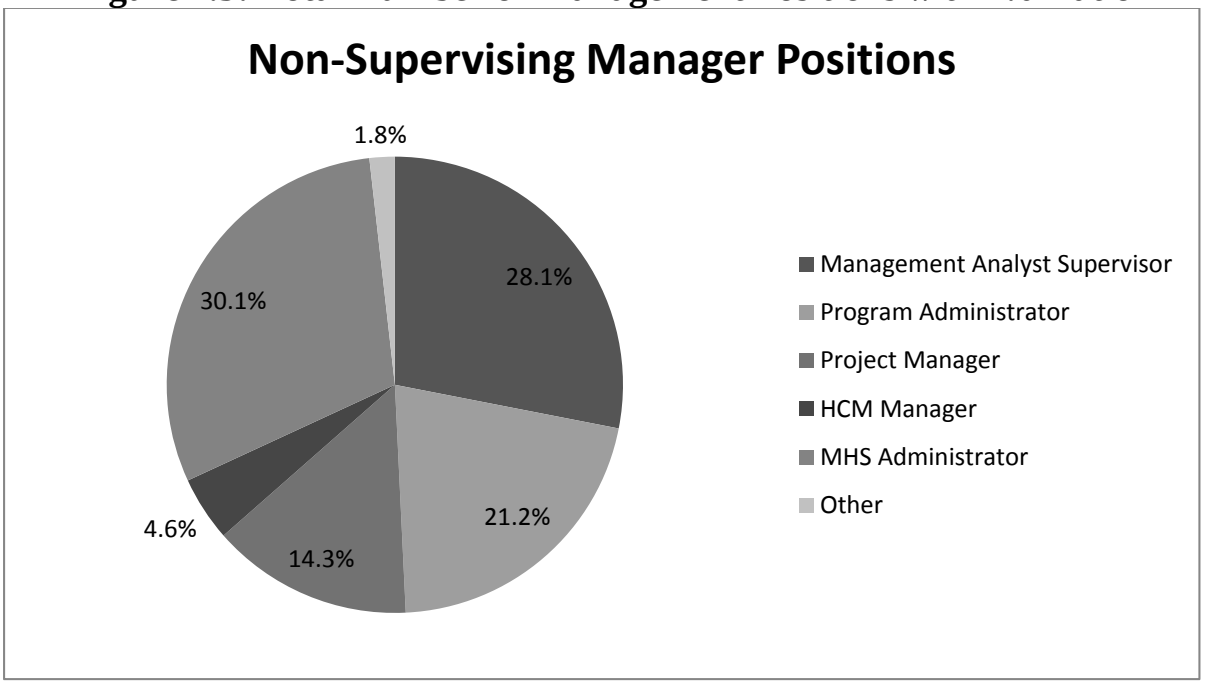
The ODJFS goal of 1:7 is lower than the levels of peer states and defined leading practices. ODJFS should further flatten its organizational structure to decrease the total number of supervisors to reach a span of control ratio between 1:8 and 1:10 within the next biennium.

By transitioning to a span of control ratio of 1:8 after implementing the prior recommendation, ODJFS can realize an additional savings of **$8M**. Increasing the number of staff per supervisor to a ratio of 1:10 can increase the additional savings amount to **$18.57M** after the initial recommendation has been implemented.

ISSUE FOR FURTHER STUDY 2.1: Non-Supervising Manager Positions

During the course of the audit, the number of subordinates reporting to each supervisor within the Ohio Department of Job and Family Services (ODJFS) was reviewed.[26] Based on the Tables of Organization dated January 1, 2013, OPT determined 392 employees across the 14 offices were in management-level classifications that allowed for supervisory responsibilities but who were not supervising other employees. Common classification titles found among these managers include Management Analyst Supervisor, Program Administrator, Project Manager, HCM Manager, and MHS Administrator. **Figure 2.3** shows the breakdown of those 392 positions by title.

Figure 2.3: Total Number of Management Positions with 1:0 Ratio



Note: Other categories include: Licensing/Cert Supervisor, External Audit Manager, External Audit Supervisor, IT Manager, HS Hearing Supervisor, Deputy Director, and UC Manager positions.

As shown in **Figure 2.3**, MHS Administrator positions represent approximately 30 percent of the total volume of non-supervisory managers and approximately 28 percent are management analyst supervisors.

According to Department of Administrative Services (DAS) classification specifications, all of the noted positions require the supervision of another employee or the management of a program to be correctly classified. None of the 392 positions identified supervise employees.

[26] Offices reviewed include: Chief Inspector, Child Support, Communications, Employee and Business Services, Families and Children, Family Assistance, Fiscal and Monitoring Services, Information Services, Legal and Acquisition Services, Legislation, Local Operations, Medical Assistance, Unemployment Compensation, and Workforce Development. Government Faith Based Initiatives and Unemployment Compensation Review Commission were not reviewed.

ODJFS has a total of 1,006 employees in management classifications – 614 in supervisory roles and 392 in non-supervisory roles. Scope limitations prevented OPT from providing direct analysis on the classification of non-supervisory managers. Given that non-supervisory management employees represent approximately 39 percent of the department's management structure, ODJFS should review the job duties performed by each of the 392 non-supervising managers to verify or alter classifications according to work performed.

3. ORGANIZATIONAL STRUCTURE – UNEMPLOYMENT COMPENSATION ADVISORY COUNCIL (UCAC)

SUMMARY

Savings 3.1: **$34,000 - $36,200 annually** (including $1,000 - $3,200 direct costs plus $33,000 in opportunity costs)

Finding 3.1: The Unemployment Compensation Advisory Council has not met for two years and is not in compliance with Ohio Revised Code section 4141.08(D) to meet at least quarterly, and it does not maintain a full complement of 12 members (though it does have seven members required for a quorum).

Recommendation 3.1: Either the Unemployment Compensation Advisory Council (UCAC or Council) should be fully constituted and tasked with addressing its mandates, or the General Assembly should repeal or amend section 4141.08 of the Ohio Revised Code to dissolve the UCAC and reassign the duties of advancing those state policies currently intended to be advanced by ORC 4141.08.

Financial Impact 3.1: ORC 4141.08(C) provides for a $50 stipend to be paid to every council member for each meeting attended, plus travel if requested, the cost of which ranges from $1,000 to $3,200 annually. In addition, ODJFS staff incurs an opportunity cost for planning and attending council sessions, estimated at $33,000 per year, resulting in a range of savings from **$34,000** to **$36,200** annually.

ORGANIZATIONAL STRUCTURE
Unemployment Compensation Advisory Council

Note: These recommendations were issued as part of the ODJFS interim report dated March 21, 2013

Overview

The Ohio Performance Team (OPT) is tasked with evaluating various elements of the structure of the Ohio Department of Job and Family Services (ODJFS) against industry standards and/or best practices to look for opportunities to optimize staff ratios, management layering, program service offerings, and sharing or outsourcing of services. Within the organizational structure of ODJFS is the Unemployment Compensation Advisory Council (UCAC or Council), a body constituted under Ohio Revised Code 4141.08.

RECOMMENDATION 3.1: Either the Unemployment Compensation Advisory Council (UCAC or Council) should be fully constituted and tasked with addressing its mandates, or the General Assembly should repeal or amend section 4141.08 of the Ohio Revised Code to dissolve the UCAC and reassign the duties of advancing those state policies currently intended to be advanced by ORC 4141.08.

Financial Impact 3.1: Eliminating the Unemployment Compensation Advisory Council would result in an annual savings in council member stipends and travel expenses of approximately $1,000 and an additional $33,000 in opportunity costs associated with staff expenses related to council support activities, resulting in a range of savings from **$34,000** to **$36,200** annually.

Background

The Unemployment Compensation Advisory Council was formed in 1986 to make recommendations about the unemployment compensation review commission, Ohio Revised Code Chapter 4141, "Labor and Industry," and rules of ODJFS. Ohio Revised Code section 4141.08 details the council's makeup of 12 members and its responsibilities[27]. As of December 2012, the council membership includes seven appointees and five vacancies (see **Table 3.1**).

[27] The council is tasked with reporting to the Director of the Ohio Department of Job and Family Services, the Unemployment Compensation Review Commission, the Governor, or the General Assembly regarding its recommendations for the administration of Ohio's unemployment compensation program. The council has twelve seats. The Governor is responsible for appointing six members to four year terms, with the advice and consent of the Senate. These members are appointed in equal numbers to represent the interests of employees and employers. Legislative members include the chairs of the House Insurance committee and the Senate Insurance, Commerce, and Labor committee; two senators who are appointed by the President of the Senate; and two representatives who are appointed by the Speaker of the House. No more than three of the legislative appointees can be from a single party.

Table 3.1 – Unemployment Compensation Advisory Council Members

1.	Donald E. Blatt, United Steel Workers
2.	Representative Bob Hackett (R)
3.	Representative Jay Hottinger (R) *(As Chairman of the Standing Committee to which legislation pertaining to Chapter 4141, RC is customarily referred.)*
4.	Representative Kenny Yuko (D)
5.	Senator Kevin Bacon (R) *(As Chairman of the Standing Committee to which legislation pertaining to Chapter 4141, RC is customarily referred.)*
6.	Senator Capri Cafaro (D)
7.	Senator Joe Schiavoni (D)
8.	Vacant Position – *Pending Governor Appointment*
9.	Vacant Position – *Pending Governor Appointment*
10.	Vacant Position – *Pending Governor Appointment*
11.	Vacant Position – *Pending Governor Appointment*
12.	Vacant Position – *Pending Governor Appointment*

Source: ODJFS

The UCAC selects a chair, co-chairs, or officers as it sees fit, and is to meet once per calendar quarter or more often as the council or chair considers necessary. Seven members are required for a quorum, and seven affirmative votes are required to recommend any action. ODJFS provides office and meeting space, service assistance, and access to records that are necessary to the council's work. Council members are paid a stipend of $50 per day spent performing council duties, plus expenses. The council is funded by the Unemployment Compensation Special Administrative Fund.

Management indicates that historically the primary function of the council has been to advise the State on how to balance the trust fund. This issue has come and gone through the years. More recently, in January 2009 Ohio began borrowing from the Federal Unemployment Account and, as reported in June 2012 by the National Conference of State Legislatures, the state has a loan balance of almost $1.8 Billion due the federal government.

Methodology

In conducting this analysis, members of OPT conducted interviews of the ODJFS Unemployment Compensation Bureau management, examined agency financial data, reviewed UCAC meeting minutes and studied the laws and rules governing the UCAC.

Analysis

The 12-position UCAC currently has seven members with five vacant seats, awaiting gubernatorial appointment. Presently, there is no chairperson or a scheduled meeting. ODJFS management indicates the council has not held a meeting since May 18, 2010. If the council were to resume quarterly meetings in its current state, its seven members would constitute a quorum, but any action would require a unanimous vote. Moreover, as reported by the Ohio General Assembly's Legislative Services Commission (LSC), recent changes to law have eliminated a requirement that the Director of ODJFS get the approval of the UCAC before using funds from

the Unemployment Compensation Special Administrative Fund for specified needs, thereby eliminating a source of authority in the council that could justify additional council activity.[28]

Management indicates that the council is less efficacious since term-limits have been put in place, and the depth of experience in unemployment compensation and its financial services is now missing due to council turnover.

ORC 4141.08(C) provides for a $50 stipend to be paid for each meeting attended, plus travel if requested. The stipend is paid to all council members, legislators and appointees alike. Legislators on occasion have waived the stipend but most accept it.

During the last three years that the council was active, it met twice in 2008, three times in 2009 and once in 2010. During this time period, only appointees who had to travel from outside of Franklin County requested travel, and they were paid at the state rate. Direct costs during this period included $1,191.71 in travel expense and $1,700 in stipends for a total of $2,891.71 or an annual average of $964.

In addition to direct costs, ODJFS incurs costs associated with staff support for planning and attending council sessions. These opportunity costs have an estimated value of $32,984[29] per year.

The combined direct and opportunity costs associated with the council during the 2008 – 2010 period of activity averaged $33,948 annually.

Should the council be fully constituted and meet quarterly as set forth in ORC 4141.08(D), the associated costs could increase. Stipends paid to every member for four meetings per year would equal $2,400. Travel, using the average of $200 per meeting realized during the last active period, would be expected at $800, realizing a combined total of $3,200 in direct costs. When added to staff opportunity costs, an active council would be expected to cost approximately $36,200 per year.

A non-financial impact would also be realized by eliminating the council through streamlining government and removing a mandated, but inactive entity.

Conclusion

The Unemployment Compensation Advisory Council has not met for two years and is not in compliance with the requirement of ORC 4141.08(D) to meet at least quarterly. Five of the twelve council seats are vacant and there are currently no plans to convene a meeting. Retaining the UCAC is estimated to cost **$34,000 to $36,200** per year. Additionally, should the UCAC be dissolved, a non-financial gain would be realized through streamlining government and removing a mandated, but inactive entity.

[28] Ohio Legislative Services Commission, Am. Sub. H.B. 153, 129th General Assembly, Final Analysis, p. 447

[29] Costs based on ODJFS estimates of staff time preparing for council meetings calculated at two full days for eight senior level plus one support staff, with four meetings per year. Staff salaries for identified personnel were obtained from Department of Administrative Services.

4. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

SUMMARY

Savings 4.1: $3,621,000

Finding 4.1: ODJFS is not taking full advantage of electronic information sources in verifying the eligibility of SNAP applicants.

Recommendation 4.1: ODJFS should develop and implement an electronic data brokering portal to be used by caseworkers for SNAP eligibility verification. Development of the data brokering tool should be in consultation with the Office of Health Transformation to prevent the creation of isolated systems.

Financial Impact 4.1: By saving caseworkers an average of 15 minutes per new application, the cost to administer SNAP would be reduced by approximately **$3,621,000** per year. Achieving this savings will require a one-time capital outlay of approximately $2,200,000 for the development of the data brokering portal.

Savings 4.2: $1,444,560

Finding 4.2: County Job & Family Services departments are not maximizing economies of scale in their procurement of document imaging.

Recommendation 4.2: ODJFS should implement a strategy to encourage county agencies to adopt a shared services model for procuring document imaging services.

Financial Impact 4.2: By procuring document imaging services in multi-county groups, ODJFS can achieve more favorable pricing on maintenance contracts, saving a combined **$1,444,560** per year based on the pricing structure currently charged by vendors.

Savings 4.3: $603,000

Finding 4.3: ODJFS currently mails all SNAP notifications in paper form through the United States Postal Service.

Recommendation 4.3: ODJFS should apply for a federal waiver to allow it to engage in electronic notifications in lieu of paper-based Supplemental Nutrition Assistance Program (SNAP) notifications.

Financial Impact 4.3: If ODJFS were able to achieve an electronic notification adoption rate of 55 percent, the Department would save approximately **$603,000** per year.

Savings 4.4: N/A

Finding 4.4: ODJFS does not track several fundamental performance metrics that would allow for a robust level of program evaluation.

Recommendation 4.4: ODJFS should begin tracking performance information at the county level pertaining to the time caseworkers spend enrolling SNAP applicants and the error rates in the SNAP program.

Financial Impact 4.4: Management Recommendation (N/A.)

Issue for Further Study 4.1: ODJFS should continue to monitor developments in Utah regarding its implementation of a consolidated benefits card. ODJFS should also continue to engage stakeholders in weighing the costs and benefits of a consolidated benefits card for cash and food assistance in Ohio.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

Note: These recommendations were issued as part of the ODJFS interim report dated March 21, 2013

Overview & Background

In 1939 the United States Department of Agriculture (USDA) introduced Food Stamps to raise nutritional levels, expand buying power, and to safeguard the health and well-being of individuals in low–income households. The 2008 Farm Bill changed the name of the program to the Supplemental Nutrition Assistance Program (SNAP). In Ohio, recipients use an electronic benefit card, known as the Ohio Direction Card, to buy food products. Alcohol, tobacco, vitamins, medicine, non-food items and hot foods cannot be purchased with SNAP benefits.

Eligibility for SNAP is determined by Federal guidelines. Qualification is based on the recipient's income less certain deductions such as dependent care expenses, shelter costs, utility expenses, and medical expenses. Applicants are able to receive benefits if they meet the income guidelines. The maximum income that a family of four could earn and still receive benefits is $29,976 annually. The maximum benefit amount that a family of four could obtain is $668 monthly.

SNAP benefits are paid via federal funds set aside in the Farm Bill and administered by the USDA's Food and Nutrition Service (FNS). Administrative costs to operate the program are split roughly equally between the states and the federal government. In fiscal year 2010-2011, Ohio contributed approximately $103,000,000 toward SNAP administrative costs while the federal government contributed approximately $98,000,000.[30]

In Ohio, SNAP is administered by the Ohio Department of Job & Family Services (ODJFS). Ohio's SNAP rolls increased 45 percent between 2007 and 2011. In SFY2011, there were over 2.3 million Ohioans that received $2.95 billion in benefits. Nationally, 4.1 percent of all SNAP participants are Ohio citizens. An average Ohio SNAP household is made up of 2.1 participants. Ohio's SNAP recipients have an average gross countable income of $700 monthly, which is lower than the national average of $731. Of all benefits paid, 28.7 percent are for children, 56.5 percent for non-elderly adults and 14.8 percent for elderly adults. The average household benefit paid in Ohio is $300 monthly.

Ohio organizes its benefits delivery system through a state supervised, county administered structure. Ohio is one of 10 states that administer SNAP under this structure. There are offices in all 88 counties handling SNAP and other benefit programs. Applications are processed in the county in which the applicant resides. Recipients that move across county lines must reapply because case files cannot be fully transferred across county lines.

Applications are available in paper and electronic formats. Paper applications may be either submitted in person or mailed to the County Job and Family Services office. Online applications

[30] From USDA, FNS - Program Analyst, State Administration Branch. 9/11/2012.

are available via the ODJFS web site or through the Ohio Benefit Bank administered by the Ohio Association of Food Banks.

Ohio utilizes thirteen waivers from FNS regulations to operate the SNAP program. These waivers allow Ohio to complete interviews over the phone rather than in person, allow longer certification periods, and apply standard deductions for self-employment income. These waivers and others were approved as cost and time saving measures.

Program performance is monitored via state and federal quality controls that identify overpayments and underpayments and determine if benefits were processed within established timeliness guidelines. Accessibility of the program to those eligible is also measured. The results can garner high performing states bonuses, while poorly performing states can face sanctions. In the past five years, an average of nineteen million dollars has been paid out to states with low or greatly improving error rates. In 2009, Ohio received a bonus payment of 4.9 million dollars for having the eighth lowest error rate in the nation. During this same year, Ohio overpaid SNAP recipients by approximately $31,000,000.[31]

RECOMMENDATION 4.1: ODJFS should develop and implement an electronic data brokering portal to be used by caseworkers for SNAP eligibility verification. Development of the data brokering tool should be in consultation with the Office of Health Transformation to prevent the creation of isolated systems.

Financial Impact 4.1: By saving caseworkers an average of 15 minutes per new application, the cost to administer SNAP would be reduced by approximately **$3,621,000** per year. Achieving this savings will require a one-time capital outlay of approximately $2,200,000 for the development of the data brokering portal.

Background

There are more than 2,000 caseworkers working at the county level who administer the SNAP program. Personnel costs comprise the overwhelming majority of the total costs of administering SNAP and other income maintenance programs in Ohio. The majority of these SNAP personnel costs are associated with caseworkers,[32] the county employees who perform intake interviews and process the verifications necessary to enroll Ohioans in food assistance.

Through interviews with management and caseworkers, as well as through direct observation[33], the Ohio Performance Team (OPT) estimates that between 45 and 60 percent of a caseworker's SNAP time is spent on activities that can be characterized as "eligibility verification." Eligibility verification is the collection and processing of documentation that supports a potential beneficiary's claim as to whether or not they qualify for benefits. The remainder of a caseworker's time is comprised of client interviews and various administrative duties.

[31] SNAP Quality Control Annual Report FY2009

[32] Division of labor and work flow vary slightly among counties, but in this report "caseworker" will refer generally to any employee involved in the enrollment and processing of SNAP applications.

[33] Auditor of State employees observed document verification activities as part of a time-study during site visits to Wood, Marion, and Franklin counties in November 2012.

The broad categories of eligibility verification documents collected for SNAP in Ohio include:

- Identification;
- Social Security Number;
- Earned Income;
- Unearned Income;
- Shelter Expenses;
- Utility Expenses; and
- Child Care Expenses.

Caseworkers verify eligibility either by collecting paper documents or by accessing a patchwork of electronic data sources individually.

For verifications where the client is required to return paper documentation, caseworkers spend time instructing the client on which documents need to be provided, scanning and retrieving the forms the client has returned, and following-up with the client when documents are not provided in a timely manner. Two common paper verification activities are the collection of pay-stubs to confirm earned income and the collection of a rent bill to confirm shelter expenses.

Electronic verifications are also time intensive because there is no central portal that consolidates the disparate online data sources. The existing electronic verification sources require caseworkers to navigate between various logins[34], or at the very least navigate several screens within CRIS-E.[35]

The State of Utah has successfully reduced these time-intensive verification activities by implementing an electronic data brokering portal called eFind. Utah's eFind saves time at the caseworker level by querying a large number of existing electronic databases and consolidating the client verification data into a single workflow for the caseworker.

Ohio's Office of Health Transformation (OHT) is currently in the process of developing requirements for a new benefits management system which would include all of SNAP case management. OHT has communicated the goal of incorporating many of the data-brokering features present in eFind in Ohio's new integrated eligibility system.

Methodology

OPT conducted interviews with ODJFS administrators, County Directors, and caseworkers. OPT also researched leading practices in other states and determined that Ohio's eligibility verification process would benefit from a modernization effort. The experience of Utah shows the efficacy of an electronic data brokering portal in reducing the amount of time caseworkers spend on eligibility verification activities. With the cooperation of several County JFS offices, OPT conducted a time-study to quantify the potential time savings that could be achieved across

[34] The BMV and The Work Number are both commonly-accessed web portals that require workers to log in individually.

[35] Client Registry Information System – Enhanced (CRIS-E) is ODJFS' client eligibility, enrollment, and case management system.

various document categories. OPT also researched the availability of various databases that Ohio could incorporate into its data brokering tool. Ultimately OPT modeled three scenarios for savings, and, even under the most conservative scenario, projects an extremely strong return on investment from the implementation of an electronic data brokering portal.

Analysis

Verifying beneficiary eligibility is the single most time-consuming activity in a caseworker's day. Due to Ohio's large volume of new applications,[36] a process improvement that increases the speed of SNAP eligibility verification by only a few minutes would still save Ohio millions of dollars. The Ohio Performance Team estimates that developing a data-brokering tool similar to Utah's eFind will have a payback period of less than 1 year, after which Ohio will save approximately **$3,621,000** per year.[37] A data brokering tool will also yield immediate benefits in measures of program quality control and client access.

An electronic data-brokering portal would save caseworker labor in 2 ways:

1. **Existing Datasets.** Consolidating the lookup of existing online data sources to a single portal. At the caseworker level this reduces the number of logins, key strokes, and switches between windows and screens.
2. **New Datasets.** The addition of new online datasets can replace the need to collect certain paper documentation from clients. This eliminates time spent scanning, retrieving and transcribing paper documents, as well as the common occurrence of follow-up communication with beneficiaries who have failed to provide proper documentation.

Additionally, such a tool would bring substantial, but less quantifiable improvements to Ohio in the form of program integrity:

1. **Data Matching.** An instant, bird's eye view of all eligibility data at the point of the client interview will allow caseworkers to more effectively screen applicants. Eligibility data that matches across multiple sources would provide an increased level of assurance. Conversely, electronic data that does not corroborate client statements will allow the caseworker to ask more targeted questions during the client interview or request additional documentation.
2. **Transcription Errors.** Relying on paper documentation allows for the introduction of caseworker transcription errors at multiple points. Caseworkers have the opportunity to misread[38] paper documents and mis-key the information into the CRIS-E system.
3. **FNS Quality Control.** The benefits of data matching and reduced transcription errors should translate directly to improved 'payment accuracy' and 'error rates' as measured by

[36] 669,646 Food Program applications during the 12 months ending November 2012.
[37] The *Savings Projection* section of this report explains in detail how OPT arrived at $3,621,000.
[38] Documents such as pay stubs or proof of rent require especially close attention due to the fact that they rarely appear in a standardized format, and the specific date and time-periods must be accounted for. Additionally, these scanned-in forms can provide a visual strain due to small print and image degradation resulting from multiple copies and scans.

the Federal FNS. Counties should also expect improved benefit 'timeliness,' as clients will have fewer documents to gather and submit.

4. **Internal Controls on Caseworkers.** By consolidating caseworkers' access to data and work environment to a single portal, ODJFS will have the opportunity to log caseworker activity and restrict the range of data searches to information only pertinent to the characteristics of a given case.

Finally, this type of electronic data brokering portal could "future-proof" Ohio's income maintenance programs. If the Federal government were to make substantial rule changes to eligibility verification requirements, or if robust datasets such as those available through the IRS were to become available, Ohio would have the infrastructure in place to instantly adapt. There is substantial value in having in place a modular, expandable eligibility verification platform that would allow Ohio programs to begin immediately capturing the savings from favorable developments in program rules, as opposed to a scenario where the State would be starting from scratch and spending many months of systems development before realizing operational savings.

ODJFS should acquire an electronic data-brokering tool to be used by counties in SNAP eligibility verification. The key steps to operationalizing this recommendation are:

a) **Brokering the Data**. A working group within ODJFS must identify a comprehensive list of databases that could be useful for the administration of income maintenance programs, and then negotiate access and sharing permissions with the owners of these databases. Much of the identification work is already completed.[39]
b) **Developing the Software**.[40] With the end-user in mind, create a portal that consolidates all available electronic datasets into the workflow of the caseworker. If Ohio cannot immediately commit internal personnel to this development project, the development should be contracted out so that the State can start realizing the substantial return on investment as soon as possible.

Note:
It is important to note that while this report is limited in scope to analyzing the benefits of such a tool to the administration of Ohio's SNAP program, the benefits would actually accrue to the county administration of all income maintenance programs, including Medicaid and TANF. As such, the savings and payback period calculated by OPT should be considered a lower boundary.

Savings Projection
Potential savings are presented in three scenarios, beginning with the most conservative assumptions and concluding with the least conservative. The baseline scenario assumes that Ohio can achieve the same benefits that Utah achieved using a data brokering tool. Under the most restrictive assumptions of the most conservative scenario, the development of this tool would pay for itself in less than two years.

[39] A working group within ODJFS identified a list of potential data sources (see **Table B.3** in **Appendix B**). Utah has also published the list of databases used within their eFind system (**Table B.4** in **Appendix B**).
[40] Due to the use of Federal funding for its development, the system code of Utah's eFind is in the public domain and is already in the possession of ODJFS. Utilizing the existing code of eFind as the basis for Ohio's system has the potential to substantially reduce Ohio's development costs.

The savings model is driven by 'reduction-in-minutes'[41] per new application. This is the only assumption that changes between the 3 scenarios. Reduction-in-minutes is translated to a dollar figure by multiplying by an average caseworker wage[42] and the number of new applications received per year.[43] Savings from the three scenarios are presented in **Table 4.1**.

The ROI model in this report assumes that Ohio's system can be developed at the same cost as Utah's eFind product, $2,200,000. It should be noted that it is possible for Ohio to develop such a system at a lower cost than Utah. Utah received a federal grant to fund eFind's development cost, and the terms of the funding require Utah to make the system's code available in the public domain. ODJFS has already obtained this code, and as a result Ohio should be able to develop a similar system for less cost than if the State were starting from scratch.

Table 4.1: Savings Estimate

General Assumptions				
SNAP New Applications	669,646			
eFind Development Costs	$2,200,000			
Case Worker Annual Compensation	45,000			
Hours per FTE	2,080			
Pay Rate Inflation	3%			
Scenario	**Minutes**			**SNAP**
Baseline - Extrapolating Utah's Results to Ohio			Annual Savings	**3,621,883**
Reduction in Minutes per New Application	15		Payback Period	**0.61**
			5-Year ROI	**163%**
Conservative - (Time Study of ID, SSN, Unearned Income)			Annual Savings	1,207,294
Reduction in Minutes per New Application	5		Payback Period	1.82
			5-Year ROI	47%
Aggressive - Real-time Enrollment			Annual Savings	6,519,390
Reduction in Minutes per New Application	27		Payback Period	0.34
			5-Year ROI	296%

Source: SNAP New Applications from JFS query dated Dec-10-2012.
Note: SNAP New Applications projected forward as being equal to actual caseload for the 12 months ending Nov. 2012. Development cost assumed to be done for $2.2 million per Utah's experience.

Baseline Scenario – Replication of Utah's Savings of 15 minutes per Application

[41] 'Reduction in minutes' is the difference between the amount of time it takes caseworkers to complete a new application in the current state versus the time it would take them to complete a case with the aid of an electronic data brokering portal.
[42] Based on State pay range for 'case management specialists.'
[43] The number of new applications is projected forward assuming 669,646 cases annually, which is the amount of food assistance applications approved and denied in the 12 month period ending November 2012.

Since the State of Utah implemented a tool similar to what Ohio would build, and conducted a study of actual operational results, OPT considered the Utah experience the best estimate for the savings Ohio could achieve through OPT's recommendation. After eFind's implementation, Utah's caseworkers saved an average of 15 minutes per application.[44] Translating this savings-per-application to Ohio's caseload would yield approximately **$3,621,000** per year[45] in savings from new applications to the SNAP program alone.

Conservative Scenario – Consolidation of ID, SSN, and Unearned Income Only

In this scenario, OPT assumed that SNAP would benefit by aggregating only the most immediately-available databases. Proof of identification, social security number, and unearned income (from Disability, Unemployment, Social Security, or other public assistance) can currently be verified electronically through various screens within CRIS-E. Much caseworker time is spent cycling through various screens, especially to determine unearned income.

Based on a time-study[46] conducted by the Ohio Performance Team, these three documents require an average of 5.5 minutes to verify electronically. An eFind-type system would query and return results for these types of data in approximately 30 seconds; therefore caseworkers would save 5 minutes per case. Five minutes per case represents $1,207,000 in savings of time spent processing new applications to the SNAP program.

Since these datasets are already being pulled electronically by caseworkers, the savings accrues purely from aggregating the data under a single search result. The $1,207,000 does not account for any potential savings from new data sources, and the time savings presented under this scenario should be considered a lower-bound savings estimate for Ohio's data brokering portal.

Aggressive Scenario – Enrollment at Point of Interview

OPT based the third scenario on an ideal situation wherein all SNAP eligibility verification could be achieved electronically, and the client could be enrolled at the point of interview. This state could not be achieved without several amendments to the program rules for verification. Currently there is no public database that can capture earned income data for all clients, so certain requirements would need to be waived or the clients would need to be verified eligible based on other existing criteria (such as a manner similar to a credit rating algorithm.) Such a fundamental change is not expected in the next few years, but based on OPT's time study this would save approximately 27 minutes[47] per new SNAP application, or $6.5 million annually.

[44] Tricia Cox's presentation from State of Utah. Also in Landsbergen, David. "Modernizing Ohio's Public Benefits and Job Assistance Programs" (2010.)

[45] $3,621,883 = (669,646 cases) * (15 minutes) * ($45,000/yr) * (1 hour/ 60 minutes) / (2080 hours)

[46] See **Table B.2** in **Appendix B** for the results of the time study. 3 counties were sampled for the time study, Franklin, Marion and Wood, in an attempt to represent a range of populations and county processes.

[47] IBID. The figure of 27 minutes for caseworkers to complete all eligibility verification activity associated with a SNAP case is also corroborated anecdotally through interviews with county directors, who estimate that this activity comprises "approximately a half hour" per case.

Conclusion

A tool for electronic eligibility verification will yield substantial cost savings and improve the program integrity of Ohio's income maintenance program administration. The relatively low cost of developing such a tool and the fact that it has already been piloted for several years in Utah mitigates a large portion of the risk from Ohio's perspective. With a payback period of less than two years for even the most conservative scenario projected by OPT, Ohio should move to develop this tool as quickly as possible. Furthermore, development of the data brokering tool should be in consultation with the Office of Health Transformation to prevent the creation of isolated systems.

RECOMMENDATION 4.2: ODJFS should implement a strategy to encourage county agencies to adopt a shared services model for document imaging maintenance contracts in order to achieve savings in the costs associated with administering SNAP.

Financial Impact 4.2: By procuring document imaging services in multi-county groups, ODJFS can achieve more favorable pricing on maintenance contracts, saving a combined **$1,444,560**[48] per year based on the pricing structure currently charged by vendors.

Background

Over the last 15 years the use of electronic document management (EDM), the scanning of paper documents and storage in electronic format, has grown dramatically in both the public and private sector. The benefits of electronic document management over paper document management include:

- Savings on storage space.
- Central availability of documents.
- Faster file indexing and recall.
- Fewer lost documents due to a reduced number of "touches."
- Potential integration with a workflow software product.

In the mid-2000s, ODJFS considered executing a standardized, statewide procurement for a document imaging solution that could be used by counties for administering SNAP and other income maintenance programs. ODJFS ultimately declined to select a vendor, citing reasons such as cost and funding concerns.

In the last several years many counties have adopted their own document imaging systems. The two main document imaging providers currently used by Ohio counties are Northwoods and a JFS System developed at the county level. The functionality of the two systems varies based on both software capabilities and on the features chosen by each county. Northwoods offers a suite of enterprise software that includes functionality for electronic document management, appointment management, electronic forms, and workflow management. The JFS System offers a narrower set of features limited to electronic document management.

[48] Statewide savings from consolidation of server-related and client-related Electronic Document Management (EDM) maintenance fees. See "Analysis" section for detail.

The bulk of new installations by the counties for the County Job and Family Services (JFS) offices were done between 2006 and 2008. The rate of document imaging uptake has slowed in recent years due to tightened budgets. Approximately 18 counties have yet to adopt any kind of document imaging product.

Methodology

The Ohio Performance Team interviewed ODJFS IT staff, document imaging vendor representatives, members of State and County JFS offices, and leaders of peer programs from other states. Document imaging contract information was requested from all eighty-eight counties and responses were received from fifty-seven of them. Those responses yielded information about variance in unit-pricing across the State, as well as information about the pricing structure as it relates to end-user clients of Northwoods. Conversations with the counties comprising the Collabor8[49] cluster provided a model, and successful case study, of how counties can achieve cost-savings by adopting a shared service model in their electronic document management.

Analysis

Counties that use document imaging report that the systems have improved the efficiency and effectiveness of service delivery. Due to SNAP's administrative structure in Ohio, counties are responsible for procuring their own document imaging systems. Because of this independent procurement, County JFS offices are not deriving the maximum value for their money spent on electronic document management. This piecemeal procurement puts counties at a disadvantage in achieving the best possible price from document imaging vendors. Ohio is losing value in three ways:

1. **Scale** –
    a. *Server-based licenses*. Many of Northwoods' maintenance licenses are based on features related to the EDM system's server. Individual counties generally maintain their own server, bearing the full burden of the myriad of licensing fees associated with that server. A savings opportunity exists for counties willing to share a server—the server related license fees only have to be paid once, and that overhead can be split among multiple counties. The Collabor8 cluster is realizing substantial savings from consolidating server licenses.

    b. *Client-based licenses*. Software maintenance agreements offered by the major document imaging vendor in Ohio use a tiered pricing structure that provides discounts as counties enroll higher numbers of user-clients. Under Northwoods' pricing structure, it is less expensive to enroll more user-clients in the same maintenance agreement than it is to split that same amount of users into multiple contracts. By procuring individually, counties are unable to take advantage of Northwoods' discounted pricing at the higher numbers of user-clients.

[49] Collabor8 is a shared-services cluster of seven JFS county offices: Wood, Sandusky, Hancock, Marion, Morrow, Delaware, and Knox Counties.

2. **Decentralization** - The situation whereby Ohio counties are procuring in a vacuum has resulted in counties paying differing rates for the same set of features. The per-unit price for the same service can vary by as much as 100% between counties, even after accounting for quantity-discounts. See **Table B.1** in the **Appendix B.**

3. **Functionality** – Though over 60 counties are using nearly identical Northwoods and JFS products for document imaging, fewer than 25 percent of these counties have integrated in a way that allows them to share documents between counties. In addition to the cost savings on maintenance contracts, sharing document imaging services would open up opportunities for counties to share client documents across county borders.

   A shared-service model for document imaging also opens the possibility for inter-county case-banking. Case-banking is the practice of managing cases in a workflow environment where a pool of caseworkers is available to work on a single case at any given time, rather than the traditional model where a single caseworker is assigned to a case for the duration of its life. The operational intent of case-banking is to facilitate a more even distribution of workload and to reduce idle time among caseworkers.

ODJFS should implement a strategy to encourage counties to adopt a shared-services approach to their procurement of electronic document management. ODJFS' proactive leadership in promoting examples of existing inter-county shared services arrangements and leveraging of the IT expertise of the ODJFS Office of Information Services could significantly reduce costs statewide. In practice, since most counties have already incurred the up-front "build" costs of their document management systems, this means restructuring and renegotiating the terms of their maintenance contracts to take advantage of scale. Counties should also be made aware of the unit pricing offered to other counties throughout the State. The Ohio JFS Directors Association is well-positioned to facilitate the distribution of this contract information.

Three actionable steps immediately available to Ohio's SNAP program are:

STEP	IMPACT
1. Forming arrangements for counties to share document imaging servers. This will save costs through the avoidance of duplicative server-based license fees. Sharing a server also opens the possibility of other operational efficiencies such as case-banking among counties.	$978,000
2. Consolidating maintenance agreements in order to achieve scale in user-client instances. This will save costs by taking advantage of vendors' tiered pricing structure.	$466,560
3. Compiling and distributing a database of individual counties' EDM maintenance fees. Awareness of the "unit prices" for EDM features across Ohio will allow counties to bargain from a more informed position.	TBD
Total Savings	**$1,444,560**

Implementation Note: ODJFS Office of Information Services (OIS) is currently engaged in a series of upgrades to JFS' IT infrastructure. An ongoing upgrade to data line bandwidth and a move to virtual server architecture in JFS data centers, scheduled for 2013 completion, should both facilitate and lower the cost for counties to host their shared document imaging centrally in

Columbus. Exactly how OIS structures this server-hosting arrangement into their service level agreements with counties is an issue for further study.

Savings Projection

Server Based Licenses

Some counties in Ohio are achieving savings through the consolidation of server licenses. The Collabor8 cluster of 7 counties in Northwest Ohio recently began sharing a single server, and as a result these counties are significantly trimming the amount of server license fees they owe. Previously, when each county operated its own sever, it independently paid Northwoods several server-based license fees (which themselves each total $10,000+ annually.) In 2013 the Collabor8 counties will owe approximately $163,000 less than they did in 2010, all attributable to the reduction of server licenses.

If the rest of the State were to follow Collabor8's lead and consolidate document imaging servers to the point where a single server on average services 7 counties, Ohio could save an estimated $978,000 per year from server-based license fees associated with Northwoods EDM.[50]

Of the 45 Ohio counties using Northwoods, we exclude the major metros, which have already achieved significant scale. Arranging the remaining counties into 6 clusters (42 remaining Northwoods users divided by 7-county clusters = 6) and multiplying by the $163,000 savings Collabor8 achieved equals $978,000. If the shared service clusters were to accommodate more or less than 7 counties, the savings could actually be greater or less than $978,000.

Client Based Licenses

To determine the cost savings potential from consolidation of client-based licenses, OPT considered a typical pricing structure for 4 features offered by Northwoods (pricing taken from an actual invoice for Lawrence County, which is at approximately the Ohio median in terms of county population, county SNAP applications, and Northwoods pricing.) With the Northwoods Onbase Workflow product, the first 20 instances of client-based licenses purchased cost $300 each, the next 30 instances purchased cost $240 each, and all instances purchased after that cost $192 each. The three other products follow a similar tiered pricing structure.

Table 4.2 below presents two scenarios for the procurement of four Northwoods features.

[50] Note that we exclude from this analysis the 3 metros, Cuyahoga, Franklin, and Hamilton Counties, which on their own achieve significant scale.

Table 4.2: Comparison of Independent and Combined Procurement Scenarios

		Scenario 1		Scenario 2	
		7 Counties Procuring Independently		*7 Counties with Combined Procurement*	
Item	**Unit Price**	**Quantity**	**Price**	**Quantity**	**Price**
Onbase Workflow Named User Client SL					
1 to 20 clients	$300.00	140	$42,000	20	$6,000
21 to 50 clients	$240.00	210	$50,400	30	$7,200
51 to 100 clients	$192.00	77	$14,784	377	$72,384
Sub Section Total		427	$107,184	427	$85,584
Compass Appointments					
1 to 5 clients	$600.00	35	$21,000	5	$3,000
6 to 25 clients	$300.00	140	$42,000	20	$6,000
26 to 100 clients	$216.00	287	$61,992	437	$94,392
Sub Section Total		462	$124,992	462	$103,392
Compass Capture Scan Station					
1 client	$1,200.00	7	$8,400	1	$1,200
2 to 5 clients	$840.00	28	$23,520	4	$3,360
6+ clients	$480.00	308	$147,840	338	$162,240
Sub Section Total		343	$179,760	343	$166,800
Compass Forms					
1 to 5 clients	$600.00	35	$21,000	5	$3,000
6 to 25 clients	$300.00	140	$42,000	20	$6,000
26 to 100 clients	$216.00	252	$54,432	402	$86,832
Sub Section Total		427	$117,432	427	$95,832
Grand Total for 4 Features			$529,368		$451,608
7-County Savings from Combined Procurement					$77,760
Extrapolated Across 42 Counties using Northwoods					**$466,560**

Source: Lawrence County maintenance contract dated 5/21/2012

The first scenario presented represents a situation similar to Ohio's current state. Seven counties are entering into maintenance contracts independently, and each county purchases the maximum number of licenses at the highest and second highest unit price.

The second scenario presents a hypothetical if counties were to purchase their client maintenance fees under a single agreement. The number of instances where the highest and second highest prices are charged may be reduced dramatically in the combined procurement scenario, where the bulk of the client licenses can be purchased at a lower unit price.

The potential savings on client-based licensing at these prices would save $77,760 across these seven counties. Extrapolating these savings across six[51] seven-county clusters would yield $466,560 in savings for Ohio. If counties organize into larger clusters for shared servers, the potential savings will be greater.

Functionality

By procuring document imaging in groups, counties can ensure their imaging solutions share a standardized taxonomy and a compatible group of features that would allow counties to "talk" to each other. Two major operational gains would result from this compatibility:

1) SNAP case documents could be instantly accessed by a new county office any time a client changes residences across county borders. Compare this to the current state in most counties where verification documents must be manually transferred any time a client moves to a new county. Manual transfers are time and labor intensive, and imaging system compatibility between counties would greatly increase efficiency in these cases.
2) County JFS offices would have the option of operating in an inter-county case-banking model. Case-banking in the County JFS offices is the practice of sharing workflow among a pool of staff versus the traditional "batching" model where a single caseworker is permanently assigned to a particular SNAP client.

The Collabor8 shared services cluster is an example of inter-county case-banking in practice. Every caseworker in each of the seven counties is available to work on SNAP cases originating in any of the seven counties. Benefits of case-banking cited by Collabor8 include less idle-time among caseworkers and the built-in redundancy that ensures cases are still processed in the event of a single county experiencing down-time (such as power failure or office training events.)

Conclusion

In the absence of a standardized, statewide document imaging solution, Ohio counties should take tactical steps to reduce annual maintenance fees to vendors. Sharing services and combining bargaining power is a practical and proven route to achieving savings in the current environment. The ODJFS program offices and the Office of Information Services should adopt leadership roles in facilitating these inter-county arrangements and in providing IT infrastructure solutions.

[51] Using the same assumptions as for server-based licenses.

RECOMMENDATION 4.3: ODJFS should apply for a federal waiver to allow it to engage in electronic notifications in lieu of paper-based Supplemental Nutrition Assistance Program (SNAP) notifications. Furthermore, as the Office of Health Transformation (OHT) develops the requirements for the State's new benefits eligibility system it should ensure that the system is capable of sending all SNAP client notifications electronically. Finally, once the federal waiver has been granted and the benefits eligibility system has been implemented, ODJFS should seek to employ strategies that maximize the number of clients opting into the electronic notifications.

Financial Impact 4.3: If ODJFS were able to achieve an electronic notification adoption rate of 10 percent the Department would save approximately $108,000 annually; a 10 percent adoption rate is what the State of Utah SNAP has initially experienced. If ODJFS were able to achieve an electronic notification adoption rate of 40 percent the Department would save approximately $437,000 annually; a 40 percent adoption rate is what Utah's SNAP currently experiences. If ODJFS were able to achieve an electronic notification adoption rate of 55 percent the Department would save approximately **$603,000** annually; a 55 percent adoption rate is what the ODJFS Office of Unemployment Compensation (OUC) currently experiences with its Ohio Job Insurance (OJI) system.

Background

ODJFS Supplemental Nutrition Assistance Program (SNAP) currently notifies and solicits interaction with its clients and potential clients through paper-based notification. At this time ODJFS does not have a system in place that would allow for electronic notifications. However, the Office of Health Transformation (OHT) is currently in the process of developing requirements for a new benefits management system which would include all of SNAP case management. Examples of notifications currently provided by the Department include notice of: initial interview, missed interview (where applicable), benefits determination, and interim report.[52] All Department notifications are processed, printed, and mailed by the Ohio Department of Administrative Services (DAS). **Table 4.3** shows ODJFS SNAP notifications, breakdown of cost, and total notifications cost for the last three complete state fiscal years available at the time of the audit (SFY 2008-09, SFY 2009-10, and SFY 2010-11).

[52] ODJFS did not provide a comprehensive listing of all notifications provided to SNAP clients. Furthermore, notifications are sent to clients by both the Department and the local county department of job and family services (CDJFS).

Table 4.3: SNAP Notifications Cost Estimate (SFY 2008-09 to SFY 2010-11)

Notices by State Fiscal Year	SFY 2008-09	SFY 2009-10	SFY 2010-11
Initial Interview	685,334	691,915	657,882
Determination Notice	685,334	691,915	657,882
Missed Interview	110,231	151,863	104,526
Interim Report [1]	0	22,975	889,575
Total Mailed Notices	**1,480,899**	**1,558,668**	**2,309,865**
DAS Fulfillment Cost	$0.0680	$0.0680	$0.0680
DAS Postage Cost	$0.3740	$0.3740	$0.3740
DAS Presort Cost	$0.0051	$0.0051	$0.0051
DAS Mainframe Printing Cost	$0.0300	$0.0300	$0.0300
Estimated Cost per Mailed Notice [2]	**$0.4771**	**$0.4771**	**$0.4771**
Total Mailed Notice Cost Estimate	**$706,536.91**	**$743,640.50**	**$1,102,036.59**

Source: ODJFS caseload data, missed interview notifications data, interim report notifications data, and Department-reported DAS printing cost

[1] Interim report notices were first sent out in April 2010 and are an ongoing effort for ODJFS.

[2] In this calculation, mainframe printing cost is assumed to be uniformly one sided to provide a more conservative estimate of cost associated with mailed notices; two-sided notices are $0.06 per unit.

As shown in **Table 4.3** the Department issues a conservatively estimated 2.3 million paper-based notices per year at a total approximate cost of $1.1 million. Based on historical trends the baseline of approximately 2.3 million annual notices is expected to continue for SFY 2011-12 and beyond.

Methodology

Outreach and analysis was conducted to other state SNAP departments to identify which, if any, states have implemented SNAP electronic notifications, what barriers were identified to implementation, and the expected adoption rate for clients opting in to electronic notifications. Furthermore, information was gathered on the general benefits and potential adoption rates experienced in other government entities that have implemented electronic communication. Finally, cost savings associated with implementing an electronic notification system were estimated based on ODJFS' current paper-based notification cost and private sector vendor price quotes for similar volumes of email communications based on potential client adoption rates.

Analysis

States are not allowed to engage in mandatory electronic notifications for SNAP clients nor are they allowed to engage in a system of client opt-in electronic notifications without permission (i.e., a waiver) from FNS.[53] States are permitted to seek a federal waiver from FNS to allow for the implementation of client opt-in electronic notifications. According to the FNS SNAP waiver database there are currently six states that have been granted federal waivers to do so and these

[53] www.fns.usda.gov/snap/rules/Waivers/default.htm

six states include: Arizona, Florida, Mississippi, New Hampshire, Utah, and Washington. The waiver approval notes for Arizona and New Hampshire specifically indicate that the agencies will have to mail paper notices to clients for: notice of overpayment, notice of fair hearing, and notice of intentional program violation (IPV). Although the other four state waiver notes do not specifically address these same constraints it is assumed that they would apply to these states as well as Ohio regardless of whether they are specifically noted in the waiver database.[54]

Of the six states with electronic notification waivers Florida, New Hampshire, and Utah were the only states that were able to be verified as having implemented a system of electronic notifications.[55] Other states were identified as being in various stages of development with waivers in place as a precursor to implementation. For example, Washington's SNAP is in the process of implementing a system that can generate the notifications as an electronic file in portable document format. This capability is expected sometime in CY 2013 and will coincide with the launch of electronic notifications. Utah has had a system of opt-in electronic notifications for about two years.[56] Initially Utah allowed clients to receive both a paper notification and an electronic notification; the initial adoption rate was about 10 percent. To boost adoption rates, Utah made the client's ability to view electronic notifications contingent upon the opting-in to full electronic notifications; the adoption rate is now about 40 percent. Utah is again moving to boost adoption rates by making use of the client electronic case management function, known as "MyCase", contingent upon the acceptance of the electronic notification option. Representatives from Arizona, Florida, and Utah all noted the potential for cost savings coupled with the potential for improved customer service. In all cases electronic notifications are being implemented as part of a general modernization effort focused on improving or replacing the current generation of benefits and case management systems.

The FNS, in its recent report *Building A Healthy America: A Profile of the Supplemental Nutrition Assistance Program* (April 2012), noted that "many states have reorganized and modernized administrative processes and functions in response to increasing caseloads, budget constraints, and state legislative initiatives." Further, the report identifies that "the most effective modernization efforts have focused on increasing access, improving customer service, and enhancing administrative efficiency…" One of the ways that states have been able to restructure administrative functions is through online application and benefits tools. The report highlights that "most states have implemented or plan to implement" these expanded technology applications.

In May 2012 the Social Security Administration (SSA) began allowing eligible workers and beneficiaries to opt-in to access an online version of the social security statement in lieu of the traditional mailed paper statement. By the end of June 2012 SSA reported that over 1 million

[54] None of these three notification types are taken into account by the notifications shown in **Table 4.1** so no adjustments are warranted.

[55] Although representatives from all three states verified the implementation of electronic notifications, Utah was the only state that was responsive to requests for data on actual adoption rates for electronic notifications.

[56] According to representatives from Utah SNAP, FNS requires the state to report the amount of time it takes a client to view a notification. Furthermore, Utah has also established a business rule that if an electronic notification is returned undeliverable five times within a 24 hour period the receiving client will be dis-enrolled from electronic notifications and will need to re-opt for these notifications.

people had opted-in for the online social security statement. SSA touted the ease and efficiency of the online statement while also noting that workers under the age of 25 are now able to access this important information. Traditional paper statements are only mailed to workers after the age of 25 while online statements are available to all workers of at least 18 years of age. Finally, SSA noted that the online social security statement had received a user satisfaction score consistent with its other "top-rated, best-in-government online services".[57]

The ODJFS Office of Unemployment Compensation (OUC or the Office) has implemented electronic notifications as a component of its Ohio Jobs Insurance (OJI) system. Since the implementation of OJI, the Office has experienced improved case management capacity and timeliness, processing an average of 150,000 more cases per year since OJI and significantly improving timeliness for all cases processed.[58] Although OUC's program benefits extend beyond those able to be realized through just the implementation of electronic notifications, the Office has also achieved an average adoption rate of approximately 55 percent for electronic notifications.

As previously noted, OHT is in the process of developing system requirements for a new state-wide benefits management system which would include SNAP. In order to estimate the cost/benefit profile of electronic notifications relative to paper notifications, a scan of private sector vendor services and price quotations was used as a proxy for actual cost. **Table 4.4** shows an estimate of the potential net cost savings of switching to electronic notifications.

[57] As of June 29, 2012 SSA reported an American Customer Satisfaction Index average score of 89.

[58] OUC's average timeliness (i.e., processed in 21 days or less) improved by an average of 20.0 percentage points for non-separation cases and 33.7 percentage points for separation cases after the implementation of OJI.

Table 4.4: Potential Net Cost Savings by Adoption Rate

Estimated Annual SNAP Notices [1]			**2,312,690**
Estimated Annual Paper Cost [2]			**$1,103,384.36**
Adoption Rate	**Paper Notices Avoided**	**Estimated E-Notice Cost**	**Net Savings**
10 Percent [3]	231,269	$2,771.40	$107,567.04
40 Percent [3]	925,076	$4,560.00	$436,793.74
55 Percent [4]	1,271,979	$3,539.40	$603,322.00

Source: ODJFS SNAP notices data, Department-reported DAS printing cost, reported adoption rates for electronic notifications, and vendor cost quotations

Note 1: The vendor quotations are for email communication services and include: Amazon Web Services, Benchmark, Constant Contact, Elastic Email, Mailchimp, Mailgen, and Stream Send.

Note 2: Vendor quotations were categorized by monthly email volumes of up to 50,000; 100,000; 150,000; and 200,000. Not all vendors had quotation information available and applicable to all volume estimates so the estimated cost is based on the median value of the monthly vendor quotes multiplied by 12 months.

[1] Annual SNAP notices reflects estimated demand based on historical experience shown in **Table 4.3**.

[2] Annual paper cost is reflective of the composite per notification cost shown in **Table 4.3**.

[3] A 10 percent adoption rate is reflective of Utah SNAP's initial rate while a 40 percent adoption rate is reflective of the current rate.

[4] A 55 percent adoption rate is reflective of the rounded average annual adoption rate experienced by ODJFS OUC over the last three complete fiscal years.

As shown in **Table 4.4,** ODJFS could derive a significant financial benefit from even a 10 percent adoption rate for electronic notifications. Specifically, the Department could save an estimated $108,000 annually with a 10 percent adoption rate, $437,000 annually with a 40 percent adoption rate, and **$603,000** per year with a 55 percent adoption rate.

Conclusion

ODJFS currently sends all SNAP notifications in paper form through the United States Postal Service. Leading practice state programs have improved efficiency and reduced costs by offering electronic notifications as an alternative to paper and by encouraging their use. Current technology constraints prevent the Department from pursuing this option, but a planned upgrade to Ohio's benefits eligibility system will provide ODJFS with an opportunity to modernize its notification delivery methods.

ODJFS SNAP could derive significant benefits from implementing electronic notifications such as direct cost savings and increased administrative efficiency. In an enhanced benefits management system model, such as Utah SNAP's "MyCase", ODJFS could further increase adoption rates by employing additional strategies such as allowing online case management only for beneficiaries who opt-in for electronic notifications.

RECOMMENDATION 4.4: ODJFS should begin tracking performance information at the county level pertaining to the time caseworkers spend enrolling SNAP applicants and the error rates in the SNAP program.

Financial Impact 4.4: N/A. Management Recommendation.

Background

SNAP and other income maintenance programs in Ohio are administered at the county level, and county-level management possesses a wide amount of discretion in the operational choices they make for program management in their county. The result of this structure is that business processes and ground-level operations vary widely across the State.

The client interview function is one example of a business process that varies by county. For example, Hamilton County performs traditional in-person interviews at the County JFS office, while Franklin County uses phone interviews.

Despite several disadvantages,[59] the decentralized county-administered organization of income maintenance programs in Ohio has one major benefit: counties have the opportunity to learn from various successes and failures occurring in other counties across the State. Each county is, in effect, a lab that is running an experiment for the discovery of efficient SNAP administration practices.

Eighty-eight counties could be providing a plethora of information about the efficacy of different operational practices and technologies. Unfortunately, Ohio does not currently capture the fundamental performance metrics that would enable a robust comparison among counties.

Two essential performance measures for inter-county comparisons of SNAP administration are:

1. Unit cost of enrolling a beneficiary in the program (cost per case.)
2. Quality of work product as measured by Quality Control (QC) statistics such as error rate and timeliness.

Neither metric is currently tracked in Ohio at the county level.[60]

Methodology

To make data-driven recommendations for program improvements to SNAP, OPT initially sought out benchmarks and metrics that could form the basis of comparison among counties and among other states. OPT hypothesized that modernization efforts and business process improvements would generally correlate with high performance across various benchmarks. While there has been a wide array of modernization efforts and process improvements implemented across Ohio counties and nationwide, there is a dearth of quantitative evidence that would allow OPT to assess the efficacy of these process improvements. This lack of useful performance data led to a recommendation to collect data for use in program evaluation.

[59] E.g. the inefficiencies that arise in procurement (explained in other sections of this report.)
[60] With the exception of the Timeliness component of QC.

Analysis

OPT attempted to answer fundamental questions regarding SNAP benefit delivery:

- Which counties have the best Quality Control ratings?
- Which counties spend the least amount of caseworker time (and by extension costs) processing SNAP applications?
- Which technologies and process improvements, after implementation, have had a positive impact on program costs and QC?

This type of meaningful county-level SNAP performance data is not tracked in Ohio. Without insight into these questions, ODJFS is limited in its ability to cultivate an environment of continuous improvement in the administration of SNAP and other income maintenance programs.

Further, by failing to measure and compare operational performance among counties, Ohio is negating one of the major advantages of a county-administered system: the feedback loop that can occur as administrators learn from pilot projects carried out statewide.

This situation could be remedied if ODJFS begins collecting two simple performance metrics for every county:

1. Caseworker time per case (and by extension unit cost per case.)
2. Error rates in benefit payments.

Unit cost per Case

Unit cost per case is a function of the amount of time a caseworker actually spends working on a SNAP application. Tracking the unit cost per case from the ground up will require a software solution, and the most logical point to operationalize such a system is in conjunction with the development of CRIS-E's replacement. The capability to track the amount of time a caseworker spends on a case should be specified in the procurement documents of the vendor.

ODJFS should publish this data at frequent intervals and facilitate 'before-and-after' analysis any time a county makes a non-trivial change to their business processes.

This unit cost data should be incorporated into the statewide budgeting process for County JFS operations. Similar to a third-party medical insurance payer setting a fixed reimbursement rate for a given procedure, county SNAP administration (and those of other income maintenance programs) could be funded on a per-case basis based on a rate that is a function of a statewide average. Under this funding structure, lower-performing counties would be incentivized to adopt business process improvements (because their reimbursement rate would not cover their costs) and higher-performing counties would be rewarded (because they would be reimbursed at rates that exceed their actual expense.) As in the case of insurance reimbursements, the reimbursement rate could be adjusted to reflect differences in counties' business environments such as higher worker wages in urban areas or difficulty of case population.[61]

[61] E.g. counties with significant non-English speaking populations.

Error Rates

Error Rate, taken in consideration with Timeliness,[62] measures the quality of county SNAP administration.

The Food and Nutrition Service (FNS) distributes both bonuses and fines to states based on their statewide Quality Control (QC) ratings. Because the FNS incentivizes strong QC ratings, it is beneficial for ODJFS administration to know which counties are contributing positively and which are contributing negatively to Ohio's overall QC rating. Currently, there is no visibility into individual counties' QC ratings due to the sampling method Ohio uses to report QC to FNS.[63] By obtaining a statistically valid measure of QC in each county, the SNAP program in Ohio can achieve two benefits:

- The ability to distribute any FNS bonus awards to the counties which actually contribute positively to Ohio's overall QC score.
- The ability for County JFS administrators to gain essential feedback regarding their own operational performance, and make necessary adjustments in real time to serve their constituents.

As an additional consideration, if the State intends to continually reduce costs at the county level, administrators also need to closely monitor QC. Cost-savings at the expense of acceptable error rates and timeliness would be counter-productive and costly.[64]

The determination of an acceptable level of QC is beyond the scope of this report and ODJFS will ultimately have to make that determination. QC levels that qualify Ohio for monetary bonuses from FNS may constitute a logical target.

Using Performance Metrics for Management Decisions

To fully understand the usefulness of measuring unit costs per case and error rates, OPT considered the essential services that counties perform in administering SNAP:

- Verifying eligibility of applicants for food assistance, and
- Enrolling those who qualify for benefits in an accurate and timely manner.

Without visibility into their own QC outcomes, counties have no benchmark against which to judge whether they are fulfilling core functions as it pertains to accuracy (error rates).

[62] Defined by USDA FNS as the percentage of eligible applicants enrolled in food benefits within 30 days.
[63] In Ohio's FNS QC sampling process, Ohio's SNAP caseload is considered as a single pool without regard to county boundaries. As such the random samples are drawn disproportionately from Ohio's high-population metro counties. So while the FNS samples drawn from the major metro counties are large enough to estimate those counties' overall error rates with a degree of statistical significance, most other counties do not contribute a large enough sample of cases to the FNS testing to allow for significant statistical inference into the error rates of those counties' individual caseload.
[64] Historically approximately only 10% of overpayments are recovered by the SNAP program in Ohio.

In addition to administering SNAP with a high level of QC, it is also explicitly stated by the State Administration[65] that income maintenance programs in Ohio should strive to deliver services in the most cost effective manner. Before evaluating cost-effectiveness, counties need to simply understand their costs of processing a SNAP case. In cost accounting terminology, the processing of a SNAP case would be the "cost object," the product whose cost needs to be measured on a unit-basis.

At the ground-level administration of SNAP in the counties a method to robustly measure cost-per-case has not been developed. In managing operations and evaluating process improvements, county administrators rely on heuristics and impressions, such as judging whether a backlog is beginning to develop or whether caseworkers are experiencing excessive idle-time.[66] These judgments have value, but a data-driven approach would remove subjectivity and allow for more robust analysis.

It is possible in Ohio's state accounting system to query SNAP expenses by county, and divide that figure by the number of county SNAP applications to arrive at a cost-per-case figure. This data is not used to guide budgeting decisions. Budgets awarded to County JFS offices are allocated from the total Ohio budget for SNAP and other income maintenance programs. County JFS budgets are as much indicative of Ohio's overall fiscal situation and legislative makeup as they are indicative of money that is needed to accomplish the mission of the county-administered programs. Once county allocations are made, the administrators of the counties have little incentive not to spend their entire budget. During interviews with OPT, a common mindset among county administrators was that they will generally "find a way" to spend their allocation so their basis for next year's budget will not be reduced. For these reasons dividing county SNAP administrative expenses by the number of SNAP cases does not produce a metric that is useful for evaluating program performance.

Conclusion

Ohio does not track fundamental data needed for meaningful performance evaluation and continuous improvement in the administration of SNAP. Due to a lack of robust data, Ohio is missing an opportunity to properly evaluate a variety of innovate modernization efforts taking place across the counties. ODJFS should address this problem in two ways:

1. The forthcoming replacement to CRIS-E should incorporate a feature that tracks "time per case" at the caseworker level.
2. ODJFS should begin tracking Quality Control error rate data at the county level.

These two fundamental metrics if properly measured and collected at the county level, would allow ODJFS to evaluate the effectiveness of operational innovations across the State. The county-level collection of error rates and time-per-case could significantly improve program

[65] The Governor's 2011 "Management Efficiency Plan" (MEP)

[66] The exception to this rule occurs in certain counties with call-center technology that is able to measure operator idle time. Even in these cases, though, there is a large portion of caseworker duties that take place outside of the call-center system and which are not accurately measured.

evaluation in Ohio, so the capability of logging the time caseworkers spend on income maintenance applications should be integrated into the CRIS-E replacement.

ISSUE FOR FURTHER STUDY 4.1: Consolidated Benefit Card

Although ODJFS currently uses a single application to determine eligibility for several benefit types, including TANF and SNAP, the benefits are issued separately and on different types of cards. There are a large number of applicants who are eligible to receive benefits from multiple programs and are therefore issued multiple cards. These redundancies create opportunities for savings and efficiency for both recipients and the state.

Many states and stakeholders have studied the benefits and challenges of using a single card for all cash and food assistance benefits. Advances in technology and constraints on state budgets have led to increased interest in the benefits of a single card solution. The state of Utah adopted a single benefit card in 2012. A study published by MasterCard Worldwide concluded that the potential benefits of a single card include:

- **Efficient benefit delivery** – A single card allows for simplified administration as the state can select a single card vendor and manage benefit delivery with a single management organization and reduce costs by eliminating redundant functions such as customer service and oversight.
- **Usability** – a single card would be convenient for end users (vs. multiple cards) and reduce the public stigma associated with welfare benefits.
- **Fraud, theft, and abuse –** Savings can be realized by improved analytics to detect fraud and abuse.

It is recommended that ODJFS continue to monitor developments in Utah to help determine how best to leverage successes and minimize challenges to deliver services via a consolidated benefits card. ODJFS should also continue to engage stakeholders in weighing the costs and benefits of a consolidated benefits card for cash and food assistance in Ohio.

APPENDIX B: Supplemental Information for Section 4 - SNAP

Table B.1: Example of Cross-County Variance in Northwoods Pricing

County	Lawrence	Perry	Adams	Crawford	Geauga	Madison	Preble	Richland
Vendor	Northwoods	Northwoods	Northwoods	Northwoods	Northwoods	Northwoods	Northwoods	Northwoods
Invoice Date	5/21/2012	4/13/2011	8/24/2011	4/18/2012	4/26/2011	10/3/2012	6/20/2012	9/15/2012
	Unit Prices							
Compass Capture Scan Station								
1	$1,200	$1,600	$1,600	$800	$1,440	$1,200	$1,200	$960
2 to 5	$840	$1,120	$1,120	$560	$1,008	$840	$840	$672
6+	$480	$640	$640	$320	$576	n/a	$480	$384
Compass Forms								
1 to 5	$600	$800	$800	$400	$720	$600	$600	$480
6 to 25	$300	$400	$400	$200	$360	$300	$300	$240
26 to 100	$216	$288	$288	$140	$259	n/a	$216	$168

Source: County document imaging maintenance contracts provided in response to AOS request.

Table B.2: Ohio Performance Team Time Study

Document Category	Min	Max	Avg
client checklist	1.50	3.32	2.45
earned income	0.50	11.32	4.41
employment	0.28	8.73	2.28
identification	0.15	4.33	0.95
resources	7.83	7.83	7.83
shelter	0.30	10.17	2.67
social security	0.17	1.83	0.82
unearned income	0.67	11.07	3.73
utility	0.47	1.75	1.21
(blank)	0.62	0.87	0.74
Grand Total	12.48	61.22	**27.10**
ID+SSN+Unearned Income	0.98	17.23	**5.50**

Source: OPT time study conducted in Wood, Marion, and Franklin Counties.
Note: Data in minutes. 74 total cases observed.

Table B.3: Electronic Datasets Identified by ODJFS Working Group

CRIS-E Data Exchanges	
Organization	Description
ODJFS	SETS
ODJFS	SACWIS
ODJFS	SCOTI
ODJFS	eICMS
ODJFS	BOSS-OFIS Warrant Issuance
EBT Vendor	Food stamp issuance (outbound), demographics (outbound) and status (inbound).
Treasurer of State	Warrant status
Ohio Department of Education	School district of enrollment/residence
Ohio Department of Taxation	Claimant collections, status and debts
HHS	Time limits
USDA/FNS	Claimant collections, status and debts
Stellware	Ohio New Hire Data
Ohio Bureau of Vital Statistics	
Ohio Bureau of Workers Compensation	
Ohio Department of Youth Services	
Ohio Department of Rehabilitation and Correction	
Ohio Department of Public Safety	LEADS and National Crime and Information Center
ODJFS	Ohio Job Insurance system SWICA and UC data
IRS	Unearned Income
USDA/eDRS	SNAP food stamp violations
Federal Office of Child Support	Ohio New Hire Data
US Department of Commerce – National Technical Information Services (NTIS)	National Death Data
SSA	Bendex, SDX/SSI, 40 qtrs, Enumeration, SVES Responses.
Public Assistance Reporting System (PARIS)	Interstate, VA, Federal Employees and active duty/retired military eligibility.

Source: Output of JFS working group. Provided by Kara Bertke-Wente

Table B.4: Electronic Datasets Utilized through Utah's eFind System

Source	Batch / Real Time	Comments
FEDERAL		
Social Security		
SOLQ	Real Time	
Bendex, SDX, SVES	Batch	
Qualifying Quarters	Upon request by worker	
Prisoner	Batch file (2X per month)	
SVES Cit/ID	Batch	Upon request by worker *(adding Oct '10)*
PARIS	Batch file – Once a quarter	(VA, Fed/Military Income & Interstate Matches)
Alien Registration (SAVE)	Real time	Homeland Security
Food Stamp Disqualification (DRS)	Batch file (Monthly)	DRS file from FNS
National Directory of New Hires	Batch file (1X per month)	TANF cases only – from ACF
STATE		
State New Hire Registry	Batch file (Daily)	Utah's CATS in our data warehouse.
State Quarterly Wages	Batch file (Daily)	Utah's CATS in our data warehouse.
State Unemployment Insurance	Batch file (Daily)	Utah's CUBS in our data warehouse.
Child Support	Real time	Office of Recovery Services
State Motor Vehicles	Batch file (Daily)	Within 24 hrs from Utah DMV
Employment Plan (TANF/FS)	Batch file (Daily)	Utah's UWORKS in our data warehouse.
State Worker's Compensation	Batch file	Once a month from Utah DOL
PACMIS (Eligibility System)	Real-time	(Legacy system is being phased out.)
eREP (New Eligibility System)	Real time	
LIHEAT	Batch file – monthly	(Utility Assistance – Shelter cost for Food Stamps)
State Drivers License	Batch file – Within 24 hrs	Utah Driver License Division
BEER/IVES	Batch file	1X per year
Utah Vital Statistics	Real-time	Birth and Death Records
OTHER		
The Work Number (TALX)	Real-time	Web interface for employment/wage verification.
Child Care Providers	Real-time	(License Exempt) Internal system to Utah provider
Public Housing	Batch files (Weekly)	Agreements with 8 local housing authorities.

Source: Tricia Cox's presentation from State of Utah

5. MEDICAID PROVIDER CERTIFICATION AND ENROLLMENT

SUMMARY

Savings 5.1: $427,310

Finding 5.1: A siloed Medicaid provider C&E process requires more staff and resources relative to a streamlined process that takes advantage of economies of scale.

Recommendation 5.1: As the State-wide Medicaid functions are consolidated under the purview of a single Medicaid entity, currently referred to as the Ohio Department of Medicaid, the current network of Medicaid provider certification and enrollment (C&E) should be consolidated as well. Implementation of a single team of C&E generalists supported by specialized support experts would allow for improved workload efficiencies and much lower cost to provide this necessary function.

Financial Impact 5.1: Consolidating Medicaid provider C&E into a single group of generalists supported by a single specialized support expert from each functional area would save approximately **$427,310** annually.

Issue for Further Study 5.1: As the State-wide Medicaid functions are consolidated under the purview of a single Medicaid entity, currently referred to as the Ohio Department of Medicaid, opportunities to eliminate unnecessary, duplicative data entry should be explored. Options could include streamlining the current form requirements or implementing technologies which would allow additional forms to be automatically populated based on previously entered information unique to each provider.

Medicaid Provider Certification and Enrollment (C&E)

Note: This recommendation was issued as part of the ODJFS interim report dated March 21, 2013

Overview

Ohio Medicaid is administered by the Ohio Department of Job and Family Services (ODJFS or the Department). Among the important functions of Medicaid services is provider enrollment. Generally, a provider is any business or individual that offers a service to Medicaid recipients. Providers range from large hospital systems and national pharmaceutical or other business chains (e.g., CVS Pharmacy, Walgreens Pharmacy, and Wal-Mart) to individuals who offer daily assistance to persons with disabilities.

Reflecting the wide variety of Medicaid services, five Ohio agencies enroll providers. In addition to ODJFS, four "sister agencies" also enroll providers: the Ohio Department of Developmental Disabilities (ODODD), the Ohio Department of Aging (ODA), the Ohio Department of Mental Health (ODMH), and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS). Individual providers first apply to each agency for certification based on the type of services offered. For example, The Department certifies providers offering home health, clinical, pharmacy, hospital, and long term care services. ODODD certifies providers offering services to persons with developmental disabilities including adult day care, transportation, homemaker, and self-directed services. ODA certifies providers offering services to the elderly including assisted living and consumer directed services.

Eventually, all providers are entered by ODJFS into a computer database system known as the Medicaid Information Technology System (MITS).

RECOMMENDATION 5.1: As the Statewide Medicaid functions are consolidated under the purview of a single Medicaid entity, currently referred to as the Ohio Department of Medicaid, the current network of Medicaid provider certification and enrollment (C&E) should be consolidated as well. Implementation of a single team of C&E generalists supported by specialized support experts would allow for improved workload efficiencies and much lower cost to provide this necessary function.

Financial Impact 5.1: Consolidating Medicaid provider C&E into a single group of generalists supported by a single specialized support expert from each functional area would save approximately **$427,310** annually.

Background

Streamlining and standardizing the Medicaid provider enrollment process has been an ongoing focus for ODJFS and the sister agencies for several years. For example, in 2009 all five agencies participated in a Kaizen event which resulted in an agreement to standardize requirements for Bureau of Criminal Investigations (BCI) background checks. More recently, ODODD and ODA discussed the potential opportunity of building a shared portal for provider registration.

ODADAS and ODMH have already decided to create a shared portal as part of the Governor's planned merger of the two agencies which will be initiating by July 2013.

Despite efforts to improve the process, the current certification and enrollment (C&E) system is "siloed" by agency, creating the potential for duplicative information collection and/or data entry by both providers and Department staff whenever a provider serves clients of more than one agency. For example, if a provider enrolls through ODA, ODADAS, or ODMH, much of the required enrollment information will need to be entered a second time, because there is no ability to submit information electronically from the separate systems into MITS. ODODD also lacks a direct electronic connection into MITS, but the burden of duplication is borne by the agency, not providers, because ODODD employees enter information into the MITS portal on behalf of the providers.

In contrast to siloed data entry at the sister agencies, providers that enroll directly with ODJFS use the MITS portal and avoid duplicated effort. Although the vast majority of providers, approximately 87 percent, enroll directly to MITS via ODJFS, the remaining 13 percent of provider enrollments create a measurable inefficiency associated with duplicated data entry.

Table 5.1 shows the total providers for each agency, the average C&E per month, the total number of full-time equivalent employees (FTEs) assigned to C&E, and distribution of average monthly C&E by agency.

Table 5.1: C&E Overview

Department	Total Providers	Avg. Monthly C&E	C&E FTEs	% of Total Monthly C&E
ODJFS [1]	91,129	1,072	15.50	87.0%
ODA	2,370	44	3.00	3.6%
ODADAS [2]	218	4	0.01	0.3%
ODMH [2]	273	1	.15	0.1%
ODODD	6,968	176	8.00	9.0%
Total	**100,958**	**1,297**	**26.66**	**100.0%**

Source: ODJFS, ODA, ODADAS, ODMH, and ODODD C&E information

[1] The original monthly C&E workload data provided by ODJFS was inclusive of sister agency certifications; these 160 certifications were excluded from the Department's average monthly C&E shown in **Table 5.1** to ensure an equal basis for comparison.

[2] Due to the low potential impact (e.g., workload and staffing) to the final conclusion and recommendation, follow-up review and analysis of ODADAS and ODMH was not performed in this assessment.

As shown in **Table 5.1**, there are currently more than 100,000 enrolled Medicaid providers in Ohio. Each month, there is an average of 1,200 C&Es processed; over 99 percent of all monthly C&Es are performed by ODJFS, ODA, and ODODD. Finally, ODJFS, ODA, and ODODD are the only agencies that allocate significant levels of staffing to the C&E function relative to the total for all agencies.

For some Medicaid providers, C&E may require a site visit or screening interview. For example, both DODD and ODA require in-person site visits or interviews as part of the certification process, but neither agency relies on the FTEs listed as C&E personnel in **Table 5.1** to do site

visits or interviews. These functions are carried out by other staff and the results of the site visit or interview are taken into account as part of the final review process.

Methodology

OPT first analyzed each of the five agencies involved in Medicaid C&E to determine the individual impact of each agency's operations on the total operation (see **Table 5.1**). Based on this initial analysis it was determined that ODADAS and ODMH afforded little opportunity for significant impact through further detailed analysis. Further analysis of the C&E operations of ODJFS, ODA, and ODODD was performed in the following areas:

- **C&E Personnel:** Position descriptions for all personnel involved in ODJFS and ODODD C&E processes were reviewed and evaluated to determine the nature of the work performed and the level of administrative discretion allowed or expected in performing the work. ODA did not provide specific position assignments for all personnel, aside from the Human Services Program Administrator I, but rather calculated that a total of 3.0 FTEs worth of staffing effort was allocated to the C&E function.

- **C&E Requirements:** Provider C&E forms were evaluated to determine the information and documentation required for processing. In addition, each piece of information and documentation was evaluated to determine the reasonable, likely nature of the judgment required for evaluation.

- **C&E Staffing, Workload, and Cost:** Operational information was collected from each agency and used to evaluate relative workload and cost efficiency.

Follow-up interviews and document reviews were performed for all areas of analysis to ensure the overall validity of the individual determinations and combined conclusion. For example, representatives from each agency selected for detailed review were engaged to ensure that the positions and FTEs included in this analysis were performing similar work functions (i.e., document / form receipt, review, and evaluation as well as data entry) regardless of agency.

C&E Personnel Analysis

Table 5.2 shows an overview of the type and number of positions employed by ODJFS, ODODD, and ODA for the C&E function.

Table 5.2: C&E Positions and FTEs

Position Title	FTEs
Ohio Department of Job and Family Services	
Customer Service Assistant I	5.0
Clerk III	3.0
Customer Service Assistant II	2.0
Management Analyst	2.0
Medicaid Health Systems Administrator II	1.0
Medicaid Health Systems Specialist I	1.0
Public Inquiries Officer	1.0
Administrative Professional III	0.5
Ohio Department of Aging [1]	
Human Services Program Administrator I	1.0
Ohio Department of Developmental Disabilities	
Office Assistant III	3.0
Human Services Program Consultant	3.0
Management Analyst	1.0
Medicaid Health Systems Administrator II	1.0

Source: ODJFS, ODA, and ODODD staffing and position information and Ohio Department of Administrative Services (ODAS) position descriptions

[1] Although ODA provided information that 3.0 FTEs were associated with C&E, the Agency only identified one specific position as responsible for C&E activities, the Human Services Program Administrator I.

Each of these positions was reviewed to determine the nature of the work performed, minimum position education and experience requirements, and range of compensation.

Table 5.3 shows the positions, by agency, which were identified as primarily responsible for processing application documents.

Table 5.3: Select C&E Position Detail

Agency	Title	FTEs	Starting Salary	Bachelor's Required?
ODJFS	Customer Service Assistant (I or II)	7.0	$33,249 [1]	No
ODODD	Human Services Program Consultant	3.0	$47,008	Yes
ODA	Human Services Program Administrator	1.0	$47,923	Yes

Source: ODJFS, ODA, and ODODD staffing and position information and ODAS position descriptions

[1] Starting salary reflects the average starting salary for the two positions: Customer Service Assistant I $32,490; Customer Service Assistant II $34,008.

As shown in **Table 5.3**, ODJFS assigns 7.0 FTE Customer Service Assistants (CSAs) to Medicaid provider C&E duties. The ODAS position descriptions for CSAs, I and II, include functions such as processing transactions and doing routine checks of documents and computer records. These job duties match closely with the tasks required to perform C&E functions as described by representatives from ODJFS, ODA, and ODODD. Although the Department's C&E staffing is weighted toward CSAs, these staff are supported by the Medicaid Health Systems Administrator II and Medicaid Health Systems Specialist I. For example, although the majority

of C&E activities can appropriately be handled by the CSAs, when a more complex issue arises they can rely on the more specialized staff for appropriate guidance and support.

Table 5.3 shows that both ODA and ODODD assign professionals with at least a bachelor's degree to provider certification and enrollment duties. Further, the ODAS position descriptions for the Human Services Program Consultant (ODODD) and Human Services Program Administrator I (ODA) include functions such as developing and implementing rules and monitoring providers. The position descriptions suggest that these personnel are capable of doing a more sophisticated analysis than the routine information gathering and document checking typically associated with C&E.

C&E Requirements Analysis

Provider enrollment generally does not require a high degree of interaction between C&E staff and providers. Although some telephone communication may be necessary, the more labor intensive site visits and certification determinations are typically performed by separate staff groups or local entities.[67]

Table 5.4 shows summary information on the required C&E documents and checklists that are used by each agency. Included with each is an overview of the number and type of determination judgments required in the review and approval process. Judgments identified as "routine" were categorized based on the appearance that the judgment could be performed by an evaluator with little need for discretionary evaluation. For example, copies of medical licenses are commonly required to be submitted as supporting documents but the evaluator determination is limited to a binary affirmation or denial that the evidence was submitted. Judgments identified as "evaluative" were categorized based on the appearance that the judgment would need to be performed by an evaluator with a high potential for exercising discretion in the ultimate determination. For example, the ODODD certification process requires the applicant to submit documentation of written policy and procedures that deal with such issues as staff training, management, and privacy. See **Table C.1** in **Appendix C** for further detail on C&E judgments by agency.

Table 5.4: C&E Judgments Summary

	Total Judgments	Routine Judgments	Evaluative Judgments
ODJFS	74	74	0
ODA	82	81	1
ODODD	65	50	15
Total Potential Judgments	**221**	**205**	**16**
Distribution of Potential Judgments	**N/A**	**92.8%**	**7.2%**

Source: ODJFS, ODA, and ODODD C&E materials

[67] For example, according to ODA's *Ohio Assisted Living Medicaid Provider Program: Provider Certification Guide* (November 2010) all applications are pre-screened and all pre-certification visits are completed by local administrative agencies. Once the initial review and visit is addressed the application is recommended to ODA for final review.

As shown in **Table 5.4** the majority of the documents and checklists being evaluated by C&E staff in ODJFS, ODODD, and ODA are focused on routine rather than evaluative judgments. In addition, it appears that some of the ODODD judgments which have been identified as evaluative could potentially be routine judgments. Specifically, ODODD personnel identified that review of policy and procedure documentation, which has been identified in **Table 5.4** as evaluative, was less focused on determining the quality or appropriateness of the policy and procedure and more focused on just ensuring that the applying provider had a policy and procedure in place.

C&E Staffing, Workload, and Cost Analysis

Table 5.5 shows ODJFS, ODA, and ODODD workload and cost overviews with key metrics being average annual C&E per FTE and average cost per C&E.

Table 5.5: C&E Workload and Cost Comparison

C&E Workload Overview			
Agency	**Total FTEs**	**Avg. Annual C&E**	**Avg. C&E per FTE**
ODJFS	15.5	12,864	830
ODA	3.0	528	176
ODODD	8.0	2,112	264

C&E Cost Overview		
Agency	**Annual Staff Cost [1]**	**Avg. Cost per C&E**
ODJFS	$810,966	$63.04
ODA	$258,593	$489.76
ODODD	$533,267	$252.49

Source: ODJFS, ODA, and ODODD C&E information

[1] Annual staff cost is for C&E staff only and this includes both salaries and benefits.

As shown in **Table 5.5,** ODJFS is able to process significantly more C&E per FTE, 200 percent more than the next highest performer, ODODD. In addition, The Department is able to process more C&E at a significantly lower cost than the next highest performer, again ODODD. These comparisons demonstrate that the Department is able to take advantage of the economies of scale afforded it through its much higher processing volume.[68]

Table 5.6 shows the potential for cost savings associated with a reorganization of C&E processing staff under the current ODJFS model while retaining one specialist from each sister agency.

[68] Although it was not a part of the detailed analysis, ODJFS was identified as having a backlog of approximately 5,400 MITS enrollments. The Department attributes the backlog to MITS processing speed and system defects but also to staff training and availability, and increases in processing volume, call volume, and hard-to-serve providers (e.g., independent providers are generally more labor intensive to process in MITS). However, since all Medicaid providers, regardless of point-of-entry agency, must be enrolled in MITS at some point the current state backlog has no direct bearing on the ability to implement a consolidated C&E group. In addition, the Department is in the process of working with the MITS vendor to address system issues and improve efficiency.

Table 5.6: C&E Consolidation Overview and Opportunity

ODJFS Current State Operating Cost and Future State Staffing Need	
ODJFS Current Operating Cost	**$810,966**
ODJFS Additional Workload	2,700
Calculated Additional FTE Need	3.3
Rounded Additional FTE Need	3.5
Additional FTE Cost [1]	**$211,694**
• **Sub-Total ODJFS Operating Cost**	**$1,022,660**
Retain 1 Specialist From Each Agency for Evaluative Guidance	
2 FTEs (ODA & ODODD) [2]	**$152,856**
Current and Future State Cost Overview and Net Savings	
Future State Operating Cost	**$1,175,516**
Current Operating Cost	**$1,602,826**
Net Savings	**$427,310**

Source: ODJFS, ODA, ODADAS, ODMH, and ODODD C&E information
Note: During the course of the audit, meetings were held with staff from all agencies involved in this analysis. As a result of the feedback obtained during these meeting it was determined that staff from ODADAS and ODMH could serve in a liaison role between the envisioned C&E processing group and their respective agencies. As a result no staffing changes resulting from this analysis were deemed relevant to ODADAS and ODMH although the C&E workload would be shifted to the envisioned C&E processing group.
[1] Additional FTE cost is based on the average cost per FTE across ODJFS, ODA, and ODODD ($60,484); ODJFS' actual average cost per FTE is $52,320.
[2] Based on the average cost per FTE from ODA ($86,198) and ODODD ($66,658)

As shown in **Table 5.6**, consolidating Medicaid provider C&E would call for increased staffing, at ODJFS, by up to approximately 3.5 FTEs, but would result in a net reduction of 5.5 FTEs to the total C&E system. Based on the current cost profile for each agency, estimated annual net savings would be **$427,310**.

Conclusion

ODJFS, ODA, ODADAS, ODMH, and ODODD all maintain a Medicaid provider C&E function. By taking advantage of economies of scale, the Department is able to perform this function more efficiently, and at significantly lower cost than the sister agencies. Moreover, most of the functions being performed in the C&E process, by the personnel taken into account in this analysis, do not require a skill set that is unique to any single agency. Therefore, it appears reasonable and appropriate that in moving forward with implementing the consolidated State-wide Medicaid agency, currently referred to as the Ohio Department of Medicaid, that all C&E processing functions be consolidated into a single group of generalists supported by a specialized support expert in each of the five functional areas.

ISSUE FOR FURTHER STUDY 5.1: Medicaid Data Systems

As the State-wide Medicaid functions are consolidated under the purview of a single Medicaid entity, currently referred to as the Ohio Department of Medicaid, opportunities to eliminate unnecessary, duplicative data entry should be explored. Options could include streamlining the current form requirements or implementing technologies which would allow additional forms to be automatically populated based on previously entered information unique to each provider.

The current Medicaid provider certification and enrollment process requires basic information for each provider to be entered multiple times across multiple forms. For example, a Medicaid provider applying for an additional service is often required to re-list all basic information such as name, physical and/or billing address, existing Medicaid Provider Identification Numbers, and so on. Each time this information is required to be re-entered not only represents a loss of provider and department time, but is also an opportunity for data entry error.

Quantitative Data Cleaning for Large Databases (Hellerstein, 2008) states "data collection has become a ubiquitous function of large organizations – not only for record keeping, but to support a variety of data analysis tasks that are critical to the organizational mission. Data analysis typically drives decision-making processes and efficiency optimizations…" However, "data quality remains a pervasive and thorny problem" and "the presence of incorrect or inconsistent data can significantly distort the results of analyses, often negating the potential benefits of information-driven approaches."

Hellerstein identifies four common sources of error in data which include:

- **Data entry errors:** It is common for data entry to be done by humans, who typically extract information from speech or by keying in data from written or printed sources. In these settings, data is often corrupted at entry time by typographic errors or misunderstanding of the data source.
- **Measurement errors:** In many cases data is intended to measure some physical process in the world. In some cases these measurements are undertaken by human processes that can have errors in their design and execution.
- **Distillation errors:** In many settings, raw data are preprocessed and summarized before they are entered into a database. This data distillation is done for a variety of reasons but all these processes have the potential to produce errors in the distilled data, or in the way that the distillation technique interacts with the final analysis.
- **Data integration errors:** In almost all settings, a database contains information collected from multiple sources via multiple methods over time and any integration of data from multiple sources can lead to errors.

Hellerstein also mentions a broad range of approaches that have been suggested for maintaining or improving data quality including:

- **Data entry interface design:** Errors in data can often be mitigated through design of data entry interfaces and enforcement of database integrity constraints, including data type checks, bounds on numeric values, and referential integrity. "An alternative approach is to provide the data-entry user with convenient affordances to understand, override and explain constraint violations, thus discouraging the silent injection of bad data, and encouraging annotation of surprising or incomplete source data."
- **Organizational management:** This includes both technological solutions and organizational structures and incentives to help improve data quality. For example, streamlining processes for data collection, archiving and analysis to minimize opportunities for error; automating data capture; capturing metadata and using it to improve data interpretation; and incentives for multiple parties to participate in the process of maintaining data quality.
- **Automated data auditing and cleaning:** There are a host of computational techniques from both research and industry for trying to identify and in some cases rectify errors in data.
- **Exploratory data analysis and cleaning:** In many if not most instances, data can only be cleaned effectively with some human involvement. Data profiling is often used to give a big picture of the contents of a dataset, alongside metadata that describes the possible structures and values in the database.

Although all four sources of error are important to take into account, there is a higher probability of data entry and data integration errors in the current Medicaid provider certification and enrollment processes. Likewise, all four ranges of approach are important to take into account, but focusing resources on the organizational management approach to maintaining and improving data quality appears to offer the highest potential for near-term improvement.

APPENDIX C: Supplemental Information for Section 5 – Medicaid Provider Certification and Enrollment

Table C.1: C&E Judgments Detail

Ohio Department of Job and Family Services			
Checklist / Application	**Total Judgments**	**Routine Judgments**	**Evaluative Judgments**
Provider Enrollment Application Checklist: Individual Practitioner	23	23	0
Provider Enrollment Application Checklist: Practitioner Group	5	5	0
Provider Enrollment Application Checklist: Hospital	11	11	0
Provider Enrollment Application Checklist: Organization	8	8	0
Provider Enrollment Application Checklist: Managed Care Provider	7	7	0
Provider Enrollment Application Checklist: Nursing Facility (NF)	7	7	0
Provider Enrollment Application Checklist: Intermediate Care Facilities for the Mentally Retarded (ICF-MR)	6	6	0
Provider Enrollment Change of Operator: NFs and ICFs-MRs	7	7	0
Ohio Department of Aging [1]			
Checklist / Application	**Total Judgments**	**Routine Judgments**	**Evaluative Judgments**
Application for Certification as a Long-Term Care Agency, Non-Agency and Assisted Living Service Provider	43	43	0
Ohio Health Plans Provider Enrollment Application	26	26	0
Ohio Long-Term Care Consumer Guide Residential Care Facility Entry Page	13	12	1
Ohio Department of Developmental Disabilities [2]			
Checklist / Application	**Total Judgments**	**Routine Judgments**	**Evaluative Judgments**
Application for Supported Living and Home and Community-Based Services Waiver Provider Certification	19	8	11
• Provider Certification Application Addendum, Homemaker / Personal care	5	4	1
• Provider Certification Application Addendum, Transportation	7	6	1
• Provider Certification Application Addendum, Transportation Mileage Other Than To Access Adult Day Services	7	6	1
• Provider Certification Application Addendum, Informal Respite	4	3	1
ODJFS, OHP Provider Enrollment Application	23	23	0

Source: ODJFS, ODA, and ODODD C&E materials

[1] ODA requires residential care facilities to provide general comments describing the facility (no more than 2,000 characters) as part of the certification process.

[2] ODODD's main waiver application requires agency providers to submit documentation concerning the CEO's education and work experience as well as documentation of written policies and procedures for nine different areas. ODODD application addendums all require the same documentation of providers having completed the requisite eight hours of training per ORC § 5123.62 and § 5123.64.

6. MEDICAID PROVIDER – FRAUD MITIGATION

SUMMARY

Savings 6.1: $10 Million

Finding 6.1: ODJFS does not require surety bonding for providers identified as having a high risk for committing Medicaid fraud. Surety bonds have been used by other states to prevent those who are likely to commit fraud from entering the Medicaid system and to provide an efficient avenue for recovery of court ordered restitution and civil settlements.

Recommendation 6.1: ODJFS should require surety bonds for high risk Medicaid providers such as those in home health care, ambulance/ ambulette, and durable medical equipment (DME) categories. Although surety bonds would slightly increase the operating expenses incurred by such providers, the State's potential to reduce its fraud risk merits implementation of this requirement.

Financial Impact 6.1: By requiring high risk Medicaid providers to post $50,000 surety bonds, the State would increase fraud debt collections by a conservative estimate of approximately **$10 million**. Additionally, the "sentinel effect" of surety bonding, the prevention of unqualified providers from entering the Medicaid system, will decrease future Medicaid billings and recovery costs by an unquantifiable amount.

Savings 6.2: $19.75 Million

Finding 6.2: A common theme of Medicaid fraud found in Ohio is billing for services that were not provided. Monitoring services through the use of telephony has been found to be an effective tool for independently verifying services and combating payment for services not rendered.

Recommendation 6.2: ODJFS should implement telephony verification of home health care services to improve accuracy in record keeping and billing. Telephony verification of home health care services has saved substantial Medicaid expense in other states by reducing suspected fraudulent billings.

Financial Impact 6.2: By implementing telephony verification of home health care services, Ohio can conservatively expect to realize savings through a reduction in Medicaid billings of at least of **$19.75 million** per year after costs.

Savings 6.3: N/A – Management Recommendation

Findings 6.3: During the course of the audit, ODJFS could not provide comprehensive collection data for Medicaid fraud, waste and abuse. Certain civil collections are not referred by ODJFS personnel to the Ohio Attorney General for collection. Additionally, collection processes are not formally documented.

Recommendation 6.3: ODJFS should comprehensively track Ohio's outstanding debt due to Medicaid fraud, waste and abuse and keep collections data by provider type to determine the fraud risks associated with particular types of providers. Further, ODJFS should consider holding a Kaizen event to improve collections processes and should formally document collection procedures.

Financial Impact 6.3:
N/A – Management Recommendation

Issue for Further Study 6.1: ODJFS should consider a card swipe verification trial in a limited service area to determine the feasibility of this technology to reduce the cost of Medicaid fraud in the areas of transportation and durable medical equipment (DME). Additionally, although outside of the scope of the current engagement, card swipe technology could be explored as an effective tool to prevent fraud in professional services applications as well.

MEDICAID PROVIDER FRAUD MITIGATION

Background

ODJFS is currently responsible for the administration of Ohio's Medicaid program, although its Office of Ohio Health Plans is in the process of becoming a separate cabinet-level agency in the upcoming biennium. In FY 2012, the Ohio Medicaid program was a $19.8 billion expense, of which Ohio pays 36% with the remainder paid from Federal sources. In the next biennium, this expense could grow to $50 billion.[69]

Under the scope of the ODJFS performance audit, the OPT was tasked with evaluating the enrollment process for providers of Medicaid services. As part of this engagement, the OPT identified fraud mitigation among certain types of providers as an area for further analysis.

As defined by the Association of Certified Fraud Examiners (ACFE), fraud occurs in the presence of need, opportunity and rationalization. Need, according to the ACFE, results from a perceived unshareable financial pressure.

Federal Efforts

More than 50 million Americans are enrolled in Medicaid, a joint federal-state health care program for poor and disabled Americans that is projected to cost American taxpayers $457 billion this year. Because of its enormous size and complexity, Medicaid is susceptible to substantial amounts of waste, fraud, abuse and mismanagement.

According to a 2012 report completed by the Government Accountability Office (GAO), improper payments in the Medicaid program were estimated at $21.9 billion in fiscal year 2011.[70] Improper payments may be a result of fraud, waste, or abuse.[71] The GAO also cites the need to move from the current model of "pay and chase" to one of effective deterrence that prevents fraudulent payments in the first place.[72]

Conservative estimates of Medicaid healthcare fraud range from 5 percent to 10 percent,[73] although a July 2012 issue paper by the Kaiser Family Foundation quotes a fraud and waste rate of 20 percent. By applying the low-end 5 percent rate, the potential loss attributed to Medicaid fraud is conservatively estimated at $21.9 billion.

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[69] Charles Brown, Ohio Auditor of State's office, Chip Brown - growth of Medicaid in Ohio.pdf, August 6, 2012.
[70] GAO Report on Program Integrity – Further Action Needed to Address Vulnerabilities in Medicaid and Medicare Programs – June 7, 2012
[71] Fraud represents intentional acts or representations to deceive with knowledge that the action or representation could result in an inappropriate gain. Waste includes inaccurate payments for services, such as unintentional duplicate payments. Abuse represents actions inconsistent with acceptable business or medical practices.
[72] GAO Report on Health Care Fraud release date November 28, 2012
[73] "Further Action Needed to Address Vulnerabilities in Medicaid and Medicare Programs" GAO report dated 6/7/2012 indicates a minimum rate of 5%. A 2006 City Journal article claims the minimum fraud rate is 10%.

Trying to recover such losses is difficult. Recent reports by the Department of Health and Human Services Office of the Inspector General indicate that collection rates for Medicare fraud and abuse overpayments in the South Florida area range from 1 to 7 percent.[74] In 1977 Congress created Medicaid Fraud Control Units (MFCU) as federal and state-funded law enforcement entities that investigate and prosecute provider fraud and violations of state law pertaining to fraud in the administration of the Medicaid program. In FY 2011, states reported $1.7 billion in recoveries for both civil and criminal cases handled by the 50 MFCUs, or an approximate 7.8 percent fraud recovery rate.

With such low recovery rates, some states are moving away from a "pay and chase" approach and implementing more proactive measures including:

- Preventing the admission of fraudulent vendors into the Ohio Medicaid program.
- Verifying that goods or services are provided to clients at the time the transaction takes place.
- Implementing effective methods to collect court ordered restitution or civil agreements.

Ohio Efforts

Ohio tackles Medicaid program integrity, the reduction of fraud, waste and abuse, in many ways including through provider certification and enrollment requirements, pre-payment reviews, post-payment reviews, contract management, and participant eligibility testing and monitoring. State agencies involved in these efforts include ODJFS, the Ohio Department of Aging, the Ohio Department of Alcohol and Drug Addiction Services, the Ohio Department of Mental Health, the Ohio Department of Developmental Disabilities, the Ohio Department of Health, and the Ohio Department of Education. The Ohio Auditor of State, the Ohio Attorney General, county departments and the federal government are also involved in the program integrity process.

Although integrity controls exist, much of Ohio's anti-fraud, waste and abuse efforts are focused on back end or detective efforts, after such fraudulent claims are paid to providers. This approach is generally referred to as "pay and chase". The Ohio MFCU, which is a division of the Ohio Attorney General's Office, is the lead Medicaid fraud investigation and recovery agency for the State. It prosecutes fraudulent claims already paid and obtains restitution orders or civil agreements for the return of such fraudulent claims or overpayments.

In SFY 12, the Ohio Medicaid program was a $19.8 billion expense. Applying the GAO fraud rate estimate, Medicaid fraud in Ohio for the year was projected to range between $990 million and $1.98 billion. That same year, Ohio MFCU reported $55.2 million in fraud related restitution awards or civil settlement agreements and $20.5 million in collections, although the collection amounts may represent cases from previous years. In FFY 2011 the United States Department of Health and Human Services Office of the Inspector General reported that Ohio MFCU ranked fourth in terms of gross dollar recoveries and third in terms of gross number of convictions.

[74] "Collection Rates for Overpayments Made to Medicare Suppliers in South Florida" DHHS – Office of Inspector General – OEI-03-09-00570, May 12, 2010.

After restitution and repayment agreements are obtained, information on the unpaid debt is turned over to ODJFS to set up as a receivable to the agency. ODJFS then certifies the restitution orders back to the Ohio Attorney General's office for collection. Of the cases certified for collection to the Ohio Attorney General's Office, about 30.4 percent are considered active (defined as having a payment received within the last 30 days).

ODJFS is not currently certifying the debt on civil repayment agreements to the Ohio Attorney General for collection, creating a fragmented approach to debt collection. This disjointed approach, with multiple agencies involved and no central repository for the various debts in the collection process, leads to questionable recovery rates and an unknown total of outstanding debt.

The size of the Ohio Medicaid program with more than 100,000 providers and 2.2 million recipients makes it a ripe target for fraud. Although Ohio has taken numerous steps to ensure program integrity and the State has one of the most effective MFCUs in the nation, of the known debt that has been certified for collection to the Attorney General's office, over $31.2 million remains outstanding. A comprehensive database for the outstanding debt that has not been certified for collection does not exist.

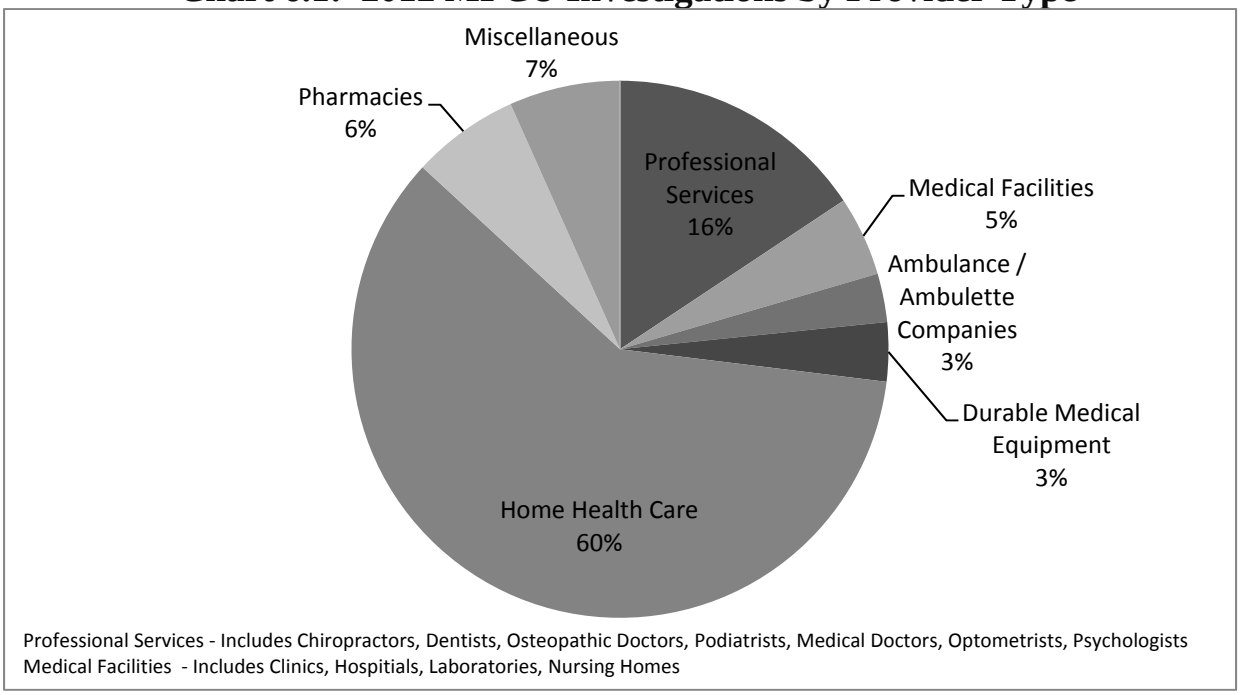
The most common Medicaid Fraud schemes seen in Ohio include:

- Billing for products and services not delivered
- Billing for a more expensive product or service than was actually delivered
- Billing separately for services that should be billed together
- Billing twice for the same product or service
- Dispensing generic drugs and billing for brand name drugs
- Denying services to eligible recipients or not providing the level of service medically necessary/required
- Submission of false information on Medicaid cost reports.[75]

Medicaid provider investigations by provider type that were completed by the Ohio MFCU during 2012 are shown in **Chart 6.1** below:

[75] Ohio Attorney General Mike DeWine - Health Care Fraud FAQs

Chart 6.1: 2012 MFCU Investigations by Provider Type



Source: 2012 Medicaid Fraud Control Unit Annual Report

Based on the data in Chart 1 and in consultation with those involved in Ohio's Medicaid fraud identification and recovery efforts, OPT concentrated on areas with significant potential to reduce the cost of identified Medicaid fraud in Ohio. The areas of focus are home health care services provided by individual providers and agencies, ambulance / ambulette transportation and durable medical equipment (DME). Unlike other service categories, home health care services, transportation, and DME have limited monitoring and licensing requirements, thereby increasing the likelihood of fraudulent activity.

Table 6.1 summarizes the SFY 2012 expenditures for each category studied. A more detailed version is included as **Tables D.1-D.3** in **Appendix D.**

Table 6.1: SFY 2012 Medicaid Expenditures by Type

Provider Type	Number of Providers	SFY2012 Medicaid Expenditures
Home Health Care		
Non-Agency Personal Care Aide	4,960	$90,062,760
Private Duty Nursing	2,395	$78,347,085
Home Health Care (Waiver)	195	$14,641,116
Other Accredited Home Health Agency	55	$31,394,957
Home Health Agency	616	$551,487,519
Home Health Care - Subtotal		$765,933,437
Ambulance/Ambulette		
Ambulance	869	$30,570,246
Ambulette	180	$13,817,253
DME	972	$105,758,844
Total		**$916,079,780**

Source: ODJFS MITS system as retrieved by Ohio Auditor of State, Medicaid Contract Audit

Home Health Care / Personal Care

Under the category of home health care, services are provided on a part-time and intermittent basis to Medicaid clients. Such services are provided by home health nurses, home health aides and various skilled therapists.

Personal care services, also provided under the category of Home Health Care, allow Medicaid-eligible older adults and persons with disabilities to remain in their homes by providing assistance with daily activities (e.g., bathing, dressing, meal preparation and grocery shopping).

Jason Weinstock, Inspector with the Department of Health and Human Services (DHHS) Office of the Inspector General stated: "Personal care services are the single most common target of fraud in the Medicaid program. The government has seen an epidemic of fraud in this area for the last 5 to 10 years. Personal care services are really growing rapidly as a Medicaid fraud problem."

As depicted in **Table 6.1**, during SFY 2012 Ohio spent $765.93 million for Medicaid home health services. Using the low end of the GAO fraud estimate of five percent, the fraud within Ohio's home health care billings is projected to be approximately $38.3 million. The Ohio MFCU indicated that in 2012, 60% of its investigations dealt in the area of home health care.

Ambulance / Ambulette Services Transportation services by ambulance or ambulette are provided for medically necessary treatment for Medicaid recipients. Transportation is provided only if the recipient's medical condition is such that the use of any other means of transportation is contraindicated. Ambulance or ambulette services include emergency and non-emergency transport via ground and air medical ambulance. Patients must be transported in an appropriate

vehicle. Common fraudulent practices encountered include missing trip documentation, uncertified drivers, billing for phantom attendants and no certification for medical necessity[76].

In SFY 2012 Medicaid spending for Ambulance/Ambulette services in Ohio amounted to $44.4 million with fraud projected at over $2.2 million as calculated using the GAO five percent fraud estimate. The Ohio MFCU opened 14 investigations of Ambulance/Ambulette companies in 2012, which was 3% of MFCU caseload.

Durable Medical Equipment

Under the Patient Protection and Affordable Care Act (PPACA), Congress authorized surety bond requirements for providers, including those providing DME, prosthetics, orthotics and supplies. As reported by the GAO, surety bond requirements became effective in October 2009 for DME providers.[77] According to the same report, the Centers for Medicare and Medicaid Services (CMS), the agency within the Department of Health and Human Services that oversees Medicaid is in the process of proposing rules to extend the surety requirements to other at-risk providers. At the present time, CMS has elected not to enforce existing regulations with respect to surety bonds.

In SFY 2012, Ohio spent $105.7 million for Medicaid DME billings. Using the GAO five percent estimate, the fraud in this area is projected at over $5.3 million. Ohio MFCU completed 10 Medicaid fraud investigations involving DME providers resulting in 3 civil settlements, which was 3% of its caseload in SFY year 2012.

Methodology

OPT reviewed best practices highlighted by CMS during its audits of Medicaid operations in eight states (KS, SC, FL, TX, NY, OK, CA, and AZ). Highlighted practices included:

- Surety Bonds
- Required site visits for new or re-enrolled DME providers
- Telephony verification of Home Health Care providers
- Card swipe for point of service controls
- Independent assessment of personal care orders
- Verification of high-risk services direct with client
- Enhanced ownership background checks of high-risk providers

OPT then contacted peer state Medicaid agencies that implemented leading practice technology or processes to determine the outcomes of such efforts and quantify savings. Our interviews with those states found that each state focuses on fraud priorities based upon its individual assessment of risk. For example, Texas invested time and effort into combating professional services and DME fraud, while other states such as South Carolina, Kansas and Oklahoma focused efforts on home health care fraud.

[76] Charles Brown – Ohio Auditor of State's Medicaid Contract Audit Section,

[77] GAO Report, "Program Integrity – Further Action Needed to Address Vulnerabilities in Medicaid and Medicare Programs" dated June 7, 2012, p.16

OPT also contacted Medicaid fraud experts in the offices of the Ohio Attorney General and Ohio Auditor of State regarding Ohio's experience, including common fraud schemes found and weaknesses in current anti-fraud efforts. Collection procedures were also reviewed with ODJFS and Ohio Attorney General personnel.

Based upon the review of identified best practices of peer states and the experience of Ohio's Medicaid fraud experts, the OPT concluded that two promising practices were not part of Ohio's program integrity efforts and had potential to reduce Medicaid fraud levels in Ohio. The first involves requiring surety bonds for high fraud risk classifications of Medicaid providers such as home health care, ambulance/ ambulette, and durable medical equipment (DME) categories and the second is a more robust monitoring and verification of individual providers of goods and services via electronic means.

RECOMMENDATION 6.1: ODJFS should require surety bonds for high risk Medicaid providers such as those in home health care, ambulance/ambulette, and durable medical equipment (DME) categories. Although surety bonds would slightly increase the operating expenses incurred by such providers, the State's potential to reduce its fraud risk merits implementation of this requirement.

Financial Impact 6.1: By requiring high risk Medicaid providers to post $50,000 surety bonds, the State would increase fraud debt collections by a conservative estimate of approximately **$10 million**. Additionally, the "sentinel effect" of surety bonding, the prevention of unqualified providers from entering the Medicaid system, will decrease future Medicaid billings and recovery costs by an unquantifiable amount.

Analysis – Surety Bonds

Once Medicaid fraud or overpayment has been proven, the provider may not have sufficient recoverable assets with which to make good on court ordered or agreed upon civil restitution. Section 6402 of the Patient Protection and Affordable Care Act allows the Secretary of Health and Human Services to require bonding for home health care, DME and other at-risk providers, although rules for such bonding have not yet been adopted. Other states that have adopted surety bond requirements have done so by changing state law (Florida) or via the administrative rule-making process (Texas). Ohio, under its broad authority to administer Medicaid as set forth in Chapter 5111 of the Ohio Revised Code, could implement a surety bond requirement by administrative rule.

Providing a surety bond is one effective way other government entities, such as the Ohio Lottery Commission (OLC), have found to enforce some level of accountability upon providers that cease business or file bankruptcy. A surety bond guarantees that the surety will stand in place of the bond purchaser to pay ODJFS the amount of overpayment, civil monetary damages, penalties, assessments, and accrued interest up to the surety's maximum obligation. Additionally, insurance companies that underwrite the surety bond require stringent documentation and investigation before providing a bond and assuming liability for the insured. These requirements keep fraudulent providers who cannot qualify for the bond out of the Medicaid system. This is

known as the "sentinel effect", by keeping such providers from entering the system in the first place.

Ohio's Experience with Surety Bonds

Surety bonds are used by the OLC, which requires that lottery agents post a minimum bond of $15,000 subject to increase based upon sales volume and risk exposure. The OLC has indicated that around 5 percent of lottery sales agent applicants are disqualified due to the inability to obtain required bonding. According to OLC management, the Commission also has one of the lowest agent loss ratios in the country and this success has been attributed in part to the bonding process. OLC management reports that the Commission collects on around 90 agent bonds per year and rarely has issues with collecting from the surety.

Other States' Experience with Surety Bonds

Texas – Under Texas Administrative Code, Medicaid providers of DME must provide the Texas Health and Human Services Commission a surety bond of $50,000. Discussions with Texas officials confirmed that this requirement was actually supported by the DME industry to assist in driving out fraudulent providers from the program. The bond requirement includes stipulations that the bond must be from an insurance company that is recognized and registered by the Texas Department of Insurance. The bond requirement is continuous, i.e. it must remain in effect while the DME provider is doing business with the State. Additionally, Texas has had statutory authority to require bonding on home health care services since 2001, but the State through current date, has not mandated bonding in this category of services. Texas officials stated that bonding has not limited the pool of potential providers.

Florida – Under Florida statute 409.907, a $50,000 bond is required for each DME provider location in the State of Florida, up to a maximum of five (5) bonds statewide (for DME providers with multiple locations) or an aggregate bond of $250,000. The surety bond must be submitted as part of the Medicaid DME provider enrollment application. Each surety bond must be renewed annually and the DME provider must submit proof of renewal, even if the original bond is a continuous bond. Florida officials stated that has not limited the pool of potential providers.

In a May 2010 Report, CMS, which is also responsible for Medicare issues, reviewed collection efforts for Medicare DME suppliers in South Florida. The CMS found that had surety bonds been in effect, collection rates would have increased from 1 percent to 6 percent, bringing an additional $15 million in collected restitution.

Additionally, under Florida statute, a surety bond is required for home health agencies that have been or are currently sanctioned or terminated by Florida's Medicaid Program within the past five years. Surety bond amounts are either $50,000 or the total amount billed by the provider to Medicaid during the current or most recent calendar year, whichever is greater. The home health agency must comply with the surety bond requirement for three consecutive years. If, at the end of three years, there has been no adverse action taken against the home health agency, it then becomes exempt from the surety bond requirement. The surety bond company must be licensed to transact business in Florida.

Currently, the Ohio Attorney General's office is in the process of collecting on 517 Medicaid fraud restitution debts amounting to $31.2 million. The average amount of Medicaid restitution is approximately $60,000. As of December 2012, of these 517 accounts, only 157 or 30.4 percent had collections within the last 30 days. ODJFS and other entities of the State also undertake collection efforts, but a comprehensive portfolio of the outstanding debt and collection efforts is not maintained by the agency.

OPT also determined that ODJFS does not maintain a comprehensive report of identified fraud, waste and abuse that would allow it to analyze risk by provider type. Understanding the risk associated with a particular category of provider and the approximate amount of risk would allow management to set appropriate bonding limits.

Cost and Implementation Considerations

Without detailed collection records to provide information about the types of Medicaid providers under collection, the OPT utilized multiple analysis methods to estimate the increase in collections if the State were to require surety bonds for the identified high risk provider classifications. The analysis was completed under the assumption that the fraud debt portfolio identified by the Ohio Attorney General's office and distribution of debt by provider type as stated by ODJFS was typical.

The OPT first analyzed the current fraud debt as of December 2012 by range of debt. A $50,000 bond was applied to the debt balances per debtor. For those accounts in the $0 to $50,000 range, the midpoint was applied to determine the potential collection amount. The results are shown in **Table 6.2** and indicate that with a $50,000 bond requirement in place for all categories of Medicare providers, the State would be able to collect an additional $15.3 million. Based on MFCU statistics that indicate the high-risk categories of home health care, ambulance/ambulette transportation, and DME represent 66 percent of the fraud investigations and prosecutions, and using the imperfect assumption of equal distribution of debt across provider categories, the effect of bonding these high risk areas would be $10.1 million in additional debt recovery.

Table 6.2 – Effect of $50K Bond Based on Debt Range Levels

Range of Debt	# of Debtors	Additional Recovery with $50K bond
$0 to $50K	419	$ 10,475,000[1]
$50K to $100K	48	$ 2,400,000
$100K - $500K	40	$ 2,000,000
$500K - $1M	6	$ 300,000
Greater than $1M	4	$ 200,000
$50K minimum bond recovery		**$ 15,375,000**
Investigation / Prosecution rate for DME, Home Health Care & Ambulance/Ambulette Transportation		**66%**
Potential recovery		**$ 10,147,500**

Source: Ohio Attorney General
Note: [1]The midpoint of $25,000 was used to calculate the collection potential for this range of debt

In the second analysis, the OPT sampled actual Service and Utilization Review Section (SURS) collections to determine the distribution of provider types within the collection portfolio. The outstanding $15.3 million debt from **Table 6.2** above was then extrapolated by sample size across the provider categories. The effect of requiring a $50,000 bond was calculated based on the extrapolated debt. With bonding in place, this analysis concluded that Ohio would recover an additional $10.06 million as depicted in **Table 6.3** below.

Table 6.3 – Effect of $50K Bond Based on SURS Sample of Actual Collections

Category	Sample	Additional Recovery with $50K bond
Home Health Care		
Other Home Health Care	15.5%	$ 2,383,125
Non-Agency Personal Care	26.1%	$ 4,014,413
Home Health Agency	0.4%	$ 56,888
Private Duty Nurse	5.8%	$ 890,213
Waivered Service Organization	2.2%	$ 341,325
Ambulance / Ambulette	15.0%	$ 2,303,175
DME	0.5%	$ 75,338
Totals	**65.5%**	**$ 10,064,475**

Source: Ohio Medicaid Service and Utilization Section

The OPT reached similar conclusions through both analyses regarding the effect of requiring a $50,000 surety bond for high risk Medicaid providers. Assumptions in data analysis are not ideal, but in this instance are rational given the effect of surety bonding in other states and the limitations of the data that was able to be provided. Even with the data limitations and necessary assumptions, it is reasonable to conclude that Ohio would reduce its debt risk and increase collections through surety bonding by approximately **$10 million**.

Due to the "sentinel effect," of surety bonding, such a requirement may also result in a reduction in the Medicaid debt collection portfolio. As unqualified providers are prevented from entering the system, the level of fraudulent activities is expected to decrease and result in a decrease in uncollected debt.

The cost to implement Surety Bonding of high risk Medicaid providers would involve computer systems changes estimated by ODJFS at $40,000 to allow those enrolling providers to indicate that the bond requirement has been fulfilled. There would also be ongoing monitoring costs as providers re-enroll. The cost associated with systems changes and ongoing monitoring would be minimal compared to overall savings.

Medicaid providers in home health care, DME and Ambulance/Ambulette categories would also face minimal increases in their operating expenses with a $50,000 bonding requirement. Cost of

surety bonds range from 1.5 to 4 percent of the bond amount.[78] For Medicaid providers with the best rating, an increase in monthly operating expense of $62.50 would be likely.

Conclusion

The GAO and CMS report that Surety bonds are effective, preventative controls to reduce fraud.[79] The Medicaid provider categories with the highest potential for fraud are home health care, ambulance/ambulette and DME. Bonding capacity exists in Ohio to handle bonding of providers in these categories as evidenced by the bonding experience of the OLC. The cost to implement such a requirement would involve systems changes to allow those enrolling providers to indicate that the bond requirement has been fulfilled as well as ongoing monitoring costs as providers re-enroll. Surety bonds would also minimally increase the operating expenses incurred by such providers, with bonding costs ranging from 1.5 to 4 percent of the bond amount. In spite of these additional costs to the State and providers, Ohio's potential to reduce risk associated with Medicaid fraud merits implementation of this requirement.

RECOMMENDATION 6.2: ODJFS should implement telephony verification of home health care services to improve accuracy in record keeping and billing. Telephony verification of home health care services has saved substantial Medicaid expense in other states by reducing suspected fraudulent billings.

Financial Impact 6.2: By implementing telephony verification of home health care services, Ohio can conservatively expect to realize savings through a reduction in Medicaid billings of at least **$19.75 million** per year after costs.

Background

Two of the common Medicaid fraud schemes identified by the Ohio Attorney General's Office, include:

- Billing for products and services not delivered, and
- Billing twice for the same product or service.

The Ohio Attorney General's Office has found such billings are most prevalent for home health care visits. Verifying the presence of the beneficiary and the provider at the time of service or transaction is an integral part of controlling the integrity of the Medicaid system. Other states are accomplishing this control through telephony technology and reducing the cost of Medicaid to taxpayers in their states.

Telephone monitoring, also known as telephony, requires home service providers to call in from the care recipient's home phone. In this model, when the care provider arrives at a client's home, the provider calls a number from the client's home phone, and a second phone call is

[78] Per discussion with bond providers, better credit risk clients pay lower rates, generally in the 1.5% range while those with higher risks pay as much as 4%.

[79] GAO Report, "Program Integrity – Further Action Needed to Address Vulnerabilities in Medicaid and Medicare Programs" dated June 7, 2012

made when services are completed and the provider is departing the location. Voice recognition is used to ensure that the authorized person provided the needed services.

Cell phones with enabled GPS technology can also be used, and cell phone monitoring can make use of magnetic swipe technology. In the latter model, a card reader is attached to a phone allowing a magnetic card to be swiped to provide proof of the location of services provided.

Telephone monitoring not only allows the State to ensure that billed services were provided, but can also help Medicaid provider companies better manage their employees. With telephony, provider invoices can be submitted directly, saving both the State and providers the time associated with claims billing.

Methodology

As previously noted, OPT identified that a best practice with respect to reducing Medicaid fraud, waste and abuse, is a visit verification process that ensures the integrity of the billing process. OPT contacted four states (South Carolina, Oklahoma, Kansas and Florida) that have implemented an electronic visit verification system, also known as EVV, to review the results and the documented effects, if any, on billing reductions. Additionally, a fifth state, Missouri, was contacted as it will implement an EVV process during 2015.

Analysis

Peer State Experience with Telephony

South Carolina – Care Call, an EVV system, was implemented as a pilot program in October 2002, and went statewide in January 2003. Initially the system was only used for nursing services, personal care, attendant care, and companion services. In 2004 the EVV system was expanded to adult daycare, case management, and all services provided under South Carolina Choice. Participants became more proactive in reporting missed appointments to case managers and also reported overall higher service levels. Paper time cards were eliminated and Medicaid provider billings were automated. Expense reductions of 10 percent were reported due to the billing increments being shortened to six minutes and the reduction of fraudulently reported services.[80] After 2004, the decreased expense has hovered around 6 to 7 percent.

When interviewed, the South Carolina Department of Health and Human Services reported the expense reductions from the automated time reporting and billing has more than covered the cost of the system, and home service delivery has expanded to more participants. Prior to system implementation South Carolina struggled with finding an efficient way to monitor and verify that providers were delivering in-home services as prescribed in participants' care plans. In the past, verification had been done through an inefficient paper-based system, which required participants to sign a daily activity log. This log certified the number of hours the provider was in the home. Oftentimes, however, participants reported problems with providers leaving early,

[80] South Carolina reduced billing increments from 15 minutes to 6 minutes due to the automation provided by the EVV system. The state did not track such savings and thus was unable to provide expense reductions attributed to the shortened billing timeframe.

arriving late, or not providing the service at all. Participants also reported that they felt pressured to fill in the scheduled hours on the time sheet.

The contracts that South Carolina entered into with agency providers prior to implementation of EVV required all providers to cooperate with an electronic monitoring system if one was developed. The State was then able to push the monitoring system out to agency providers without a contract change.

Oklahoma – After a successful pilot, the Oklahoma Department of Human Services (ODHS) initiated a phased rollout of EVV through telephony monitoring in June 2009 and completed installation by mid-2010. The EVV program covers a network of home health providers including both individuals and agencies that are certified by the State to provide personal care to Medicaid clients. The EVV program implemented by ODHS is provided by the same vendor as the programs implemented in South Carolina and Kansas.

Simultaneous with the EVV program implementation, ODHS made changes to the management of its waiver programs, bringing them back in house from outside contractors. ODHS officials stated that the combination of both changes resulted in a minimum 20 percent reduction of program expenses. The ODHS official in charge of the program stated that the fraud reduction has been dramatic, but at this point it has not been quantified.[81]

Kansas – Kansas implemented AuthentiCare, which is a web-based EVV system, in January 2012. The system was specifically designed for the needs of home and community based services. AuthentiCare generates claims automatically when a worker calls a toll free number from the client home or uses the mobile application. The system requires each worker to call in from a phone upon arrival to and departure from a client's home. The system streamlines administrative processes, improves billing accuracy, and according to Kansas Department of Aging press releases, saves an estimated $8.6 million per year.[82]

The Kansas system was implemented by the same vendor used in South Carolina and Oklahoma. The vendor predicted that Kansas would see savings of at least 3 percent in claims; however the State implemented other controls concurrently with the EVV installation and conclusive assessment has not yet been made.

Florida – The State of Florida has implemented an EVV with the introduction of the Delivery Monitoring and Verification (DMV) Program for Home Health services.[83] In 2009, the Florida Legislature directed the Agency for Health Care Administration (AHCA) to develop and implement a home health agency monitoring pilot project in Miami-Dade County. The bill authorized the AHCA to competitively procure a contract with a vendor to verify the utilization and delivery of home health services and provide an electronic billing interface for home health services.

[81] Per interview with OK Program Administration 1/23/2013
[82] Kansas Department on Aging press release dated 11/29/2012
[83] DMV Program Evaluation Report: Florida DMV_FINAL_EVAL_REPORT_2011-02-01.pdf Most of this information was reprinted, with slight modification, from the Executive Summary.

The DMV program requires providers to submit claims for home health visits electronically through the vendor's system. When the home health care provider arrives and leaves the client residence, the provider calls a toll-free number assigned to the home health agency, enters a unique staff identification number, and completes the visit verification process. The vendor's system maintains databases for each home health agency in the program pilot area. The databases contain information on home health agency staff, recipients, service authorizations, visit schedules, visit verification and billing activity. Once a home health visit has occurred and the verification process is complete, the vendor generates the claims file. Each home health agency logs in to the vendor to access its database and is responsible for reviewing the claims in its database and giving approval for the vendor to electronically transmit the claims to the Florida Medicaid fiscal agent.

There have been multiple efforts by the AHCA to combat fraud and abuse in the Miami-Dade County program pilot area. In addition to the DMV program, Florida concurrently introduced the Comprehensive Care Management (CCM) program, which includes face-to-face assessments conducted by nurses in client residences to validate medical necessity for home health visits[84]. The combined effect of both programs from 2006 to 2011 has resulted in the reduction of Medicaid expenditures in Miami-Dade County for home health visits by over 35 percent, representing over $23 million in savings to the State of Florida. Although it is difficult to establish a single causal relationship due to the concurrent implementation of both pilot programs, the significant reduction in Florida Medicaid cost is noteworthy.

During the 2012 session, the Florida Legislature directed the AHCA to expand the DMV to the remaining counties in the state.

Missouri – Under State statute 660.023, Missouri will implement a telephony tracking system by July 1, 2015. This telephonic tracking will include all in-home service provider agencies and will require them to maintain and use a telephone tracking system for reporting and verifying the delivery of home and community-based services as authorized by the department of health and senior services or its designee. Use of such system prior to July 1, 2015 is voluntary.

Cost and Implementation Considerations

The most recent State to implement a telephony product is Kansas. Kansas entered into a one year EVV system contract that has the option to be renewed annually for up to four additional years. The initial implementation fee was $445,000. The first 100,000 transactions were included with the implementation fee. Additional transactions range from $0.285 to $0.185 each.

South Carolina's most current contract for EVV services calls for payments of $1.2 million during the first contract year rising to $1.6 million by the fifth and final year of the contract. Pricing included an implementation charge as well as charges based on monthly claims by vendors and financial management services. Training and education expenses were included as well.

[84] Ohio currently does a similar case management process, but lacks the telephony component.

The vendor for the telephony systems in Kansas, Oklahoma[85] and South Carolina estimates the cost to implement an EVV system in Ohio would be between $400,000 to $800,000 for initial set up and integration with existing systems. Additionally, ongoing service transaction, costs according to the vendor, are estimated to be between $100,000 to $200,000 per month depending on the level of services provided and provider claims submitted.

Savings Impact

Total SFY 2011-12 billings in Ohio for the home health care Medicaid services was $765 million. If Ohio implemented telephone monitoring for personal care aids, home nursing, waiver services, and other home health agencies, and realized billing reductions similar to other states, the projected savings is estimated to be between $22.95 million and $267.75 million (**See Table 6.4**).

Table 6.4: Peer State Billing Reductions Generated Via Telephone Monitoring As Applied to Ohio Medicaid Payments

State	Percentage of Billing Reductions	Estimated Ohio Billing Reductions at Peer State Rate
Florida[1]	35%	$267,750,000
Oklahoma	20%	$153,000,000
South Carolina[2]	10%	$76,500,000
Kansas	3%	$22,950,000

Source: Interviews with applicable State Medicaid officials, press release and media reports.

[1]Florida included billing savings of both DMV and CCM programs in their savings percentage since the trial of both programs occurred concurrently in Miami-Dade County.

[2]South Carolina's savings also include shortened billing increments as a portion of the above listed savings.

Using the high-end estimates of $800,000 for EVV set up and integration and $200,000 per month or $2.4 million in annual service transaction fees, the first year cost to Ohio would be approximately $3.2 million. Using the most conservative reduction in billings, the three percent realized by Kansas as noted in Table 2, Ohio's expected billing reduction would be around $22.95 million. The first year net effect to Ohio, meaning billing reductions less first year costs, would be approximately **$19.75 million.**

Conclusion

Peer state research indicates that telephony verification works best for home health services which currently comprise 60 percent of the investigations started in 2012 by the Ohio MFCU. Based upon the $765.9 million spent on home health care in SFY 2012 and the GAO estimated fraud rate of 5 percent, OPT estimates that home health services billings in Ohio included $38.3 million in fraudulent claims

From FY 2010 through 2012, Ohio averaged $1.32 billion per year in Medicaid spending on home health care, ambulance/ambulette, and DME services. Using the GAO minimum fraud rate

[85] Oklahoma implementation costs were not provided to OPT.

of 5 percent, it is likely that Ohio is losing at least $66 million annually to fraud in home health care, ambulance/ambulette, and DME provider categories alone. Given that Ohio MFCU has identified $55.2 million of fraud in 2012 in all categories with actual recoveries of $20.5 million, fraud reduction and prevention requires a more focused, proactive approach than the current "pay and chase" efforts. Surety bonds and telephony offer cost effective methods to prevent fraud on the front end and in the case of bonding, affords the opportunity for Ohio to collect all or part of such fraud loss on the back end.

RECOMMENDATION 6.3: ODJFS should comprehensively track Ohio's outstanding debt due to Medicaid fraud, waste and abuse and keep collections data by provider type to determine the fraud risks associated with particular types of providers. Further, ODJFS should consider holding a Kaizen event to improve collections processes and should formally document collection procedures.

During the course of our audit, interviews with ODJFS associates revealed that:

- No single comprehensive collection data source exists at ODJFS that tracks identified fraud, waste and abuse and resulting collection.
- Outstanding debt is not identified by provider categories. Management is unable to determine the source of provider risk and formulate effective mitigation without such information.
- The internal collections process at ODJFS is not documented in a formal procedures manual. Procedure manuals are a necessary component of executing processes such as collections on a consistent and timely basis.
- Certain civil collections are not certified by ODJFS to the Ohio Attorney General for collection.
- The entire Medicaid collections and certification process is one that could benefit from a Kaizen process-mapping event. OPT recommends these collection issues be addressed by management.

ODJFS should comprehensively track the outstanding debt attributed to Medicaid fraud, waste and abuse and identify collections by provider type to determine the fraud risks associated with particular types of providers. Based on such data, if certain categories of vendors exhibit high prosecution rates, but low collection rates, then a business case can be made to require higher bonding or more rigorous monitoring of such providers.

ISSUE FOR FURTHER STUDY 6.1: Verification of Services by Card Swipe

ODJFS should consider a card swipe verification trial in a limited service area to determine the feasibility of this technology to reduce the cost of Medicaid fraud in the areas of transportation and durable medical equipment (DME). Additionally, although outside of the scope of the current engagement, card swipe technology could be explored as an effective tool to prevent fraud in professional services applications as well.

A recurring theme in Medicaid fraud is that goods or services have been billed but not provided by the vendor. For certain types of goods and services, card swipe verification may be a cost-effective way for the client to verify that the transaction has indeed taken place. Although other states have attempted to implement a card swipe process, the results have been limited due to the use of proprietary terminals. New York effectively used card swipe technology to combat prescription fraud with high risk providers, saving $40 million per year. However, using existing credit card technology has the potential to significantly increase participation rates as well as savings realized.

ODJFS should consider a card swipe verification trial in a limited service area to determine the feasibility of this technology to reduce the cost of Medicaid fraud in the areas of transportation and durable medical equipment (DME). Additionally, although outside of the scope of the current engagement, card swipe technology could be explored as an effective tool to prevent fraud in professional services applications as well.

Overview

Card swipe technology can thwart fraud by preventing claims from being submitted by providers for services or goods when the client a) was not present at the time of the transaction; b) did not authorize the transaction; or c) had their identity stolen or fraudulently acquired.

Blue Cross reports that the most common type of fraud is billing for services not received. Additionally, Blue Cross indicates that around 75 percent of healthcare fraud is committed by the provider. Further confirmation of these statements is found in a study done by the Department of Health Policy at George Washington University. The study found 80% of Medicaid fraud is committed by providers.

Card swipe technology requires a client to swipe their card through a magnetic card reader prior to receiving goods or services. The card is swiped through the magnetic card reader again prior to the client's departure from the service location. This time stamp creates a record of when, and how long, the client was physically at the location where goods or services were rendered. Card swipe technology is readily available at low cost and can be used with cell phones or traditional home of office phones.

When a lost card is reported, the card can be deactivated in as few as thirty seconds, minimizing the opportunity for fraud. The cards do not store any personal information, minimizing the concern for identity theft. Card swiping systems have been found to be useful in reducing fraudulent billings in a variety of applications as listed below:

Fraud Type	Prevention
Transportation	Transportation to an appointment is billed, but card is not swiped for appointment, payment can be denied
Durable Medical Equipment	Card must be used at the point of purchase or in-home at the point of receipt of equipment before billing can occur
Home Health Care	Arrival and departure time of home health care services can be verified
Improper Card Sharing	Time stamped information helps identify unusual card activity

Cost and Implementation Considerations

Vendors can create, activate, deactivate and manage cards based on state established guidelines. The existing credit card terminals in offices, retail locations and cell phones are used, as is the merchant acquirer (the actual bank or vendor who provides the terminal) for transactions. One card swipe technology vendor estimates [86] initial startup costs including training to be approximately $65,000 plus 83 cents per participating client for card production. Monthly continuing costs are estimated at $32,737 or $392,844 annually. Card readers for cell phones running the required run iOS, Android, or Windows Phone 8 operating system cost less than $25 per unit. Client communication materials are included in the startup costs, but printing and mailing would be at additional state expense.

This type of technology is best suited for DME and transportation providers since it confirms the presence of both the provider and client at the same location at the time of the transaction. In SFY 2012 Ohio Medicaid spent $105.7 million on DME and $44.4 million on ambulance / ambulette transportation. The estimated fraud in these areas is $5.3 million and $2.2 million respectively. Vendors of card swipe technology claim that if only 3 percent of inappropriate payments were prevented, the return on the investment would be 145 percent. This does not take into account the reductions in other costs such as reduced prosecution, etc. The card swipe technology could be extended at a later point in time to include other high-risk fraud areas such as professional services (false doctor billing) and pharmacy fraud (prescription abuse).

Peer State Experience with Card Swipe

Although a number of states have implemented the use of magnetic or smart cards, these states have opted to use technology that requires dedicated terminals in lieu of using the existing point of sale (POS) device provided by merchant acquirer networks in retail and professional services environments. The result is that provider acceptance is too low to track meaningful results. New York is the only state that has reported significant cost avoidance due to mandatory enrollment of high risk physicians.

Texas – The State of Texas was unable to establish the exact amount of fraud reduction from its pilot study. However, biometrics and smart cards were portrayed by the State to be an effective

[86] Estimate provided by Castlestone Advisors Inc.

tool in preventing provider and client fraud within its Medicaid program. Implemented in June 2011 by the Texas Health and Human Services Commission, the cards are used to access the client's Medicaid related information, verify eligibility, review claim history, and complete e-prescribing. The magnetic card readers are connected to a PC with internet access, which will help providers avoid data entry errors. Providers only need a computer with internet access to have full functionality of the swipe system, costs may be incurred if providers purchase a card reader or choose to customize the system.

New York – The State of New York uses both telephony and card swipe technology for certain high-risk providers. Telephonic verification is primarily used for home health care aides and ambulance type services and card swipe is used for DME, doctor visits and pharmacies. New York uses a post and clear system to prevent prescription abuse and doctor shopping and according to officials have shown success. In the post and clear environment, a code is entered on the POS terminal (or a web browser) that indicates the drug, strength, dosing regimen and quantity. This would accompany the paper prescription. The pharmacy must match the same code to clear the prescription, so an attempt to alter the prescription will be spotted. The latest information available from New York indicates that in 2005 the Department of Health reported $40 Million in cost avoidance by requiring high-risk Medicaid provider physicians to use card swipe and post and clear processes. New York officials stated that initial numbers were very good on card swipe, but participation was problematic due to the need for a proprietary terminal provided by an outside vendor. Both programs (telephony and card swipe) have been used in New York for approximately 7 years, but are now being supplanted by moving clients to managed care organizations.

As stated earlier, ODJFS should consider a card swipe verification trial in a limited service area to determine the feasibility of this technology to reduce the cost of Medicaid fraud in the areas of transportation and durable medical equipment (DME). Additionally, although outside of the scope of the current engagement, card swipe technology could be explored as an effective tool to prevent fraud in professional services applications as well.

APPENDIX D: Supplemental Information for Section 6 – Medicaid Fraud Mitigation

Table D.1: SFY 2012 Medicaid Expenditures for Ambulance/Ambulette Providers by Billing Range

SFY 2012 Billings	Ambulance Providers	Ambulance Providers Total Billings	% By Dollar Volume	Ambulette Providers[1]	Ambulette Providers Total Billings	% By Dollar Volume
$1 - $599.99	118	$ 32,252	0.1%	7	$ 2,459	0.0%
$600 - $9,999.99	437	$ 1,577,795	5.2%	29	$ 130,450	0.9%
$10,000 - $49,999.99	200	$ 4,562,206	14.9%	59	$ 1,604,186	11.6%
$50,000 - $99,999.99	41	$ 2,926,180	9.6%	35	$ 2,547,565	18.4%
$100,000 - $999,999.99	70	$ 16,755,511	54.8%	50	$ 9,532,593	69.0%
$1,000,000 and over	3	$ 4,716,302	15.4%	0		0.0%
Totals	**869**	**$ 30,570,246**	**100.0%**	**180**	**$ 13,817,253**	**100.0%**

Source: Data from MITS System provided by Ohio auditor of State MCA
Note: [1]Ambulance companies can run ambulette services. This total includes vendors that provide ambulette services only

Table D.2: SFY 2012 Medicaid Expenditures for Durable Medical Equipment Providers by Billing Range

SFY 2012 Billings	Durable Medical Equipment Providers	Durable Medical Equipment Provider Total Billings	% by Dollar Volume
$1 - $599.99	105	$24,625.41	0.0%
$600 - $9,999.99	271	$1,026,200.93	1.0%
$10,000 - $49,999.99	253	$6,300,324.00	6.0%
$50,000 - $99,999.99	142	$9,969,805.90	9.4%
$100,000 - $999,999.99	180	$49,166,452.24	46.5%
$1,000,000 and over	21	$39,271,435.03	37.1%
Totals	**972**	**$ 105,758,844**	**100.0%**

Source: Data from MITS system, provided by Ohio Auditor of State MCA

Table D.3: SFY 2012 Medicaid Expenditures for Home Health Care Providers[1] by Billing Range

SFY 2012 Billings	Home Health Agency Providers	Home Health Agency Total Billings	% By Dollar Volume
$1 - $599.99	7	$2,131.37	0.0%
$600 - $9,999.99	56	$267,507.20	0.0%
$10,000 - $49,999.99	92	$2,421,411.04	0.4%
$50,000 - $99,999.99	50	$3,663,600.56	0.7%
$100,000 - $999,999.99	252	$109,766,209.64	19.9%
$1,000,000 and over	159	$435,366,659.18	78.9%
Totals	**616**	**$ 551,487,519**	**100.0%**

SFY 2012 Billings	Private Duty Nursing	Private Duty Nursing Total Billings	% By Dollar Volume
$1 - $599.99	60	$19,413.22	0.0%
$600 - $9,999.99	517	$2,376,787.83	3.0%
$10,000 - $49,999.99	1,265	$37,294,365.40	47.6%
$50,000 - $99,999.99	511	$33,512,706.62	42.8%
$100,000 - $999,999.99	42	$5,143,812.28	6.6%
$1,000,000 and over	0	0	0.0%
Totals	**2,395**	**$ 78,347,085**	**100.0%**

SFY 2012 Billings	Other Accred HHA	Other Accred HHA Total Billings	% by Dollar Volume
$1 - $599.99	1	$ 419	0.0%
$600 - $9,999.99	5	$ 12,687	0.0%
$10,000 - $49,999.99	12	$ 354,504	1.1%
$50,000 - $99,999.99	4	$ 279,681	0.9%
$100,000 - $999,999.99	27	$ 10,492,470	33.4%
$1,000,000 and over	6	$ 20,255,196	64.5%
Totals	**55**	**$ 31,394,957**	**100.0%**

Source: Data from MITS system, provided by Ohio Auditor of State MCA

Note: [1]Organizations that provide some form of home health care.

7. WORKFORCE DEVELOPMENT/ONE-STOP SYSTEM

SUMMARY

Finding 7.1: ODJFS lacks sufficient goal-oriented Workforce performance measures.

Recommendation 7.1: ODJFS Office of Workforce Development (OWD) and the Governor's Office of Workforce Transformation (OWT) should collaboratively identify formal goals and performance measures for the Workforce Investment Act (WIA) system. These performance measures should be above and beyond the federal common measures in that they should hold the WIA system to a higher standard of performance; a standard which is more meaningful for Ohio; and a standard which is directly applicable and measurable at the one-stop level. The entire WIA system, including the one-stops, should be routinely assessed and evaluated based on achievement of goals and performance against peers as well as a desired standard.

Finding 7.2: The State of Ohio could benefit from a comprehensive framework for ensuring that Workforce resources are allocated in a manner well suited to support overall strategic growth and development needs.

Recommendation 7.2: OWD and OWT should establish a formal ranking of occupations identified as most beneficial to the current and future state of industry growth and development within Ohio, and as aligned with the strategic direction of JobsOhio. OWD should develop and disseminate guidance to the WIA areas and one-stops that clearly communicate these target occupations as well as the relationship to broader growth and development objectives. Finally, OWD should ensure that Workforce system alignment, including the one-stops, is routinely monitored and evaluated to ensure that the types of services provided to Workforce clients are supportive of Ohio's long-term growth and development goals (see Recommendation 7.1).

Finding 7.3: OWD has limited visibility into operational WIA area and one-stop financial information.

Recommendation 7.3: OWD should standardize and automate the reporting of WIA operational cost-accounting information and scrutinize variation in funding utilization among the 20 WIA areas.

Finding 7.4: Measurement system uncertainty hinders the ability to draw valid and reliable conclusions within a broader performance measurement and management framework.

Recommendation 7.4: OWD should establish a formal process for assessing the accuracy of workforce data collected across the WIA system. The first step should be to identify, assess, and eliminate bad data within the current system. Once a clean baseline of data is established OWD should develop formal data measurement, documentation, and reporting standards to ensure that data quality improvements are formalized across the entire system. Finally, OWD should establish formal data assessment and evaluation periods to ensure that special cause variation within the data is identified, fully explained, and corrected, when necessary, in a consistent and timely manner.

WORKFORCE DEVELOPMENT/ONE-STOP SYSTEM

Note: These recommendations were issued as the ODJFS interim report dated May 30, 2013.

Overview

The Workforce Investment Act of 1998 (WIA) was enacted by Congress to align federally-funded workforce development programs into a coordinated system for workforce training. The resulting WIA system assists employers, job seekers and current employees who need additional training. The goal of WIA is to have a comprehensive system to increase employment, job retention, earnings and employee skills.

In Ohio, WIA is administered through the Ohio Department of Job and Family Services (ODJFS) as a partnership between the state and 20 WIA areas. Each WIA area is governed by a Workforce Investment Board (WIB) made up of area government and business leaders. The WIBs oversee workforce development program activities that take place at 90 one-stop centers across the state, with each county having at least one one-stop.[87]

The one-stops are divided into two types. Type 1 is referred to as a "satellite" one-stop and is required to operate with a minimum of three of the 14 WIA partners.[88] Not all Type 1 one-stops provide the same level of service or have the same number or mix of partners. Type 2 is a "full service" one-stop and is required to operate with all 14 partners. There must be one full service one-stop in each WIA area. Ohio has 30 full-service and 60 satellite one-stops in the 20 WIA areas. In addition, Ohio is developing a virtual one-stop with a projected rollout in 2014. The intent of the virtual one-stop is to reach new clients who would otherwise not seek services at a traditional one-stop.

Funding for WIA activities is formula driven and received from the United States Department of Labor (DOL). In Program Year 2012 (PY 2012), Ohio received $93.6 million in WIA funding to run Adult, Dislocated Worker and Youth programs across the state. Of that funding, $14 million is reserved by the State for program administration and state-level rapid response activities for dislocated workers related to plant closings or mass layoffs. The remaining $79.6 million is distributed by formula to the 20 WIA areas. The WIA areas are authorized to use up to ten percent of awarded funding for administrative expenses. The remaining 90 or so percent is to be used for core, intensive and training services for clients in adult, dislocated worker and youth programs.[89]

[87] Each of Ohio's 88 counties has one one-stop with the exception of Cuyahoga and Delaware counties which each have two.

[88] WIA mandated partners include Title I programs for Adult, Dislocated Workers, Youth, and others; Employment Services; Title V Older Americans; Unemployment Insurance; Vocational Rehabilitation; Welfare-to-Work; HUD Employment and Training; Community Services Block Grant; Adult Education and Literacy; Post-Secondary Vocational Education; and Trade Adjustment Assistance programs.

[89] WIA Funding Flow

In PY 2011, the last year for which such data is available, 40,062 Ohioans received WIA-funded services such as job search and placement assistance, skills assessments, career planning, and occupational training. Those who receive services are termed program "participants." About half of the participants, 21,433, exited WIA-funded services in PY 2011. "Exiters" are those participants who have not received a WIA-funded service for 90 consecutive calendar days and who are not scheduled to receive future services.[90]

As an extension of the performance audit of ODJFS, the Auditor of State's Ohio Performance Team (OPT) was engaged to broadly look at the Workforce Development/One Stop system program scope and service delivery processes to maximize efficiency and effectiveness. The request for this analysis originated from the Governor's Office of Workforce Transformation (OWT). The Governor created OWT in 2011 to align workforce programs, policies and resources across the state "…to maximize return on investment and ensure optimal growth in Ohio's workforce economy."[91]

Scope of Work and Objectives

Members of OPT, OWT, and the ODJFS Office of Workforce Development (OWD) met on several occasions to further develop the scope and objectives of this engagement. Through these collaborative sessions, the focus of the analysis was determined to answer:

1. How do program and administration resource allocations compare internally (among WIA areas and One Stop Centers); and

2. How does resource allocation (staff and funding) compare internally (among WIA areas and One Stop Centers) with regard to clients served (participants and exiters)?

The scope of the Workforce analysis focuses on providing OWT and OWD with baseline information on WIA area and one-stop performance. The analysis provides a comparison of entities within Ohio and does not attempt to compare performance of Ohio's WIA areas and one-stops to those in other states.

The purpose of attaining this baseline understanding is to develop a framework to improve performance across the State's Workforce system. However, the financial and operational data collected and analyzed displayed wide variation; see **R7.3** and **R7.4**, respectively.

Comment on Variation

Variation emanates from either the processes themselves or the measurement systems. Given that the data collection activities and analyses performed as a part of this audit are relatively new to the Workforce system, the financial and operational data collected and analyzed likely contains both process variation and measurement system variation. Determining the source and extent of variation was not within the scope of this engagement.

[90] United States Department of Labor, ETA Advisory, Training & Employment Guidance Letter
[91] State of Ohio Workforce Investment Act Program Year 2011 Annual Report.

Variation is broadly categorized as common cause variation or special cause variation. According to the Six Sigma Academy's *Black Belt Memory Jogger* (2002), common cause variation is "completely random (i.e., the next data point's specific value cannot be predicted). It is the natural variation of the process. Special cause variation is the nonrandom variation in the process. It is the result of an event, an action, or a series of events or actions." A stable process with little to no special cause variation is desirable because of the predictability of process outputs. The data points within a normal distribution (e.g., a bell shaped curve) are symmetrically distributed through common cause variation about the mean and "theoretically, about 95 percent of the population is contained within two standard deviations" from the mean. From a practical standpoint, an owner or customer of the process can be reasonably confident that this type of process will generate a consistently predictable, stable output. In contrast, a process with great variation cannot consistently produce a predictable or stable output.

According to *Process Variation—Enemy and Opportunity* (Snee, 2006), it is "impossible to control and improve processes that you do not understand."[92] This understanding begins with variation and by fully identifying, characterizing, quantifying, and reducing variation; you can reduce operating cost, improve customer satisfaction, and lift employee morale. One of the most effective ways to reduce variation is to anticipate it and then prevent it through improved design of processes, products, and management practices. "With the understanding of process variation as the foundation of process understanding, improvement professionals then can be continually on the lookout for important sources of variation—whether in the process itself or the measurement process—and confidently reduce that variation, secure in the knowledge they can significantly improve performance."

Special Notes

It is important to note that due to the structural complexity of the WIA system in Ohio, this analysis would not have been possible without the support of the leadership and staff of the OWT and OWD and the assistance of the local WIA areas. OPT recognizes and thanks each of them for their important contributions to this collaborative engagement.

Finally, due to the magnitude and complexity of the various analyses undertaken throughout this performance audit, OPT has created **WIA Area Dashboards** found in **Appendix F** for a quick snapshot of many comparative data elements.

[92] Published by the American Society for Quality as part of the December 2006 Quality Progress Magazine.

RECOMMENDATION 7.1: ODJFS Office of Workforce Development (OWD) and the Governor's Office of Workforce Transformation (OWT) should collaboratively identify formal goals and performance measures for the Workforce Investment Act (WIA) system. These performance measures should be above and beyond the federal common measures in that they should hold the WIA system to a higher standard of performance; a standard which is more meaningful for Ohio; and a standard which is directly applicable and measurable at the one-stop level. The entire WIA system, including the one-stops, should be routinely assessed and evaluated based on achievement of goals and performance against peers as well as a desired standard.

Background

Ohio's Workforce program is centrally organized through the OWD but operates on a day-to-day basis at the 20 WIA areas and the 90 one-stops within those areas. Although OWD cannot require WIA areas or one-stops to operate in a specific manner or under a specific model it does have the ability, in concert with OWT, to develop and implement a performance management framework.

The DOL implemented common performance measures in 2005 as one way of evaluating and improving performance for programs with similar goals. The federal common measures are organized into adult measures (WIA Adult program and WIA Dislocated Worker program) and youth measures (WIA Youth program).

Adult common measures include:

- **Entered Employment Rate –** The number of adult participants who are employed in the first quarter after the exit quarter divided by the number of adult participants who exit during the quarter.[93]
- **Employment Retention Rate –** The number of adult participants who are employed in both the second and third quarters after the exit quarter divided by the number of adult participants who exit during the quarter.
- **Average Earnings –** Total earnings in the second plus the total earnings in the third quarters after the exit quarter divided by the number of adult participants who exit during the quarter.

Youth common measures include:

- **Placement in Employment or Education –** The number of youth participants who are in employment (including the military) or enrolled in post-secondary education and/or advanced training/occupational skills training in the first quarter after the exit quarter divided by the number of youth participants who exit during the quarter.
- **Attainment of a Degree or Certificate –** The number of youth participants who attain a diploma, general education development certificate (GED), or certificate by the end of

[93] DOL defines exit quarter as "the calendar quarter in which the date of exit is recorded for the individual."

the third quarter after the exit quarter divided by the number of youth participants who exit during the quarter.

- **Literacy or Numeracy Gains –** The number of youth participants who increase one or more educational functioning levels divided by the number of youth participants who have completed a year in the program (i.e., one year from the date of first youth program service) plus the number of youth participants who exit before completing a year in the youth program.

Analysis

Table 7.1 shows Ohio's Workforce program performance relative to all other states for program year (PY) 2008 through PY 2010.[94] The ranking of performance relative to other states' similar programs is important to provide context to evaluate Ohio's current position and any future progress.

Table 7.1: Ohio Average Ranking (PY 2008-PY 2010)

WIA Adult Program	Avg. Performance	Avg. Ranking	National Average
Entered Employment Rate	71.4%	34	73.0%
Employment Retention Rate	84.1%	27	83.8%
Average Earnings	$14,908	7	$12,385
WIA Dislocated Worker Program	**Avg. Performance**	**Avg. Ranking**	**National Average**
Entered Employment Rate	78.4%	36	79.3%
Employment Retention Rate	89.5%	24	88.8%
Average Earnings	$17,832	6	$15,297
WIA Youth Program	**Avg. Performance**	**Avg. Ranking**	**National Average**
Placement in Employment or Education	61.3%	37	62.8%
Attainment of Degree or Certificate	58.3%	29	58.7%
Literacy and Numeracy Gains	41.7%	22	35.3%

Source: DOL WIA common measures

As shown in **Table 7.1**, Ohio's Workforce program performs well in average earnings for Adult and Dislocated Worker but performs at or below average in all other federal performance measure areas.

Each PY DOL assesses overall performance for each common measure and evaluates the overall status of local performance for states as a whole, and WIA areas as parts of the whole. This status is identified as one of three classifications including: Exceeded, Met, or Not Met.

For PY 2010 the State-wide Workforce program was identified as exceeding (five measures) or meeting (four measures) all nine common measures. Ohio continued this strong performance, relative to the common measures standard, in PY 2011 by exceeding (eight measures) or meeting (one measure) all nine common measures.

[94] PY 2010 was the last full year of comparable data available from DOL at the time of this audit. A PY includes the time period from July 1 of a given year through June 30 of the following year. However, the PY designation is tied to the year of the lower boundary so PY 2010 represents the time period July 1, 2010 through June 30, 2011.

For PY 2010, across the 20 WIA areas with all 9 common measures at each WIA, the Workforce system exceeded 114 measures, met 60 measures, and did not meet 6 measures. Once again, the PY 2011 performance improved, relative to the common measures standard, the Workforce system exceeded 146 measures, met 32 measures, and did not meet 2 measures.

Although Ohio's Workforce system routinely exceeds or meets almost every common standards measure, Ohio still lags behind other states in relative performance. In addition, the federal common measures are viewed by OWD and OWT as easily achievable standards of performance with sub-optimal value to Ohio. Furthermore, the federal common measures are not reported or monitored at a level that provides insight into the vast majority of one-stop operations; an aspect which severely limits their utility as part of a comprehensive performance management framework. Finally, OWT has observed that the use of performance measures that exceed the DOL common measures has been a contributing factor to the success of some of the more successful workforce programs in other states.

Although OWD and OWT will need to develop the specific performance measures they wish to implement, below are some general examples of performance measurement categories which, based on the analysis contained in this report, appear to be germane to the Workforce system:

- **Financial performance** relative to outcome measures at the WIA area and one-stop levels;
- **Strategic training focus** relative to State-wide priorities at the WIA area and one-stop levels;
- **Service duration** relative to outcome measures at the WIA area and one-stop levels; and
- **Client outreach** relative to the eligible service population at the WIA area and one-stop levels.

Conclusion

Ohio's Workforce system, as a whole and from WIA area to area, consistently meets or exceeds federal performance measures. However, when compared to other states, Ohio generally performs at or below average. Furthermore, Ohio does not have performance measures that exceed the federal performance measures to drive improvements to the Workforce system.

RECOMMENDATION 7.2: OWD and OWT should establish a formal ranking of occupations identified as most beneficial to the current and future state of industry growth and development within Ohio, and as aligned with the strategic direction of JobsOhio. OWD should develop and disseminate guidance to the WIA areas and one-stops that clearly communicate these target occupations as well as the relationship to broader growth and development objectives. Finally, OWD should ensure that Workforce system alignment, including the one-stops, is routinely monitored and evaluated to ensure that the types of services provided to Workforce clients are supportive of Ohio's long-term growth and development goals (see Recommendation 7.1).

Background

The Governor's Office of Workforce Transformation (OWT) was created in 2012 with the following goal: "To create a unified workforce system that supports business in meeting its workforce needs." To achieve this goal OWT has outlined three strategic focus areas including:

- Identify businesses' most urgent job needs;
- Align the skills needs of employers with the training offerings of the education system; and
- Reform Ohio's workforce delivery system.

OWT developed *A Plan to Reform Ohio's Workforce System* which outlines, for each strategic focus area, the problem statement, policy priorities, initiatives (2012 through 2014), governance, and current projects. A thematic concern across all strategic focus areas is the systemic identification and support of workforce training activities that are coordinated to support the short and long-term workforce development needs of Ohio business.

Ohio's Workforce system provides training to adult and dislocated workers as part of a portfolio of WIA program services. Each individual training service provided within the Workforce system is categorized and designated through a standard classification system known as the Occupational Information Network (O*NET) - standard occupational classification (SOC), commonly referred to as O*NET-SOC. Within the O*NET-SOC structure there are 22 major occupational groups (major groups) and 749 detailed occupations.[95]

Table 7.2 shows the distribution of client training focus by O*NET-SOC major group with descriptions for PY 2011. Classifying Ohio's Workforce training focus by O*NET-SOC major group is important to provide context to the Workforce structure across the State.

[95] Military occupations are excluded from the major groups and detailed occupations mentioned here and analyzed in detail in this report given that neither federal nor State labor projections take military occupations into account. In addition, Ohio's Workforce system only had one client receiving training services in a military occupation during PY 2011.

Table 7.2: Major Group Distribution and Description (PY 2011)

Major Group	Occupation Description	Clients	% of Total
11	Management	364	3.8%
13	Business and Financial Operations	314	3.3%
15	**Computer and Mathematical**	**477**	**5.0%**
17	Architecture and Engineering	266	2.8%
19	Life, Physical, and Social Science	59	0.6%
21	Community and Social Service	144	1.5%
23	Legal	35	0.4%
25	Education, Training, and Library	154	1.6%
27	Arts, Design, Entertainment, Sports, and Media	62	0.7%
29	**Healthcare Practitioners and Technical**	**2,277**	**23.9%**
31	**Healthcare Support**	**1,643**	**17.2%**
33	Protective Service	50	0.5%
35	Food Preparation and Serving Related	55	0.6%
37	Building and Grounds Cleaning and Maintenance	39	0.4%
39	Personal Care and Service	209	2.2%
41	Sales and Related	37	0.4%
43	**Office and Administrative Support**	**634**	**6.7%**
45	Farming, Fishing, and Forestry	3	0.0%
47	Construction and Extraction	146	1.5%
49	**Installation, Maintenance, and Repair**	**475**	**5.0%**
51	**Production**	**937**	**9.8%**
53	**Transportation and Material Moving**	**1,149**	**12.1%**
55	Military Specific	1	0.0%
Total Clients		**9,530**	**N/A**

Source: OWD Workforce training services data

As shown in **Table 7.2**, the following O*NET-SOC major groups comprised a total of 79.7 percent, 7,592 individuals, of all training activities in PY 2011:

- 29 – Healthcare Practitioners and Technical (23.9 percent);
- 31 – Healthcare Support (17.2 percent);
- 53 – Transportation and Material Moving (12.1 percent);
- 51 – Production (9.8 percent);
- 43 – Office and Administrative Support (6.7 percent);
- 15 – Computer and Mathematical (5.0 percent); and
- 49 – Installation, Maintenance, and Repair (5.0 percent).

From a baseline optimization standpoint these few categories highlighted in **Table 7.2** represent the vast majority of all training activities. In order to assess the extent to which the current training environment is well placed to achieve the overall goal set forth by OWT, it is necessary to ascertain, to the extent possible, how well this training focus supports the overall growth and development objectives of the State.

Although the Workforce system tracks individual training services by O*NET-SOC, there is no process for assessing the extent to which the individual training is supportive of Ohio's economic

development goals. For example, during 2007, 2008, and 2009 the Ohio Bureau of Labor Market Information (LMI) produced general economic and demographic profiles for the State and each WIA area. At that time, LMI stated that the "reports [could] help workforce and economic development professionals make informed policy decisions."[96] Similarly, in 2012 the Ohio Development Services Agency (DSA) issued profiles of each major industry as part of its Ohio Industry Series. These profiles include a wealth of information such as: Ohio's status within the industry (e.g., share of total production and rank); employment trends related to the industry; and an overview of major companies and investments for the industry. Neither the LMI information nor the DSA publications reported on O*NET-SOC data in a way that could be implemented by the WIA areas and one-stops and objectively reported on by OWD. As a result, this information lacks fully optimized utility for use as a guide for the Workforce system.

During the course of the audit OWT and OWD partnered with LMI to develop a current state assessment of the JobsOhio industry clusters and how these industry clusters map back to detailed occupations.[97] This revised set of detailed occupations includes key information such as baseline and projected employment (2010 and 2020, respectively), annual job openings, and average annual wages.

Methodology

OWD provided State-wide data on 9,530 adult and dislocated worker clients receiving training through the Workforce system in PY 2011. Training services data, by O*NET-SOC, was analyzed to first establish the baseline focus across the Workforce program.

To assess the strategic focus of training services, each individual detailed occupation was grouped into a category of similar detailed occupations. The resulting 93 categories of similar detailed occupations were analyzed and ranked based on the following criteria:

- Total projected category growth through 2020;[98]
- Category percentage of total jobs growth through 2020;
- Category average annual wage;
- Category percentage of total high employment prospects;[99]
- High employment prospect occupations as a percentage of total category occupations;
- Category percentage of total JobsOhio occupations; and

[96] LMI's publications for 2007 included detailed WIA area analyses referred to as "Workforce Connections". These publications included information on population, employment, unemployment rates, per capita income, and new residential building permits. LMI's publications for 2008 and 2009 focused much more broadly on economic development and trends for the entire State with selected focus for regional economic development districts. No WIA area-specific information was included in the 2008 and 2009 publications.

[97] http://ohiolmi.com/proj/JobsOhioInd.htm

[98] LMI publishes Ohio-specific detailed occupation data that mirrors much of the same national data published by the US Bureau of Labor Statistics (BLS). LMI publishes data that includes long-term (10 years) projections for employment by occupation and industry within Ohio.

[99] A sub-set of the LMI occupations data is for "occupations with high employment prospects within Ohio". LMI identifies high employment prospects as occupations that are "above Ohio's median wage in May 2011 ($15.67) and having at least 100 annual openings."

- JobsOhio occupations as a percentage of total category occupations.

The composite outcome of the rankings was then used to order all categories of occupations into four tiers. The first tier includes the top 24, the second tier includes 25 through 47, the third tier includes 48 to 70, and the fourth tier includes 71 through 93. Based on these tiers all WIA areas and service locations were assessed for strategic focus.

Analysis

Table 7.3 shows the number, and percentage, of clients engaged in combined Tier 1 and Tier 2 or combined Tier 3 and Tier 4 training services categories for PY 2011. Tiers were combined (T1 with T2 and T3 with T4) to improve the readability of the table. WIA areas are ordered from highest to lowest percentage of clients engaged in combined Tier 1 and Tier 2 training services.

Table 7.3: Summary Strategic Training Focus by Area (PY 2011)

WIA Area	T1 & T2	T3 & T4	T1 & T2%	T3 & T4%
5	123	6	95.3%	4.7%
8	112	7	94.1%	5.9%
4	187	23	89.0%	11.0%
16	274	34	89.0%	11.0%
6	262	34	88.5%	11.5%
15	153	20	88.4%	11.6%
12	383	58	86.8%	13.2%
18	350	54	86.6%	13.4%
17	531	86	86.1%	13.9%
9	166	30	84.7%	15.3%
14	126	24	84.0%	16.0%
20	205	44	82.3%	17.7%
10	166	44	79.0%	21.0%
2	199	54	78.7%	21.3%
19	194	59	76.7%	23.3%
7	3,034	1,004	75.1%	24.9%
11	140	53	72.5%	27.5%
1	278	116	70.6%	29.4%
3	477	239	66.6%	33.4%
13	110	70	61.1%	38.9%
Total Workforce	**7,470**	**2,059**	**78.4%**	**21.6%**

Source: OWD Workforce training services data
Note: Light shading highlights the five areas with the highest percent of clients trained in T1 & T2 categories while dark shading highlights the five lowest.

As shown in **Table 7.3**, the total Workforce system is largely effective at focusing training activities toward occupations that fall within the combined Tier 1 and Tier 2 grouping: 78.4 percent or 7,470 total clients. In particular, relative to total area clients, Area 5, Area 8, Area 4, Area 16, and Area 6 rank as the top five. However, **Table 7.3** also highlights opportunity for improvement within the Workforce system. With 21.6 percent or 2,059 individual clients receiving training services in combined Tier 3 and Tier 4 occupations the Workforce system may

not be optimizing the impact of these training dollars for either the clients or the State of Ohio. In particular, relative to total area clients, Area 7, Area 11, Area 1, Area 3, and Area 13 rank as the bottom five and their mix of training activities should be evaluated to ensure optimum service to their clients. See **Table E1** through **Table E5** in **Appendix E** for further detailed breakdown of strategic focus by sub-location within the bottom five WIA areas. See **Table E6** in **Appendix E** for further detail on strategic performance of all locations across the Workforce system.

Conclusion

Ohio's Workforce system lacks centrally directed focus and guidance on the strategic nature of training services provided at the local level through WIA areas and service locations. Based on available measures it appears that the Workforce system largely guides clients toward training services that are high potential in terms of current and future job openings, wages, and linkage to JobsOhio priorities. However, these same measures identify that there are opportunities to more closely align with Tier 1 and Tier 2 occupations within the current Workforce system.

RECOMMENDATION 7.3: OWD should standardize and automate the reporting of WIA operational cost-accounting information and scrutinize variation in funding utilization among the 20 WIA areas.

Background

Early in OPT's collaboration with the Office of Workforce Development (OWD) and the Governor's Office of Workforce Transformation (OWT) the engaged parties sought to understand the current-state of Ohio's Workforce system. This effort involved assessing Ohio's Workforce goals, participant outcomes, and operational expenditures. This recommendation pertains to the third category of assessment, operational expenditures.

The Workforce Investment Act is a federal program that funds 100 percent of Ohio's WIA activities. The total amount of federal funding allocated to Ohio in a given year is a function of that year's total federal WIA appropriation, and a complex formula that divides the funding among states based mainly on demographic factors. Once federal WIA dollars are received by Ohio, ODJFS holds back a percentage (5% for Adult and Youth programs and 30% for the Dislocated Worker program) to cover state-level administration before distributing the remainder to Ohio's 20 WIA areas. WIA areas are then allowed to hold back 10% of the funds to cover their own administrative costs before allocating the remaining funds to local-level services in the Adult, Youth, and Dislocated Worker programs. Program rules afford the WIA areas a wide amount of latitude in how they choose to spend the area's allocation on local services. WIA areas may also seek and obtain additional resources from other sources for Workforce activities and are encouraged to do so by the State.

Under Ohio's current Workforce reporting model, the financial information available to State program management via the County Financial Information System (CFIS) is limited. Executives at ODJFS and OWT can access the total expenditures of the 20 WIA areas by program (e.g. Adult, Dislocated Worker, Youth, etc.), but other important information is not aggregated on an

ongoing basis. Specifically, State program leadership pointed to two major weaknesses in the current method of financial reporting:

1. The most granular level of financial detail reported ends at the 20 WIA areas. State leadership has no visibility into the 90 one-stops that comprise Ohio's WIA areas.

2. The current financial reports do not allocate expenses among operational activity cost categories. State leadership has no visibility into how WIA area and one-stop expenditures are divided among operational activities such as training, administrative salaries, or overhead expenses.

Methodology

Discussions with OWD and OWT provided clarity on the types of financial and operating metrics that would be useful to program management. Many of these metrics are not currently accessible via CFIS, so OPT in collaboration with OWD devised a Request for Information (RFI) to obtain additional financial metrics. The RFI was piloted at a single WIA area, minimally revised to increase clarity and ease-of-use, and then sent to the fiscal agents of Ohio's 20 WIA areas for completion. A webinar was offered thereafter to answer any outstanding questions.

The RFI instructed the WIA areas and one-stops to allocate expenses among six functional categories for each of the three major WIA programs. Information was also gathered on staffing and other resources the WIA areas use in their operations. WIA areas were instructed to provide actual historical data for the most recently completed program year (PY 2011) and an estimate of the year-end totals for the current program year (PY 2012). All 20 WIA areas responded to the RFI.

After receiving completed RFI forms from the 20 WIA areas, OPT analyzed resource allocation and workforce system performance across Ohio.

Analysis

The type of financial reporting currently available for Ohio's Workforce program provides limited insight into the operations carried out within the WIA areas and one-stops. The financial information currently reported to state administrators is restricted to the total expenditures for the Adult, Dislocated Worker, and Youth programs.

To give greater insight into program expenditures, OPT obtained a breakdown of total Adult, Dislocated Worker, and Youth program expenses in the following categories:

- *Core and Intensive Services* – Direct costs including staff wages, resource room costs, workshops costs, materials and publications.
- *Supportive Services* – Direct costs associated with providing services such as transportation, childcare, dependent care, tools or work attire, and eligible housing.

- *Training Services* – Direct costs including tuition, fees, and books associated with education and literacy activities, can include general education, job-readiness, or skill-specific training, including youth work experience.
- *Program Management* – Program costs not directly related to the provision of core, intensive, supportive, or training services. This may include costs for supervisory and board salaries, as well as business services costs.
- *Administration and Overhead* – Costs outlined under the Federal WIA program definitions which include costs associated with general administrative functions such as accounting, payroll, rent, personnel and IT.
- *Other Expenses* – Costs of items which cannot be incorporated into the previous categories. WIA areas were requested to use this category sparingly.

OPT analyzed the absolute and relative amount of funds expended within these six categories in order to evaluate the business models and efficiency of WIA areas and one-stops.

It is important to note here that OPT analyzed program expenses of the 20 WIA areas and the 90 one-stops that comprise the WIA areas. The body of this report primarily showcases the results at the WIA area level. OPT performed similar analyses at the one-stop level, as demonstrated in **Table E7** of **Appendix E**. The one-stop analyses showed roughly the same overall variability as WIA areas and are being presented in full to ODJFS management separately for the sake of keeping this report to a reasonable length.

OPT found a wide variation across the 20 WIA areas in percent of funding expended in each of the six expense categories. **Table 7.4** below contains the expenditures among the six identified categories expressed as a percentage of total spending in each WIA area.

Table 7.4: PY 2011 WIA Area Expense Percentages by Category for Adult, Dislocated Worker, and Youth Programs

WIA Area	Core & Intensive	Supportive Services	Training	Program Mgmt	Admin & Overhead	Other
Area 1	20%	9%	49%	14%	8%	0%
Area 2	77%	0%	13%	0%	9%	0%
Area 3	43%	1%	44%	4%	7%	0%
Area 4	54%	2%	31%	0%	13%	0%
Area 5	57%	0%	32%	6%	4%	0%
Area 6	28%	0%	37%	26%	10%	0%
Area 7	21%	7%	42%	22%	7%	2%
Area 8	53%	0%	29%	6%	8%	3%
Area 9	61%	1%	14%	3%	20%	0%
Area 10	34%	1%	62%	0%	4%	0%
Area 11	38%	1%	24%	33%	5%	0%
Area 12	8%	12%	69%	3%	8%	0%
Area 13	61%	10%	5%	13%	12%	0%
Area 14	18%	14%	31%	32%	6%	0%
Area 15	13%	3%	39%	40%	5%	0%
Area 16	25%	8%	55%	4%	6%	3%
Area 17	6%	4%	31%	50%	10%	0%
Area 18	58%	0%	39%	0%	3%	0%
Area 19	46%	7%	24%	6%	13%	4%
Area 20	35%	11%	28%	19%	7%	0%
WIA Mean	38%	5%	35%	14%	8%	1%
WIA Median	36%	3%	32%	6%	8%	0%
Ohio Overall	36%	5%	35%	16%	8%	1%

Source: WIA area financial information

Note: The light shading represents the lowest percentage expenditure in the category; the dark shading represents the highest percentage expenditure.

As displayed in **Table 7.4**, on average, a WIA area spends 36 percent of its funding on Core and Intensive services. The expenditures in this category, however, range from a high of 77 percent in Area 2 to a low of six percent in Area 17.

In the Training category, expenditures range from 69 percent in Area 12 to five percent in Area 13, although the average across all WIA areas is 32 percent.

Expenditures categorized as Supportive Services average five percent across the WIA system, with the high point found in Area 14 at 14 percent and the lowest in Areas 2 and 18 at zero percent.

In the Program Management category, the state average is 16 percent, but the highest percentage is found in Area 17 which expends half of its funds in this category. Four WIA areas spend zero in program management.

WIA expenditures for the Administration and Overhead category range from 20 percent in Area 9 to three percent in Area 18. The state average is eight percent.

In the category of Other expenditures, the highest percentage is found in Area 19 at four percent. With 16 of the 20 WIA areas reporting zero expenditures in this category, the state average is one percent.

Similar expenditure variation across categories was found at the one-stop level. See **Table E7** in **Appendix E** for additional detail.

While this analysis revealed great variation in categorical expenditures, it did not attempt to attribute spending patterns to successful outcomes. As per the scope of this engagement, this analysis was completed to give state program management insight into how funding was being allocated at the WIA and one-stop areas and provided as a basis for further analysis.

OPT additionally analyzed spending per participant by expense category across the WIA areas and one-stops. **Table 7.5** below shows the expenses divided by the number of participants in the WIA area.[100]

[100] Here participants in a WIA area are given as the combined number of people participating in the 3 main programs, Adult, Dislocated Worker, and Youth.

Table 7.5: PY 2011 Expense per Participant for Adult, Dislocated Worker, and Youth Programs by WIA Area

WIA Area	Core & Intensive	Supportive Services	Training	Program Mgmt	Admin & Overhead	Other	Total
Area 1	$587	$253	$1,396	$395	$234	$0	$2,866
Area 2	$1,547	$4	$266	$0	$186	$0	$2,003
Area 3	$792	$25	$798	$77	$131	$0	$1,824
Area 4	$1,406	$54	$800	$2	$350	$0	$2,613
Area 5	$957	$0	$538	$106	$75	$0	$1,677
Area 6	$1,099	$0	$1,470	$1,019	$390	$0	$3,979
Area 7	$422	$151	$863	$442	$134	$32	$2,045
Area 8	$2,316	$14	$1,276	$256	$352	$124	$4,337
Area 9	$3,092	$62	$722	$154	$1,039	$0	$5,068
Area 10	$884	$15	$1,586	$0	$94	$0	$2,579
Area 11	$627	$23	$397	$544	$78	$0	$1,668
Area 12	$260	$380	$2,193	$80	$259	$0	$3,172
Area 13	$1,279	$202	$106	$263	$254	$0	$2,103
Area 14	$572	$441	$998	$1,016	$181	$0	$3,209
Area 15	$282	$75	$835	$869	$98	$0	$2,159
Area 16	$686	$212	$1,519	$105	$168	$91	$2,782
Area 17	$131	$86	$676	$1,097	$209	$0	$2,200
Area 18	$1,791	$15	$1,200	$0	$90	$0	$3,096
Area 19	$1,594	$242	$840	$211	$443	$133	$3,464
Area 20	$911	$274	$725	$480	$191	$0	$2,581
WIA Mean	$1,062	$126	$960	$356	$248	$19	$2,771
WIA Median	$897	$68	$838	$234	$189	$0	$2,597
Ohio Overall	$794	$108	$787	$352	$182	$15	$2,237

Source: WIA area financial information

The amounts being spent on training for participants was of particular interest to the stakeholders at OWD and OWT. Training is a very discretionary part of the WIA program, with Federal program guidance limited to emphasizing that it should be "suitable" to the participant. As **Table 7.5** shows, training expense per participant ranged from $106 to $2,193 in PY 2011, a 2,000 percent difference between the highest and lowest spending WIA area. The five other categories show wide spreads in the amount of money being spent per participant as well. Similar variation was found when comparing expenditures among the one-stops. **Table E8** located in **Appendix E** shows the highest expenditure per participant, $7,480, is found in the Tuscarawas county one-stop in WIA Area 6. **Table E8** of **Appendix E** also reveals the lowest expenditure per participant, $62, is found in the Columbiana county one-stop in WIA area 17.

Wide variation exists across Ohio's WIA areas and one-stops for nearly every metric analyzed by OPT. This variation could be the result of differences in business models, differences in operational efficiency, or differences in participant demographics. It was beyond the scope of OPT's engagement to determine the source of variation in individual areas.

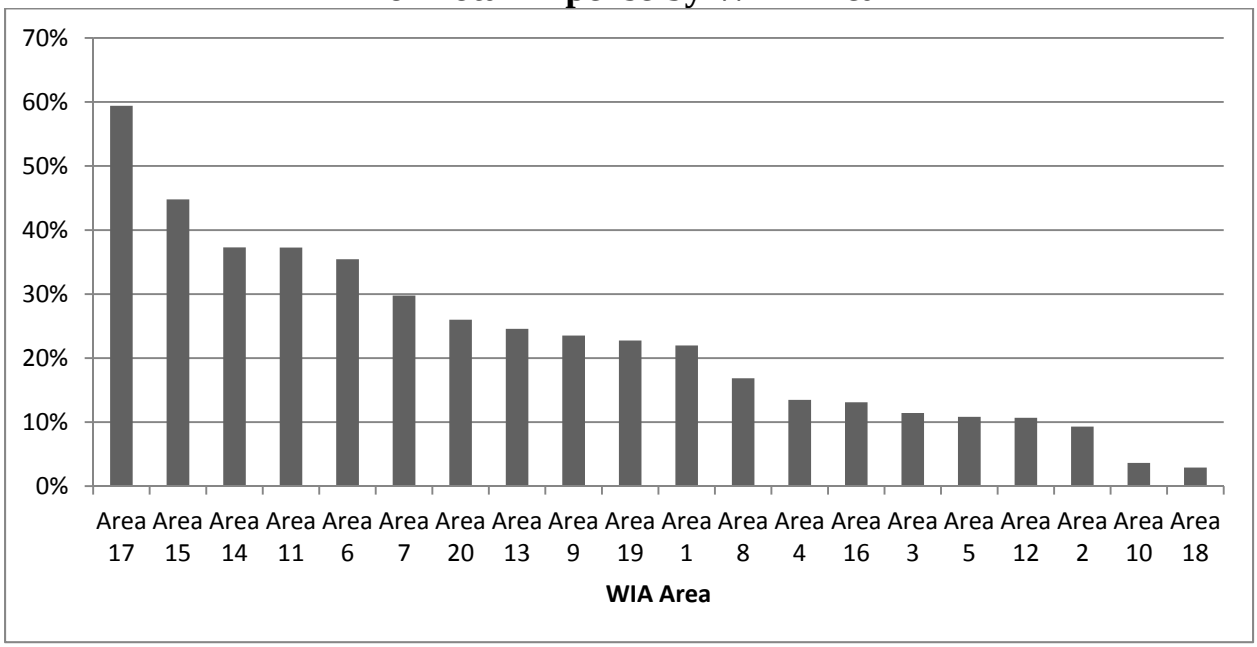
This report and related deliverables do, however, provide a roadmap for OWD and OWT management to begin investigating the root cause of variation across the state. Program

management can gain valuable, additional insight by undertaking an in-depth analysis of the WIA areas with extreme values in the various categories as a first step. What follows is an analysis of several business metrics, with WIA areas ranked from high to low.

Administrative Cost Ratios:

Chart 7.1 below quantifies the ratio of administrative-type expenses to total expenses. Though most businesses and governmental entities must incur some essential administrative burden in order to operate, a high ratio of administrative costs may indicate that funds are not efficiently flowing to program participants or are being purposed for non-direct service activities that may or may not be aligned with statewide strategic goals.

Chart 7.1: PY 2011 Administrative Expense[1] as a percentage of Total Expense by WIA Area



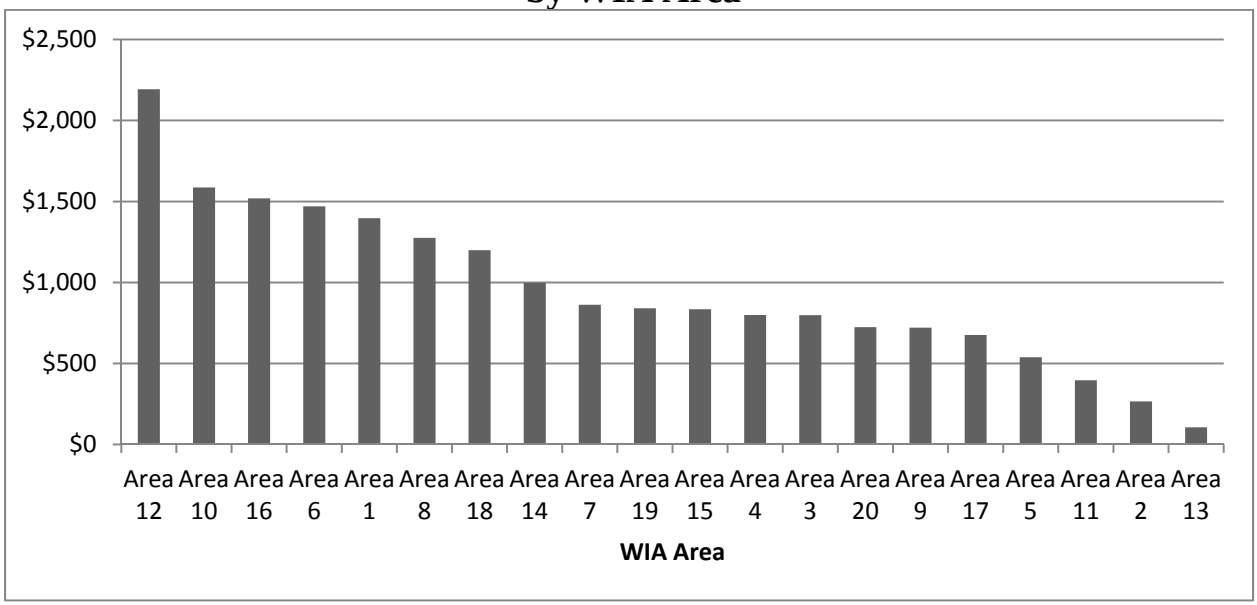
Source: WIA area financial data
[1]Administrative Expense includes Program Management, Admin & Overhead, and Other Expense

Note that OPT has grouped together three expense categories, Program Management, Admin & Overhead, and Other into an overall administrative expense category. Program Management is included because it contains administrative expenses such as WIA area board member salaries, but it can also include expenses with a more direct benefit to participants such as outreach to local businesses. In following up with the performance audit's recommendations, OWD and OWT should determine whether the administrative portion is driving program management costs in the WIA areas. Also, when automating this data-collection going forward, it may be useful to create a separate Business Outreach expense category so it is not comingled with administrative-type expenses.

Training Expense per Participant:

To the extent that one of the goals of Ohio's workforce program is to train participants in in-demand skills,[101] it is useful to see which WIA areas are directing their funds toward training activities. As **Chart 7.2** shows, certain areas spend only a minimal amount on training while other areas spend more on training than any other expense category.

Chart 7.2: PY 2011 Training Expense per Total Participants by WIA Area



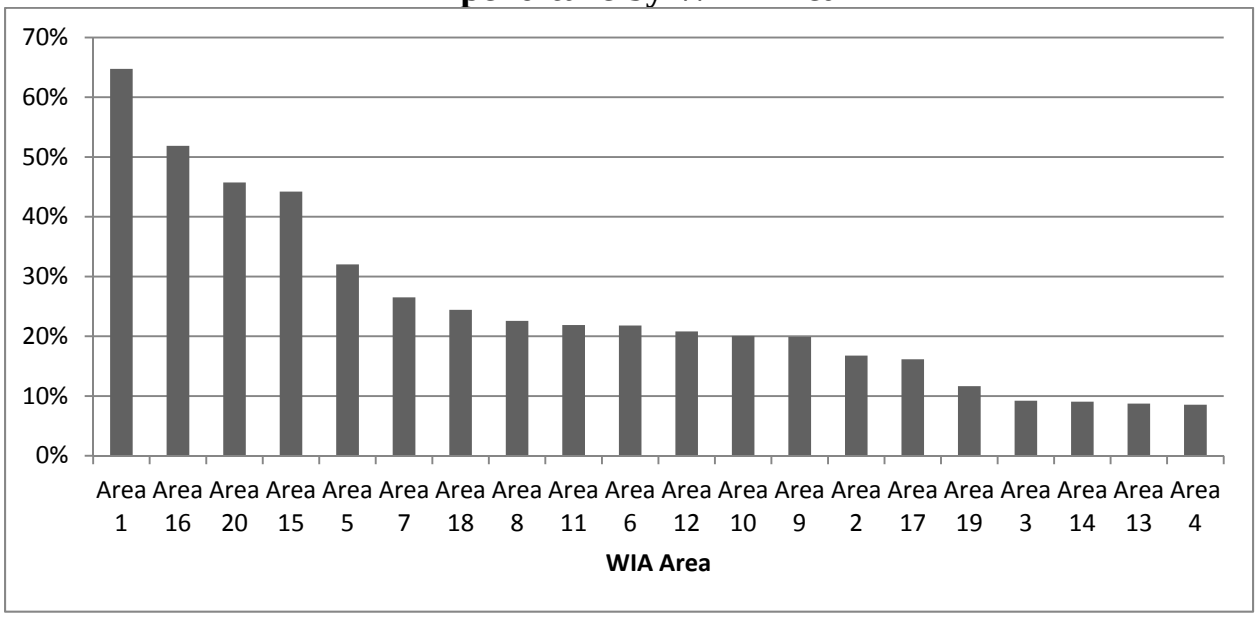
Source: WIA area financial data

Additional Resources:

Program management at OWT and OWD expressed interest in seeing which WIA areas were successfully acquiring operating funds beyond the three formula-funded WIA programs and how allocation of those additional funds compared across the WIA system. **Chart 7.3** shows the dollar-amount of additional resources acquired by the 20 WIA areas as a percentage of their total expenditures.

[101] Governor's Office of Workforce Transformation "A Plan to Reform Ohio's Workforce System." p1. 2013.

Chart 7.3: PY 2011 Additional Resources as a percentage of Total Expenditure by WIA Area

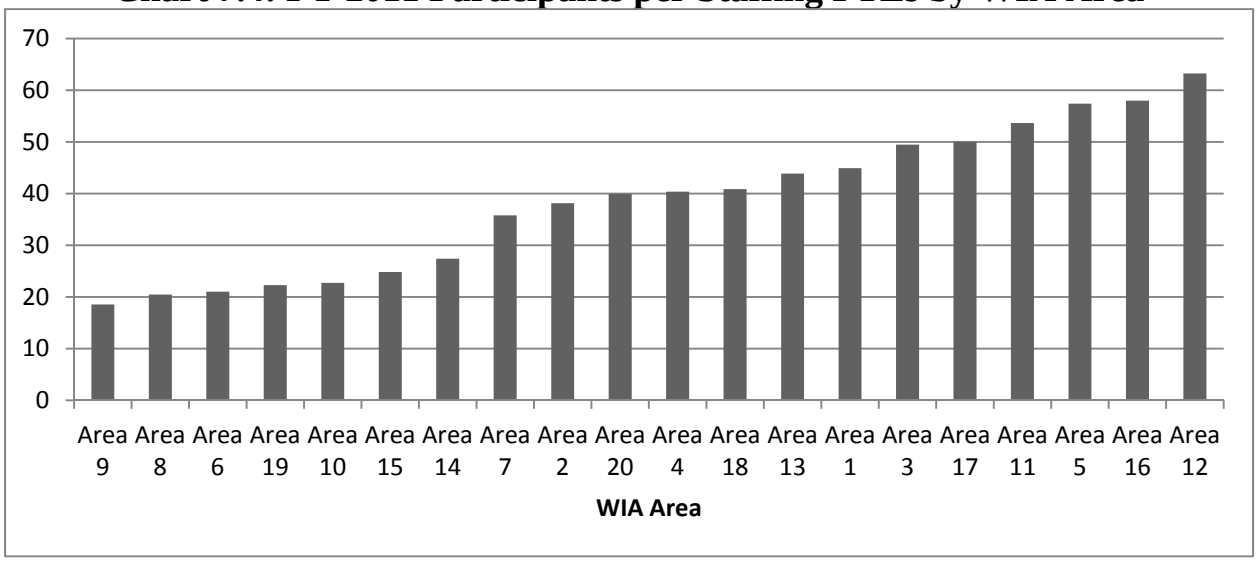


Source: WIA area financial data

Staffing:

OPT also requested information about program staffing in the WIA areas. To enable a comparison across different sizes of WIA areas, **Chart 7.4** presents participants to staff full-time equivalents (FTEs).

Chart 7.4: PY 2011 Participants per Staffing FTEs by WIA Area

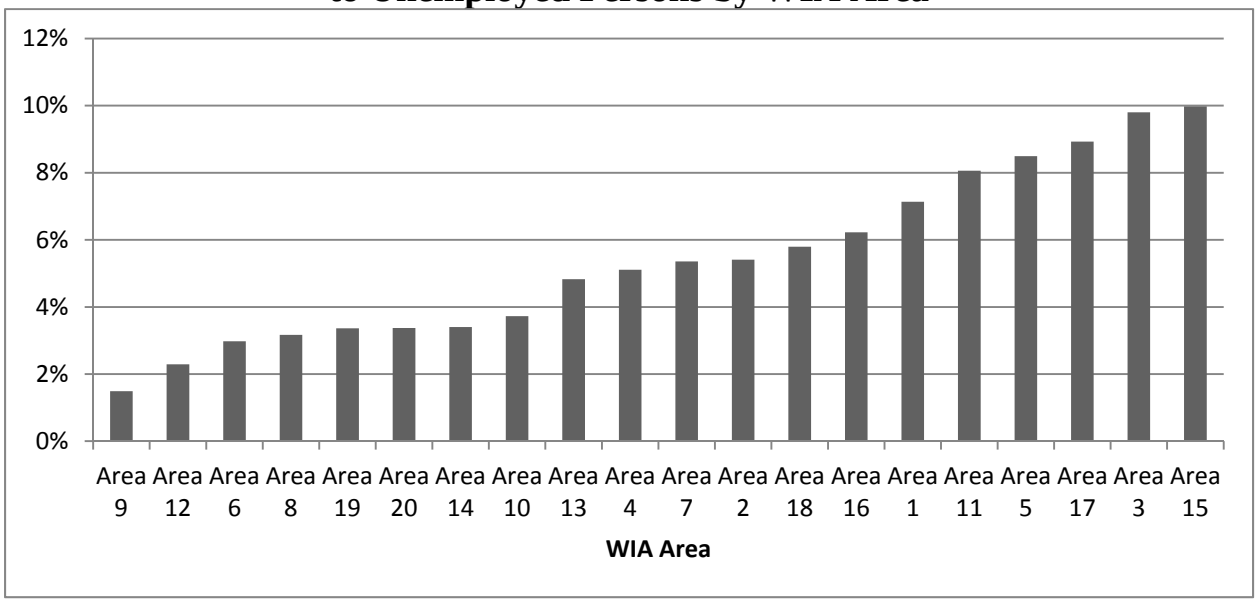


Source: WIA area data

Outreach:

Several important financial metrics mentioned in this report are stated on a per-participant basis. While it is important to deliver quality services to those participants who walk through the door, WIA funds are meant to serve Ohio's overall eligible workforce.[102] In **Chart 5**, the ratio of Adult and Dislocated Worker participants[103] to the total unemployed population in an area shows that certain WIA areas are doing a better job than others of attracting eligible participants within their geographic area.

Chart 7.5 – PY 2011 Percentage of Adult and Dislocated Worker Participants to Unemployed Persons by WIA Area



Sources: WIA area data; ODJFS Ohio Labor Market Information

Conclusion:

Through OPT's analysis of the data obtained from the WIA areas, leadership at OWD and OWT now have their most comprehensive look to date at the use of WIA resources across Ohio. Using this information, a wide variation in how WIA areas and one-stops choose to allocate their funds was revealed.

To provide continuing value to Ohio's workforce program, there are three key components of Recommendation 7.3 that should be operationalized:

1. Report local financial information in operational costing categories. The six categories provide a workable example and foundation for good data analysis, but there is room for

[102] Ibid.
[103] Participants in the Youth program are excluded from this analysis because they are not counted among Ohio's unemployed labor force due to their age.

improvements (such as creating a separate business outreach category as mentioned above in the Administrative Cost Ratios section).

2. Automate the reporting of financial information by categorical expense on a continuing basis. At the time of this report's publication, OWD was working to implement automated collection of financial data through a WIA-specific module in the County Financial Information System (CFIS).

3. Use the financial data and analysis contained in this report as a baseline to identify leading practices and underperformance across Ohio's Workforce system. By gaining a better understanding of the underlying reasons contributing to the wide variation among WIA expenditures, OWD and OWT can develop sound guidance for operational improvements throughout Ohio's Workforce program.

Note:

It is important to note that the analysis in the body of this report considers the combined cost of all three "main" WIA programs-- Adult, Dislocated Worker, and Youth. OPT was also able to analyze each of the three programs individually, providing a more precise comparison across WIA areas. Even in this more detailed analysis, however, the general pattern and magnitude of variation across the state mirrors the combined analysis presented herein. The detailed analysis is being presented in full to ODJFS management separately for the sake of keeping this report to a reasonable length.

RECOMMENDATION 7.4: ODJFS' Office of Workforce Development (OWD) should establish a formal process for assessing the accuracy of workforce data collected across the WIA system. The first step should be to identify, assess, and eliminate bad data within the current system. Once a clean baseline of data is established OWD should develop formal data measurement, documentation, and reporting standards to ensure that data quality improvements are formalized across the entire system. Finally, OWD should establish formal data assessment and evaluation periods to ensure that special cause variation within the data is identified, fully explained, and corrected, when necessary, in a consistent and timely manner.

Background:

Clients of the Workforce system are typically organized within one of two WIA programs: Adult and Dislocated Worker Program or Youth Program.[104] Within the Adult and Dislocated Worker Program clients can engage in an individual service, or any combination of services, within the following primary service types:

- **Core Services –** Includes outreach, job search and placement assistance, and labor market information available to all job seekers;
- **Intensive Services –** Includes more comprehensive assessments, development of individual employment plans, and counseling and career planning; and
- **Training Services –** Clients are linked to job opportunities in their communities, including both occupational training and training in basic skills. Participants use an "individual training account" to select an appropriate training program from a qualified training provider.[105]

OWD tracks, aggregates, and reports to DOL data on client services within the Adult and Dislocated Worker Program. This data includes information on duration of services as identified by the client date of first service and service end date. OWD began to actively monitor duration information during PY 2011 as part of a general Workforce data quality focus.[106] However, continuing issues with data quality, in general, and with service duration, in particular, were raised during the planning and scoping phase of this audit.

Methodology:

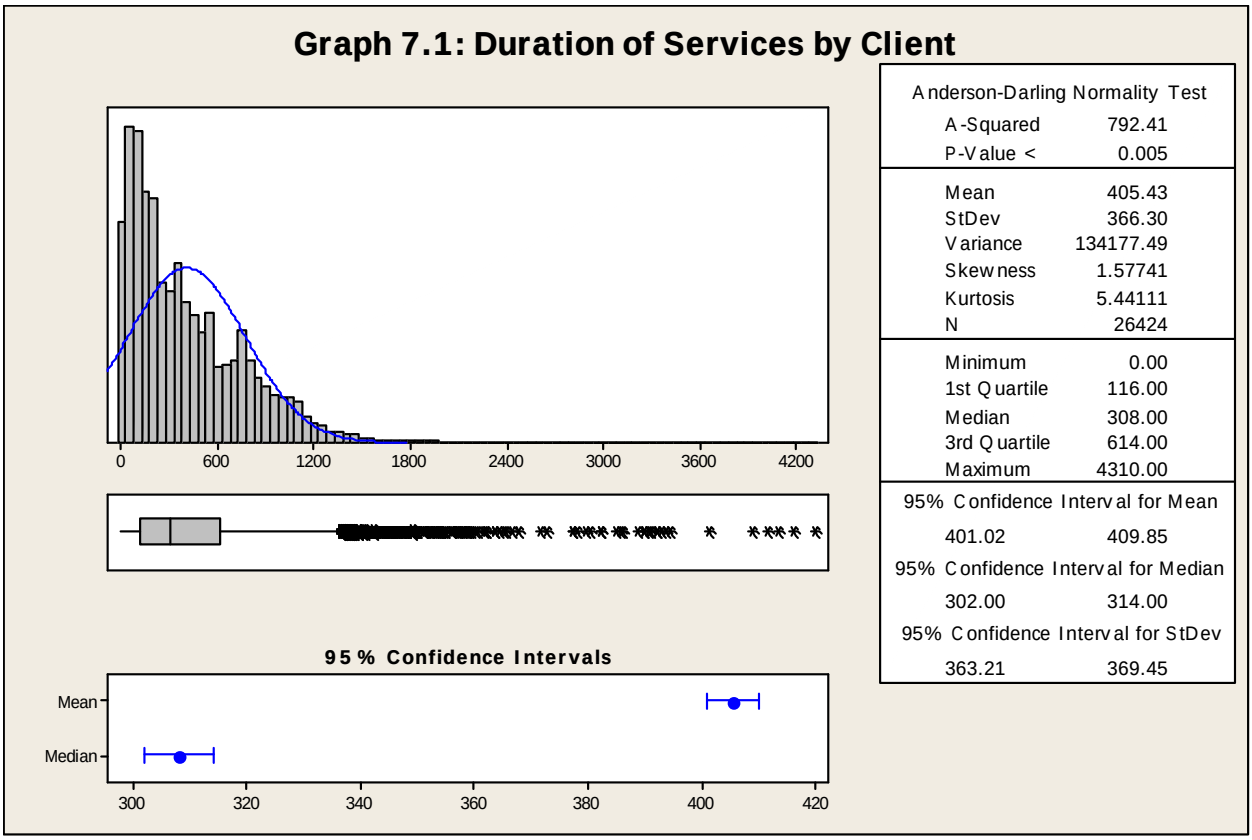
OWD provided Workforce system data on 26,424 individual adult and dislocated worker clients receiving services during PY 2011. Included in this Workforce system data set was detail on 50,697 services provided to the population of clients identified for PY 2011.

[104] The scope of this analysis is limited to clients of the WIA Adult and Dislocated Worker Program only.
[105] WIA programs and service types are defined by the United States Department of Labor (DOL), Employment and Training Administration.
[106] A PY includes the time period from July 1 of a given year through June 30 of the following year. The PY designation is tied to the lower boundary so PY 2011 represents the time period July 1, 2011 through June 30, 2012.

To assess data quality, individual client data was analyzed based on service duration and count of services. Although duration within a single service is valuable management information this report focuses on total client duration and is inclusive of overlapping services where applicable.[107] Finally, this analysis was conducted at the WIA areas and service location level to provide OWD with a more comprehensive assessment of focus areas for future data quality improvement initiatives.

Analysis – Duration of Services:

Graph 7.1 shows the distribution of clients by total service duration, descriptive statistics, and confidence intervals for the centering of the data. This information is important to the overall interpretation of the data and for the identification of potential outliers with the data set.



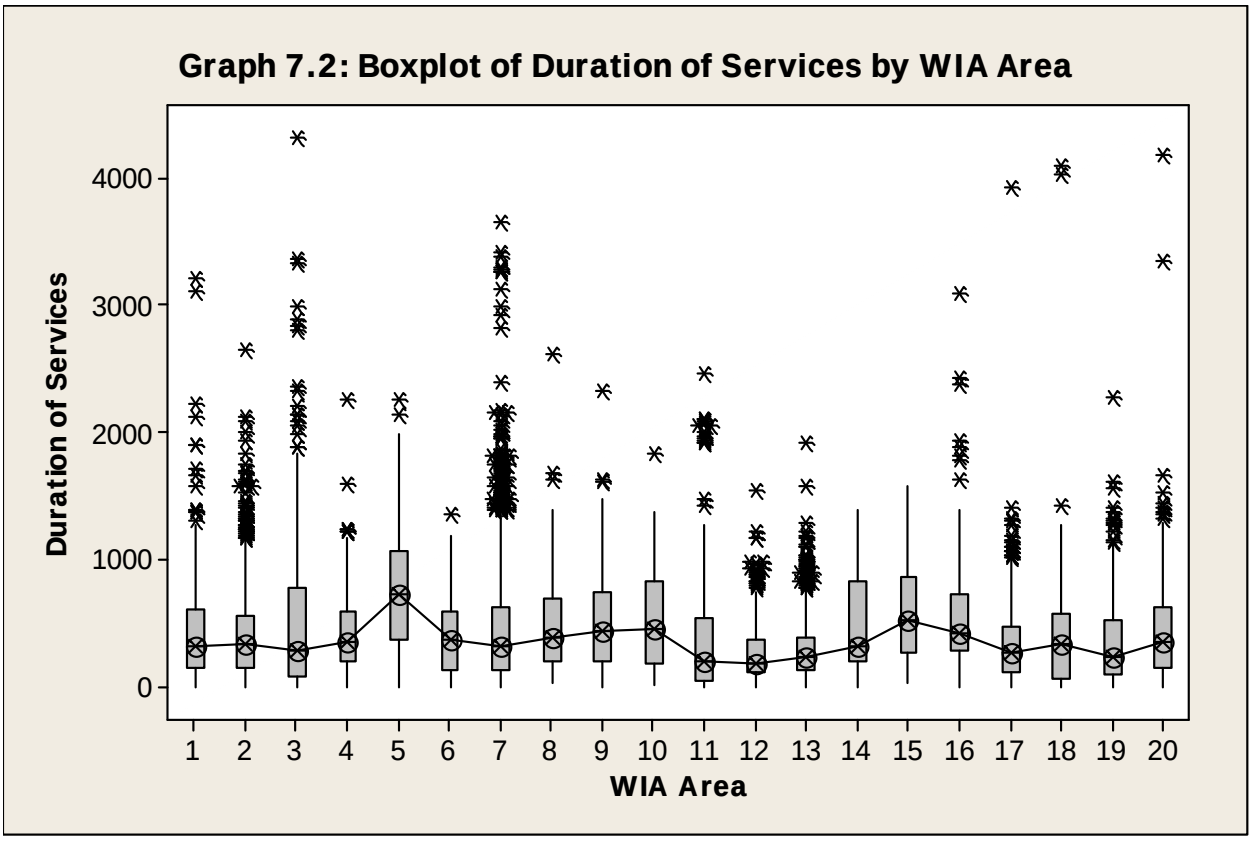
Source: OWD Workforce client services data
Note: Starting in the upper left and moving clockwise, the graph provides a histogram of duration of services by client, descriptive statistics, 95 percent confidence interval graphics for the mean and median, and a boxplot of duration of services by client.

As shown in **Graph 7.1**, the distribution of service duration is skewed by the existence of significant outliers in the data set. For example, the data ranges from a minimum service duration of less than one day to a maximum service duration of 4,310 days, or 11.8 years. Although the

[107] Duration by client type (i.e., adult, dislocated worker, and combined) as well as duration by service type was provided to OWT and OWD as supplemental management information to accompany this written report.

range of the data is important, the centering of the data provides the context necessary to interpret the range and identify statistically significant outliers. The mean (i.e., the average) of the distribution is 405.4 days while the median is 308.0 days. In this case the median value of 308.0 days is more accurately representative of the true centering of the distribution due to the non-normality of the distribution and the presence of statistical outliers in the data set.[108] In this case statistical outliers are identified as data points greater than 1,098.9 days.

Graph 7.2 shows boxplots of the duration of services by WIA area.[109] In addition, identifiers for median values have been added to **Graph 7.2** since these values have been determined to be a better representation of the centering of the non-normal data distribution.



Source: OWD Workforce client services data
Note: Median values are represented by the circled, linked data points in each area distribution.

As shown in **Graph 7.2**, although all distributions were identified as non-normal, all groups have distributions that extend beyond the statistical outlier point for the aggregated data set (i.e.,

[108] A normal distribution is a bell-shaped curve that is symmetric about its mean. The normal distribution is the most common statistical distribution because approximate normality arises naturally in many physical, biological, and social measurement situations. The distribution shown in **Graph 7.1** lacks symmetry about the mean and is considered to be a non-normal distribution.
[109] A boxplot is a graphical summary of the distribution of a sample that shows its shape, central tendency, and variability.

greater than 1,098.9 days). However, the inter-quartile range[110] for WIA Area 5 extends almost past the outlier point (Q3 1,068.0 days) and the median value is 727.5 days. This median is 208.5 days higher than the next closest median, 519.0 days for WIA Area 15.

Table 7.6 shows a comparison of the median values and confidence intervals of durations of services by WIA area using a Mood's Median test.[111]

Table 7.6: Mood's Median Test: Duration Versus WIA Area

```
Mood median test for Duration
Chi-Square = 886.81    DF = 19    P = 0.000

WIA                                Individual 95.0% CIs
Area   N<=    N>  Median  Q3-Q1   -+---------+---------+---------+-----
 1     292   306     318    459         (-*)
 2     777   847     328    408          (*-)
 3    2674  2459     279    703        (*)
 4     240   335     354    405           (-*)
 5     155   637     728    697                              (-*--)
 6     235   336     366    460             *)
 7    3543  3611     313    502          (*
 8      75   110     386    493            (-*-)
 9     107   179     431    546              (--*-)
10      96   176     455    647              (---*--)
11    1713  1249     197    493   (*)
12     549   240     184    257   *
13     980   577     239    256      *)
14      93   108     323    631        (-*-)
15     120   304     519    589                  (--*------)
16     142   372     426    446               (*-)
17     644   586     264    356     (-*--)
18     246   272     332    509        (--*)
19     340   264     239    411    (-*-)
20     199   236     351    460         (--*)
                                   -+---------+---------+---------+-----
                                  200       400       600       800

Overall median = 308
```

Source: OWD Workforce client services data

As shown in **Table 7.6**, when analyzing the hypothesis that there is no statistically significant difference in median duration of services provided by WIA area, the P-value is less than 0.05. Given the low P-value it can be concluded that there is a statistically significant difference in the median values of duration of services provided.

[110] The interquartile range represents the middle 50 percent of the data and is commonly used to assess the relative centering and dispersion about the mean of multiple samples of data.
[111] The Mood's Median test can be used to test the equality of medians from two or more populations.

Table 7.7 shows summarized individual duration of services by WIA area, as well as the proportion of total services provided, identified as greater than the statistical outlier point (i.e., 1,098.9 days).

Table 7.7: Outliers Identification - Duration of Services by Area

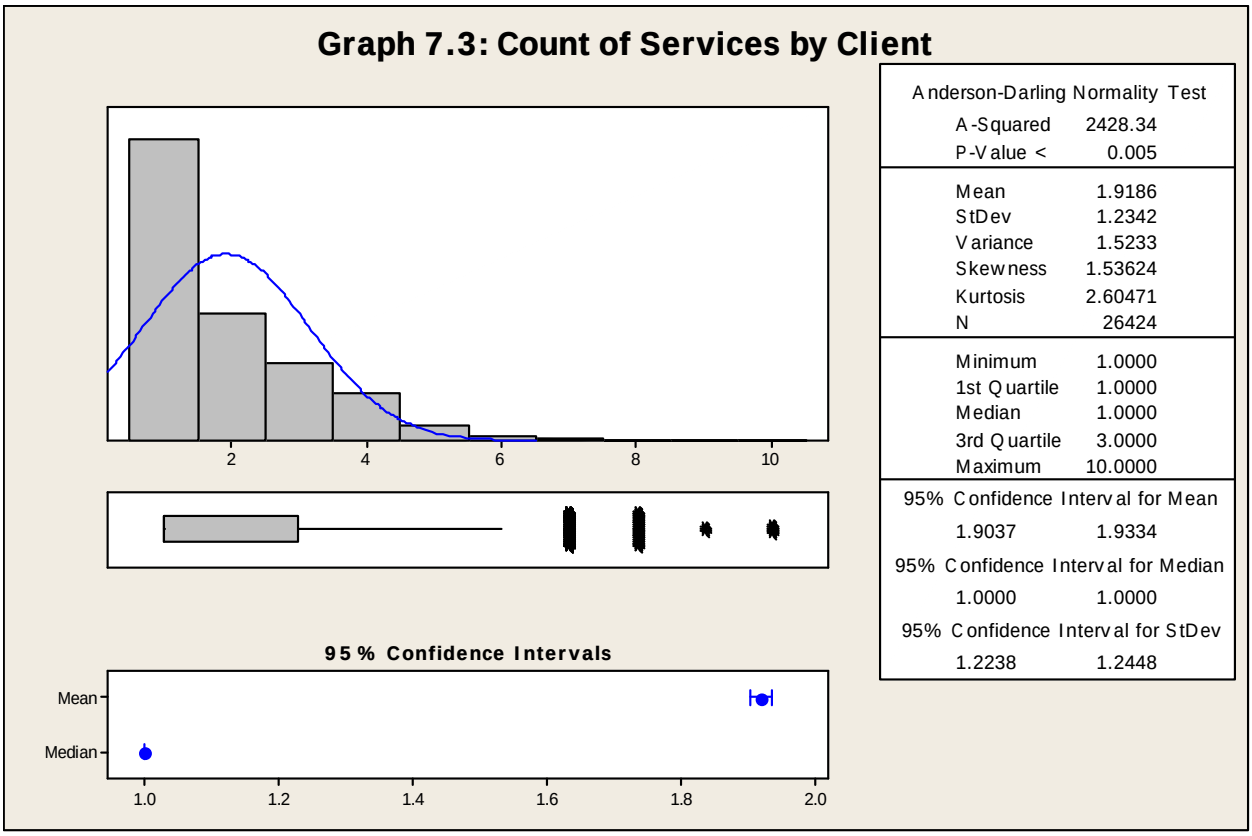
WIA Area	Total Clients	Duration of Services < 1,098.9	% of Total Clients	Duration of Services > 1,098.9	% of Total Clients	% of Total Outliers
1	**598**	**561**	**93.8%**	**37**	**6.2%**	**3.0%**
2	**1,624**	**1,574**	**96.9%**	**50**	**3.1%**	**4.0%**
3	**5,133**	**4,695**	**91.5%**	**438**	**8.5%**	**35.4%**
4	575	565	98.3%	10	1.7%	0.8%
5	**792**	**612**	**77.3%**	**180**	**22.7%**	**14.6%**
6	571	569	99.6%	2	0.4%	0.2%
7	**7,154**	**6,853**	**95.8%**	**301**	**4.2%**	**24.4%**
8	185	176	95.1%	9	4.9%	0.7%
9	286	261	91.3%	25	8.7%	2.0%
10	272	246	90.4%	26	9.6%	2.1%
11	2,962	2,942	99.3%	20	0.7%	1.6%
12	789	785	99.5%	4	0.5%	0.3%
13	1,557	1,550	99.6%	7	0.4%	0.6%
14	201	193	96.0%	8	4.0%	0.6%
15	424	390	92.0%	34	8.0%	2.8%
16	514	484	94.2%	30	5.8%	2.4%
17	1,230	1,221	99.3%	9	0.7%	0.7%
18	518	510	98.5%	8	1.5%	0.6%
19	604	589	97.5%	15	2.5%	1.2%
20	435	412	94.7%	23	5.3%	1.9%
Total	**26,424**	**25,188**	**95.3%**	**1,236**	**4.7%**	**N/A**

Source: OWD Workforce client services data

As shown in **Table 7.7**, WIA areas 3, 7, 5, 2, and 1, by order of magnitude, account for 81.4 percent of all duration of services outliers. See **Table E1** in **Appendix E** for service durations by local service location. See **Table E2** through **Table E6** in **Appendix E** for more detail on outliers by service location within WIA areas 3, 7, 5, 2, and 1.

Analysis – Count of Services:

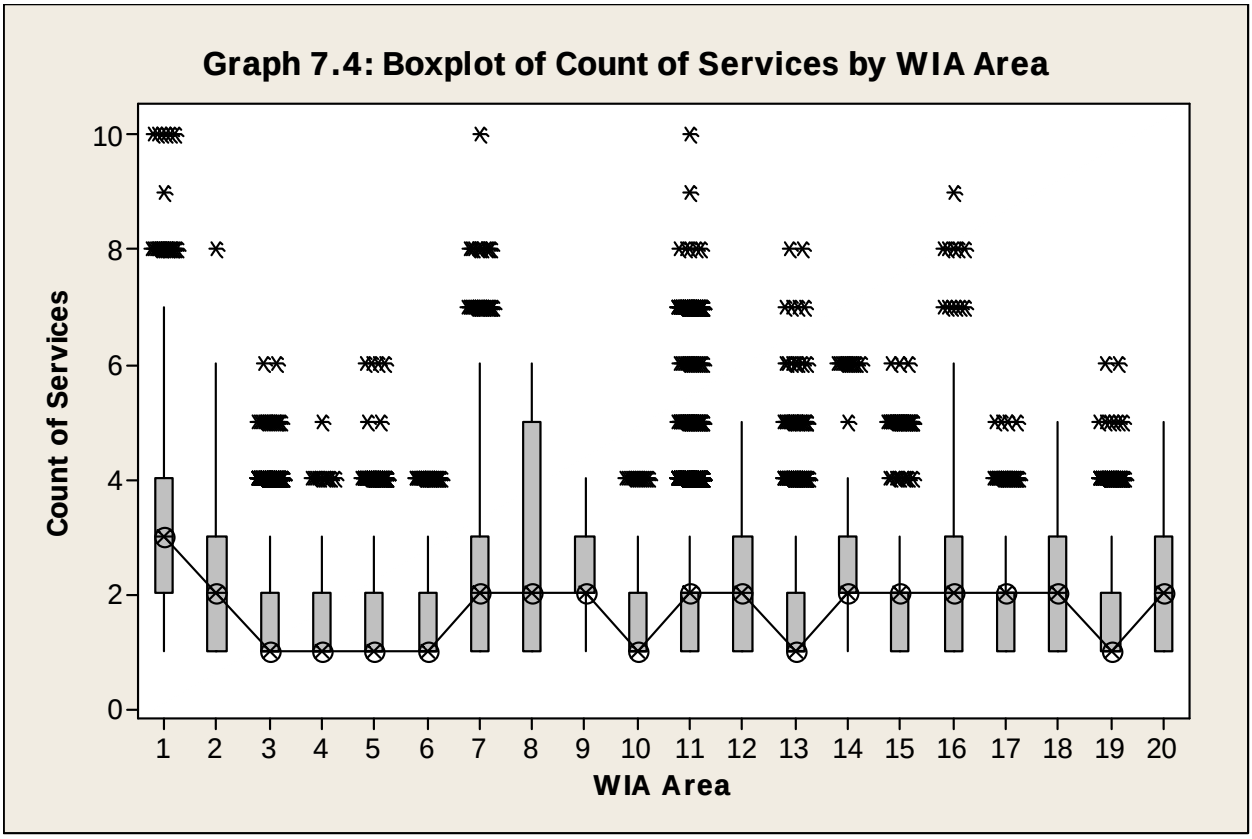
Graph 7.3 shows the distribution of clients by total counts of services, descriptive statistics, and confidence intervals for the centering of the data. This information is important to the overall interpretation of the data and for the identification of potential outliers with the data set.



Source: OWD Workforce client services data
Note: Starting in the upper left and moving clockwise, the graph provides a histogram of count of services by client, descriptive statistics, 95 percent confidence interval graphics for the mean and median, and a boxplot of count of services by client.

As shown in **Graph 7.3**, the distribution of counts of service is skewed by the existence of significant outliers in the data set. For example, the data ranges from a minimum count of 1 service to a maximum count of 10 services. Although the range of the data is important, the centering of the data provides the context necessary to interpret the range and identify statistically significant outliers. The mean of the distribution is 1.9 services while the median is 1.0 service. In this case the median value of 1.0 service is more accurately representative of the true centering of the distribution due to the non-normality of the distribution and the presence of statistical outliers in the data set. In this case statistical outliers are identified as data points greater than 5.6 services.

Graph 7.4 shows boxplots of the count of services by WIA area. In addition, identifiers for median values have been added to **Graph 7.4** since these values have been determined to be a better representation of the centering of the data.



Source: OWD Workforce client services data

As shown in **Graph 7.4**, although all distributions were identified as non-normal, WIA areas 1, 2, 7, 11, 13, and 16 all have distributions that extend beyond the statistical outlier point for the aggregated data set (i.e., 5.6 services). In addition, WIA Area 1 has a median value of 3 services while all other areas have a median value of either 1 or 2 services.

Table 7.8 shows a comparison of the median values and confidence intervals of counts of services by WIA area using a Mood's Median test.

Table 7.8: Mood's Median Test: Count of Services Versus WIA Area

```
Mood median test for Count of Services
Chi-Square = 2282.83    DF = 19    P = 0.000

WIA                                Individual 95.0% CIs
Area   N<=    N>  Median  Q3-Q1  ------+---------+---------+---------+
 1     120   478    3.00   2.00                                    *
 2     513  1111    2.00   2.00                  *
 3    3793  1340    1.00   1.00  *
 4     319   256    1.00   1.00  *
 5     538   254    1.00   1.00  *
 6     336   235    1.00   1.00  *
 7    3239  3915    2.00   2.00                  *
 8      57   128    2.00   4.00                  *-----------------)
 9      63   223    2.00   1.00                  *
10     151   121    1.00   1.00  *--------------)
11    1435  1527    2.00   1.00  (--------------*
12     364   425    2.00   2.00                  *
13    1080   477    1.00   1.00  *
14      37   164    2.00   1.00                  *-------------)
15     190   234    2.00   1.00                  *
16     231   283    2.00   2.00                  *
17     549   681    2.00   1.00                  *
18     220   298    2.00   2.00                  *
19     386   218    1.00   1.00  *
20     184   251    2.00   2.00                  *
                                  ------+---------+---------+---------+
                                      1.40      2.10      2.80      3.50

Overall median = 1.00
```

Source: OWD Workforce client services data

As shown in **Table 7.8**, when analyzing the hypothesis that there is no statistically significant difference in median number of services provided from area to area the P-value is less than 0.05. Given the low P-value there is a statistically significant difference in at least one of the median values of numbers of services provided in at least one area.

Table 7.9 shows summarized count of services by WIA area, as well as the proportion of total services provided, identified as greater than the statistical outlier point (i.e., 5.6).

Table 7.9: Outliers Identification - Count of Services by Area

WIA Area	Total Clients	Count of Services < 5.6	% of Total Clients	Count of Services > 5.6	% of Total Clients	% of Total Outliers
1	**598**	**562**	**94.0%**	**36**	**6.0%**	**9.9%**
2	1,624	1,599	98.5%	25	1.5%	6.8%
3	5,133	5,131	100.0%	2	0.0%	0.5%
4	575	575	100.0%	0	0.0%	0.0%
5	792	788	99.5%	4	0.5%	1.1%
6	571	571	100.0%	0	0.0%	0.0%
7	**7,154**	**7,014**	**98.0%**	**140**	**2.0%**	**38.4%**
8	185	178	96.2%	7	3.8%	1.9%
9	286	286	100.0%	0	0.0%	0.0%
10	272	272	100.0%	0	0.0%	0.0%
11	**2,962**	**2,871**	**96.9%**	**91**	**3.1%**	**24.9%**
12	789	789	100.0%	0	0.0%	0.0%
13	1,557	1,544	99.2%	13	0.8%	3.6%
14	201	190	94.5%	11	5.5%	3.0%
15	424	421	99.3%	3	0.7%	0.8%
16	**514**	**483**	**94.0%**	**31**	**6.0%**	**8.5%**
17	1,230	1,230	100.0%	0	0.0%	0.0%
18	518	518	100.0%	0	0.0%	0.0%
19	604	602	99.7%	2	0.3%	0.5%
20	435	435	100.0%	0	0.0%	0.0%
Total	**26,424**	**26,059**	**98.6%**	**365**	**1.4%**	**N/A**

Source: OWD Workforce client services data

As shown in **Table 7.9**, WIA areas 7, 11, 1, and 16, by order of magnitude, account for 81.6 percent of all count of services outliers. See **Table E15** in **Appendix E** for count of services by local service location. See **Table E16** through **Table E19** in **Appendix E** for more detail on outliers by service location within WIA areas 7, 11, 1, and 16.

Conclusion:

OWD's Workforce system data includes statistical outliers in both duration and count of services data. Although these outliers could be valid data points, this is statistically improbable and, more likely, they are indicators of data quality issues and / or measurement systems issues.

APPENDIX E: Supplemental Information for Section 7 – Workforce/One-Stop System

Table E1 shows detailed strategic training focus composition for service locations within WIA Area 13. However, given that all Area 13 training services were provided through a single location, no further analysis is able to be performed.

Table E1: Detailed Strategic Training Focus – WIA Area 13

Service Location	Total	T1 & T2	T3 & T4	T1 & T2%	T3 & T4%
Hamilton	180	110	70	100.0%	100.0%

Source: OWD Workforce training services data

Table E2 shows detailed strategic training focus composition for service locations within WIA Area 3. However, given that all Area 3 training services were provided through a single location, no further analysis is able to be performed.

Table E2: Detailed Strategic Training Focus – WIA Area 3

Service Location	Total	T1 & T2	T3 & T4	T1 & T2%	T3 & T4%
Cleveland	716	477	239	100.0%	100.0%

Source: OWD Workforce training services data

Table E3 shows detailed strategic training focus composition for service locations within WIA Area 1.

Table E3: Detailed Strategic Training Focus – WIA Area 1

Service Location	Total	T1 & T2	T3 & T4	T1 & T2%	T3 & T4%
Portsmouth	**272**	**189**	**83**	**68.0%**	**71.6%**
Winchester	**51**	**30**	**21**	**10.8%**	**18.1%**
Georgetown	39	30	9	10.8%	7.8%
Piketon	32	29	3	10.4%	2.6%

Source: OWD Workforce training services data
Note: Light shading and bolding highlights the service locations that account for 89.7 percent of the data.

As shown in **Table E3**, Portsmouth and Winchester account for 89.7 percent of all combined Tier 3 and Tier 4 training services in WIA Area 1.

Table E4 shows detailed strategic training focus composition for service locations within WIA Area 11. However, given that all Area 11 training services were provided through a single location no, further analysis is able to be performed.

Table E4: Detailed Strategic Training Focus – WIA Area 11

Service Location	Total	T1 & T2	T3 & T4	T1 & T2%	T3 & T4%
Franklin	193	140	53	100.0%	100.0%

Source: OWD Workforce training services data

Table E5 shows detailed strategic training focus composition for service locations within WIA Area 7.

Table E5: Detailed Strategic Training Focus – WIA Area 7

Service Location	Total	T1 & T2	T3 & T4	T1 & T2%	T3 & T4%
Dayton	**1,311**	**864**	**447**	**28.5%**	**44.5%**
Xenia	**292**	**208**	**84**	**6.9%**	**8.4%**
Lima	**133**	**91**	**42**	**3.0%**	**4.2%**
Cambridge	**103**	**64**	**39**	**2.1%**	**3.9%**
Wilmington	**92**	**60**	**32**	**2.0%**	**3.2%**
Norwalk	**161**	**131**	**30**	**4.3%**	**3.0%**
Ottawa	**95**	**70**	**25**	**2.3%**	**2.5%**
Sandusky	**89**	**66**	**23**	**2.2%**	**2.3%**
Coshocton	**52**	**33**	**19**	**1.1%**	**1.9%**
Marion	**59**	**41**	**18**	**1.4%**	**1.8%**
Tiffin	**214**	**197**	**17**	**6.5%**	**1.7%**
Mt. Vernon	**50**	**33**	**17**	**1.1%**	**1.7%**
Paulding	**31**	**16**	**15**	**0.5%**	**1.5%**
Upper Sandusky	42	28	14	0.9%	1.4%
Springfield	147	133	14	4.4%	1.4%
Bellefontaine	117	103	14	3.4%	1.4%
Findlay	55	42	13	1.4%	1.3%
Sidney	61	48	13	1.6%	1.3%
Wooster	57	45	12	1.5%	1.2%
Fremont	45	34	11	1.1%	1.1%
Hillsboro	40	29	11	1.0%	1.1%
Newark	75	64	11	2.1%	1.1%
Zanesville	34	23	11	0.8%	1.1%
Delaware	64	54	10	1.8%	1.0%
Eaton	55	46	9	1.5%	0.9%
Bowling Green	101	93	8	3.1%	0.8%
Greenville	19	12	7	0.4%	0.7%
Marysville	47	41	6	1.4%	0.6%
Washington Court House	25	20	5	0.7%	0.5%
Mt. Gilead	20	15	5	0.5%	0.5%
Troy	109	105	4	3.5%	0.4%
Urbana	30	26	4	0.9%	0.4%
Bryan	30	27	3	0.9%	0.3%
Wauseon	26	23	3	0.8%	0.3%
Oak Harbor	18	15	3	0.5%	0.3%
Napoleon	18	16	2	0.5%	0.2%
Jackson	30	28	2	0.9%	0.2%
London	15	14	1	0.5%	0.1%
Defiance	9	9	0	0.3%	0.0%
Millersburg	18	18	0	0.6%	0.0%
Ashland	19	19	0	0.6%	0.0%
Ironton	17	17	0	0.6%	0.0%
Gallipolis	9	9	0	0.3%	0.0%
Montgomery Count CTC	4	4	0	0.1%	0.0%

Source: OWD Workforce training services data
Note: Light shading and bolding highlights the service locations that account for 80.5 percent of the data.

As shown in **Table E5**, 13 of 44 locations, 29.5 percent, in WIA Area 7 account for 80.5 percent of all combined Tier 3 and Tier 4 training services and a single location, Dayton, accounts for 44.5 percent of those services.

Table E6 shows detailed strategic training focus composition for all service locations within Ohio's Workforce system. Service locations are ranked by percentage of combined Tier 1 and Tier 2 training focus as a percentage of total training count.

Table E6: Training Focus by Service location

WIA Area	Service Location	Total	T1 & T2	T3 & T4	T1 & T2%	T3 & T4%
7	Defiance	9	9	0	100.0%	0.0%
7	Millersburg	18	18	0	100.0%	0.0%
7	Ashland	19	19	0	100.0%	0.0%
7	Ironton	17	17	0	100.0%	0.0%
7	Gallipolis	9	9	0	100.0%	0.0%
7	Montgomery Count CTC	4	4	0	100.0%	0.0%
14	Meigs	19	19	0	100.0%	0.0%
14	HAPCAP	1	1	0	100.0%	0.0%
15	Morgan	17	17	0	100.0%	0.0%
7	Troy	109	105	4	96.3%	3.7%
5	Painesville	129	123	6	95.3%	4.7%
8	Celina - Auglaize	39	37	2	94.9%	5.1%
8	Kenton	19	18	1	94.7%	5.3%
20	Lancaster	19	18	1	94.7%	5.3%
8	Celina - Mercer	35	33	2	94.3%	5.7%
7	London	15	14	1	93.3%	6.7%
7	Jackson	30	28	2	93.3%	6.7%
16	Belmont	122	113	9	92.6%	7.4%
8	Van Wert	26	24	2	92.3%	7.7%
16	Carroll	39	36	3	92.3%	7.7%
7	Bowling Green	101	93	8	92.1%	7.9%
7	Tiffin	214	197	17	92.1%	7.9%
15	Monroe	25	23	2	92.0%	8.0%
19	Geauga	24	22	2	91.7%	8.3%
1	Piketon	32	29	3	90.6%	9.4%
7	Springfield	147	133	14	90.5%	9.5%
7	Bryan	30	27	3	90.0%	10.0%
6	Canton	273	245	28	89.7%	10.3%
4	Elyria	210	187	23	89.0%	11.0%
12	Batavia	73	65	8	89.0%	11.0%
7	Napoleon	18	16	2	88.9%	11.1%
19	Portage	70	62	8	88.6%	11.4%
7	Wauseon	26	23	3	88.5%	11.5%
7	Bellefontaine	117	103	14	88.0%	12.0%
12	Butler	221	194	27	87.8%	12.2%
7	Marysville	47	41	6	87.2%	12.8%
17	Columbiana	249	217	32	87.1%	12.9%
7	Urbana	30	26	4	86.7%	13.3%
18	Trumbull	404	350	54	86.6%	13.4%
20	Vinton	37	32	5	86.5%	13.5%
15	Washington	73	63	10	86.3%	13.7%
15	Noble	58	50	8	86.2%	13.8%

WIA Area	Service Location	Total	T1 & T2	T3 & T4	T1 & T2%	T3 & T4%
7	Newark	75	64	11	85.3%	14.7%
17	Mahoning	368	314	54	85.3%	14.7%
20	Circleville	68	58	10	85.3%	14.7%
16	Jefferson	128	109	19	85.2%	14.8%
9	Lucas	196	166	30	84.7%	15.3%
7	Delaware	64	54	10	84.4%	15.6%
12	Warren	147	124	23	84.4%	15.6%
2	Medina	19	16	3	84.2%	15.8%
16	Harrison	19	16	3	84.2%	15.8%
7	Eaton	55	46	9	83.6%	16.4%
7	Oak Harbor	18	15	3	83.3%	16.7%
14	Perry	35	29	6	82.9%	17.1%
10	Crawford	96	79	17	82.3%	17.7%
7	Norwalk	161	131	30	81.4%	18.6%
14	Athens	95	77	18	81.1%	18.9%
7	Washington Court House	25	20	5	80.0%	20.0%
20	Hocking	54	43	11	79.6%	20.4%
7	Wooster	57	45	12	78.9%	21.1%
7	Sidney	61	48	13	78.7%	21.3%
2	Summit	234	183	51	78.2%	21.8%
1	Georgetown	39	30	9	76.9%	23.1%
7	Findlay	55	42	13	76.4%	23.6%
10	Mansfield	114	87	27	76.3%	23.7%
20	Chillicothe	71	54	17	76.1%	23.9%
7	Fremont	45	34	11	75.6%	24.4%
7	Mt. Gilead	20	15	5	75.0%	25.0%
7	Sandusky	89	66	23	74.2%	25.8%
6	New Philadelphia	23	17	6	73.9%	26.1%
7	Ottawa	95	70	25	73.7%	26.3%
11	Franklin	193	140	53	72.5%	27.5%
7	Hillsboro	40	29	11	72.5%	27.5%
7	Xenia	292	208	84	71.2%	28.8%
7	Marion	59	41	18	69.5%	30.5%
1	Portsmouth	272	189	83	69.5%	30.5%
19	Ashtabula	159	110	49	69.2%	30.8%
7	Lima	133	91	42	68.4%	31.6%
7	Zanesville	34	23	11	67.6%	32.4%
7	Upper Sandusky	42	28	14	66.7%	33.3%
3	Cleveland	716	477	239	66.6%	33.4%
7	Mt. Vernon	50	33	17	66.0%	34.0%
7	Dayton	1,311	864	447	65.9%	34.1%
7	Wilmington	92	60	32	65.2%	34.8%
7	Coshocton	52	33	19	63.5%	36.5%
7	Greenville	19	12	7	63.2%	36.8%
7	Cambridge	103	64	39	62.1%	37.9%
13	Hamilton	180	110	70	61.1%	38.9%
1	Winchester	51	30	21	58.8%	41.2%
7	Paulding	31	16	15	51.6%	48.4%

Source: OWD Workforce training services data
Note: Light shading highlights the top 23 of 90 while dark shading highlights the bottom 23 of 90.

Table E7: PY 2011 WIA Area and One-Stop Expense Percentages by Category for Adult, Dislocated Worker, and Youth Programs

WIA Area	One Stop	Core & Intensive	Supportive Services	Training	Program Mgmt	Admin & Overhead	Other
Area 1		**20%**	**9%**	**49%**	**14%**	**8%**	**0%**
	Adams	23%	32%	32%	13%	0%	0%
	Brown	19%	26%	38%	16%	0%	0%
	Pike	9%	1%	80%	9%	0%	0%
	Scioto	27%	2%	54%	17%	0%	0%
Area 2		**77%**	**0%**	**13%**	**0%**	**9%**	**0%**
	Medina	86%	0%	5%	0%	10%	0%
	Summit	75%	0%	16%	0%	9%	0%
Area 3		**43%**	**1%**	**44%**	**4%**	**7%**	**0%**
	Cuyahoga	43%	1%	44%	4%	7%	0%
Area 4		**54%**	**2%**	**31%**	**0%**	**13%**	**0%**
	Lorain	54%	2%	31%	0%	13%	0%
Area 5		**57%**	**0%**	**32%**	**6%**	**4%**	**0%**
	Lake	57%	0%	32%	6%	4%	0%
Area 6		**28%**	**0%**	**37%**	**26%**	**10%**	**0%**
	Stark	30%	0%	53%	17%	0%	0%
	Tuscarawas	50%	0%	38%	13%	0%	0%
Area 7		**21%**	**7%**	**42%**	**22%**	**7%**	**2%**
	Williams	3%	1%	46%	5%	44%	0%
	Fulton	1%	4%	25%	68%	3%	0%
	Henry	23%	3%	38%	27%	9%	0%
	Defiance	0%	0%	18%	14%	1%	67%
	Allen	1%	2%	40%	51%	7%	0%
	Putnam	5%	2%	54%	35%	3%	0%
	Paulding	0%	7%	50%	0%	44%	0%
	Hancock	22%	1%	47%	30%	0%	0%
	Wood	34%	0%	51%	10%	5%	0%
	Wyandot	34%	17%	38%	6%	6%	0%
	Sandusky	71%	8%	12%	2%	7%	0%
	Ottawa	47%	2%	9%	13%	5%	24%
	Erie	7%	5%	21%	46%	3%	17%
	Seneca	23%	3%	55%	14%	5%	0%
	Huron	0%	14%	39%	43%	3%	0%
	Shelby	44%	4%	35%	11%	6%	0%
	Darke	0%	0%	41%	59%	0%	0%
	Miami	0%	0%	60%	36%	4%	0%
	Preble	24%	3%	34%	32%	8%	0%
	Montgomery	0%	17%	76%	0%	7%	0%
	Greene	30%	6%	44%	12%	7%	0%
	Fayette	51%	8%	14%	21%	6%	0%
	Clinton	0%	16%	31%	53%	0%	0%
	Highland	0%	36%	58%	0%	6%	0%
	Clark	48%	0%	34%	12%	6%	0%
	Champaign	37%	7%	18%	35%	4%	0%

WIA Area	One Stop	Core & Intensive	Supportive Services	Training	Program Mgmt	Admin & Overhead	Other
	Logan	0%	26%	59%	14%	2%	0%
	Union	41%	1%	40%	0%	18%	0%
	Madison	0%	2%	20%	72%	6%	0%
	Knox	12%	3%	19%	65%	1%	0%
	Marion	3%	2%	20%	71%	4%	0%
	Morrow	0%	10%	37%	41%	13%	0%
	Delaware	56%	26%	10%	0%	8%	0%
	Wayne	0%	3%	19%	72%	6%	0%
	Ashland	0%	8%	32%	56%	4%	0%
	Holmes	49%	6%	36%	2%	7%	0%
	Licking	50%	0%	45%	0%	4%	0%
	Coshocton	38%	0%	53%	2%	7%	0%
	Muskingum	52%	0%	47%	0%	0%	0%
	Guernsey	38%	1%	38%	17%	6%	0%
	Lawrence	54%	1%	9%	33%	3%	0%
	Jackson	61%	0%	9%	0%	29%	0%
	Gallia	0%	7%	40%	2%	52%	0%
Area 8		**53%**	**0%**	**29%**	**6%**	**8%**	**3%**
	Mercer	59%	0%	24%	5%	9%	3%
	Auglaize	46%	0%	38%	5%	7%	4%
	Hardin	60%	1%	22%	7%	8%	3%
	Van Wert	46%	0%	35%	8%	9%	1%
Area 9		**61%**	**1%**	**14%**	**3%**	**20%**	**0%**
	Lucas	61%	1%	14%	3%	20%	0%
Area 10		**34%**	**1%**	**62%**	**0%**	**4%**	**0%**
	Richland	29%	1%	68%	0%	3%	0%
	Crawford	54%	1%	40%	0%	5%	0%
Area 11		**38%**	**1%**	**24%**	**33%**	**5%**	**0%**
	Franklin	38%	1%	24%	33%	5%	0%
Area 12		**8%**	**12%**	**69%**	**3%**	**8%**	**0%**
	Butler	0%	3%	84%	0%	13%	0%
	Warren	4%	2%	86%	4%	4%	0%
	Clermont	28%	39%	23%	5%	4%	0%
Area 13		**61%**	**10%**	**5%**	**13%**	**12%**	**0%**
	Hamilton	61%	10%	5%	13%	12%	0%
Area 14		**18%**	**14%**	**31%**	**32%**	**6%**	**0%**
	Athens	0%	26%	37%	32%	6%	0%
	Perry	59%	3%	33%	0%	5%	0%
	Meigs	0%	4%	18%	73%	5%	0%
Area 15		**13%**	**3%**	**39%**	**40%**	**5%**	**0%**
	Washington	36%	4%	52%	8%	0%	0%
	Morgan	3%	5%	21%	72%	0%	0%
	Noble	0%	2%	6%	92%	0%	0%
	Monroe	0%	4%	61%	35%	0%	0%
Area 16		**25%**	**8%**	**55%**	**4%**	**6%**	**3%**
	Belmont	25%	7%	60%	0%	8%	0%

WIA Area	One Stop	Core & Intensive	Supportive Services	Training	Program Mgmt	Admin & Overhead	Other
	Harrison	38%	12%	33%	0%	17%	0%
	Jefferson	15%	7%	62%	9%	0%	7%
	Carroll	44%	9%	33%	0%	13%	0%
Area 17		**6%**	**4%**	**31%**	**50%**	**10%**	**0%**
	Columbiana	85%	0%	0%	0%	15%	0%
	Mahoning	85%	0%	0%	0%	15%	0%
Area 18		**58%**	**0%**	**39%**	**0%**	**3%**	**0%**
	Trumbull	58%	0%	39%	0%	3%	0%
Area 19		**46%**	**7%**	**24%**	**6%**	**13%**	**4%**
	Ashtabula	29%	17%	34%	10%	10%	0%
	Geauga	47%	1%	13%	8%	16%	14%
	Portage	61%	1%	22%	1%	13%	1%
Area 20		**35%**	**11%**	**28%**	**19%**	**7%**	**0%**
	Fairfield	27%	4%	10%	50%	10%	0%
	Pickaway	33%	13%	41%	0%	12%	0%
	Ross	38%	8%	36%	15%	4%	0%
	Hocking	42%	17%	26%	8%	8%	0%
	Vinton	40%	20%	34%	4%	3%	0%
Ohio Overall		**36%**	**5%**	**35%**	**16%**	**8%**	**1%**

Source: WIA area financial data

Note: The light shading represents the 10 one-stops with the lowest percentage expenditure in the category; the dark shading represents the 10 one-stops with the highest percentage expenditure in the category. More than 10 one-stops are identified in categories with greater than 10 tied for the lowest percentage of expenditures. In the "other" expenditure category, only the one-stop that had greater than 50 percent of expenditures was highlighted since the majority of the one-stops had no expenses in this category.

Table E8 – PY 2011 Top 10 and Bottom 10 One-Stops in Cost-per-Participant

Rank	One-Stop	WIA	Dollars per Participant
1	**Tuscarawas**	6	$7,480
2	**Pike**	1	$7,274
3	**Madison**	7	$6,487
4	**Portage**	19	$6,262
5	**Brown**	1	$5,825
6	**Meigs**	14	$5,764
7	**Muskingum**	7	$5,687
8	**Clermont**	12	$5,679
9	**Mercer**	8	$5,077
10	**Lucas**	9	$5,068
79	**Marion**	7	$1,357
80	**Crawford**	10	$1,328
81	**Miami**	7	$1,161
82	**Greene**	7	$935
83	**Clinton**	7	$837
84	**Logan**	7	$782
85	**Gallia**	7	$654
86	**Fayette**	7	$398
87	**Mahoning**	17	$82
88	**Columbiana**	17	$62

Source: WIA area financial data

Table E9 shows duration of services data for all service locations within Ohio's Workforce system. Service locations are ordered from least to most duration of services outliers relative to total service location clients.

Table E9: Duration of Services by Service location

WIA Area	Service Location	Clients	Duration < 1,098.9	% of Clients	Duration > 1,098.9	% of Clients
1	Piketon	39	39	100.0%	0	0.0%
6	New Philadelphia	75	75	100.0%	0	0.0%
7	Defiance	10	10	100.0%	0	0.0%
7	Bowling Green	101	101	100.0%	0	0.0%
7	Fremont	83	83	100.0%	0	0.0%
7	Sandusky	105	105	100.0%	0	0.0%
7	Greenville	30	30	100.0%	0	0.0%
7	Eaton	56	56	100.0%	0	0.0%
7	London	28	28	100.0%	0	0.0%
7	Mt. Vernon	65	65	100.0%	0	0.0%
7	Wooster	200	200	100.0%	0	0.0%
7	Zanesville	68	68	100.0%	0	0.0%
7	Gallipolis	15	15	100.0%	0	0.0%
14	Meigs	31	31	100.0%	0	0.0%
14	HAPCAP	1	1	100.0%	0	0.0%
15	Monroe	36	36	100.0%	0	0.0%
16	Carroll	78	78	100.0%	0	0.0%
12	Butler	488	487	99.8%	1	0.2%
6	Canton	496	494	99.6%	2	0.4%
7	Lima	241	240	99.6%	1	0.4%
7	Xenia	723	720	99.6%	3	0.4%
13	Hamilton	1,557	1,550	99.6%	7	0.4%
17	Columbiana	441	439	99.5%	2	0.5%
2	Medina	313	311	99.4%	2	0.6%
7	Cambridge	150	149	99.3%	1	0.7%
11	Franklin	2,962	2,942	99.3%	20	0.7%
17	Mahoning	789	782	99.1%	7	0.9%
19	Geauga	316	313	99.1%	3	0.9%
12	Warren	202	200	99.0%	2	1.0%
7	Norwalk	297	294	99.0%	3	1.0%
12	Batavia	99	98	99.0%	1	1.0%
15	Morgan	94	93	98.9%	1	1.1%
20	Hocking	87	86	98.9%	1	1.1%
7	Troy	138	136	98.6%	2	1.4%
18	Trumbull	518	510	98.5%	8	1.5%
1	Winchester	61	60	98.4%	1	1.6%
4	Elyria	575	565	98.3%	10	1.7%
7	Wauseon	53	52	98.1%	1	1.9%
20	Vinton	53	52	98.1%	1	1.9%
20	Chillicothe	156	153	98.1%	3	1.9%
20	Lancaster	51	50	98.0%	1	2.0%
1	Georgetown	49	48	98.0%	1	2.0%
7	Findlay	96	94	97.9%	2	2.1%
7	Marion	298	291	97.7%	7	2.3%
7	Paulding	41	40	97.6%	1	2.4%
19	Portage	81	79	97.5%	2	2.5%

WIA Area	Service Location	Clients	Duration < 1,098.9	% of Clients	Duration > 1,098.9	% of Clients
8	Kenton	37	36	97.3%	1	2.7%
8	Van Wert	36	35	97.2%	1	2.8%
7	Tiffin	271	263	97.0%	8	3.0%
10	Crawford	147	142	96.6%	5	3.4%
7	Napoleon	29	28	96.6%	1	3.4%
16	Belmont	171	165	96.5%	6	3.5%
2	Summit	1,311	1,263	96.3%	48	3.7%
7	Delaware	159	153	96.2%	6	3.8%
7	Bellefontaine	129	124	96.1%	5	3.9%
7	Dayton	1,664	1,595	95.9%	69	4.1%
7	Wilmington	461	440	95.4%	21	4.6%
14	Athens	130	124	95.4%	6	4.6%
19	Ashtabula	207	197	95.2%	10	4.8%
7	Ashland	20	19	95.0%	1	5.0%
15	Noble	137	130	94.9%	7	5.1%
14	Perry	39	37	94.9%	2	5.1%
7	Ottawa	134	127	94.8%	7	5.2%
7	Upper Sandusky	76	72	94.7%	4	5.3%
8	Celina - Mercer	55	52	94.5%	3	5.5%
7	Springfield	255	240	94.1%	15	5.9%
7	Coshocton	130	122	93.8%	8	6.2%
7	Washington Court House	192	180	93.8%	12	6.3%
7	Marysville	90	84	93.3%	6	6.7%
8	Celina - Auglaize	57	53	93.0%	4	7.0%
7	Sidney	85	79	92.9%	6	7.1%
7	Bryan	40	37	92.5%	3	7.5%
1	Portsmouth	449	414	92.2%	35	7.8%
3	Cleveland - City	5,129	4,694	91.5%	435	8.5%
16	Jefferson	234	214	91.5%	20	8.5%
9	Lucas	286	261	91.3%	25	8.7%
7	Jackson	44	40	90.9%	4	9.1%
7	Mt. Gilead	29	26	89.7%	3	10.3%
7	Ironton	106	94	88.7%	12	11.3%
16	Harrison	31	27	87.1%	4	12.9%
7	Hillsboro	113	97	85.8%	16	14.2%
15	Washington	157	131	83.4%	26	16.6%
10	Mansfield	125	104	83.2%	21	16.8%
20	Circleville	88	71	80.7%	17	19.3%
7	Oak Harbor	57	45	78.9%	12	21.1%
7	Urbana	57	45	78.9%	12	21.1%
7	Montgomery Count CTC	19	15	78.9%	4	21.1%
5	Painesville	792	612	77.3%	180	22.7%
7	Newark	170	131	77.1%	39	22.9%
7	Millersburg	26	20	76.9%	6	23.1%
3	Cleveland - Cuyahoga	4	1	25.0%	3	75.0%

Source: OWD Workforce client services data
Note: Light shading highlights the top 23 of 91 while dark shading highlights the bottom 23 of 91.

Table E10 shows WIA Area 3 specific analysis for individual duration of services by service location, as well as the proportion of total WIA Area 3 services provided, identified as greater than the statistical outlier point.

Table E10: Outliers Identification - Duration of Services by Area 3

Service Location	Clients	Duration < 1,098.9	% of Clients	Duration > 1,098.9	% of Clients
Cleveland - City	**5,129**	**4,694**	**100.0%**	**435**	**99.3%**
Cleveland - Cuyahoga	4	1	0.0%	3	0.7%

Source: OWD Workforce client services data
Note: Light shading and bolding highlights the service location that accounts for 99.3 percent of the data.

As shown in **Table E10**, the Cleveland – City service location accounts for 99.3 percent of all outliers within WIA Area 3. Although these outliers may be accurate to the services provided, the distribution suggests that there is a unique condition that exists within this particular service location that is not evident elsewhere.

Table E11 shows WIA Area 7 specific analysis for individual duration of services by sub-group and service location, as well as the proportion of total WIA Area 7 services provided, identified as greater than the statistical outlier point.

Table E11: Outliers Identification - Duration of Services by Area 7

Service Location	Clients	Duration < 1,098.9	% of Clients	Duration > 1,098.9	% of Clients
Dayton	**1,664**	**1,595**	**23.3%**	**69**	**22.9%**
Newark	**170**	**131**	**1.9%**	**39**	**13.0%**
Wilmington	**461**	**440**	**6.4%**	**21**	**7.0%**
Hillsboro	**113**	**97**	**1.4%**	**16**	**5.3%**
Springfield	**255**	**240**	**3.5%**	**15**	**5.0%**
Oak Harbor	**57**	**45**	**0.7%**	**12**	**4.0%**
Washington Court House	**192**	**180**	**2.6%**	**12**	**4.0%**
Urbana	**57**	**45**	**0.7%**	**12**	**4.0%**
Ironton	**106**	**94**	**1.4%**	**12**	**4.0%**
Tiffin	**271**	**263**	**3.8%**	**8**	**2.7%**
Coshocton	**130**	**122**	**1.8%**	**8**	**2.7%**
Ottawa	**134**	**127**	**1.9%**	**7**	**2.3%**
Marion	**298**	**291**	**4.2%**	**7**	**2.3%**
Sidney	85	79	1.2%	6	2.0%
Marysville	90	84	1.2%	6	2.0%
Delaware	159	153	2.2%	6	2.0%
Millersburg	26	20	0.3%	6	2.0%
Bellefontaine	129	124	1.8%	5	1.7%
Upper Sandusky	76	72	1.1%	4	1.3%
Jackson	44	40	0.6%	4	1.3%
Montgomery Count CTC	19	15	0.2%	4	1.3%
Bryan	40	37	0.5%	3	1.0%
Norwalk	297	294	4.3%	3	1.0%
Xenia	723	720	10.5%	3	1.0%
Mt. Gilead	29	26	0.4%	3	1.0%
Findlay	96	94	1.4%	2	0.7%
Troy	138	136	2.0%	2	0.7%
Wauseon	53	52	0.8%	1	0.3%
Napoleon	29	28	0.4%	1	0.3%
Paulding	41	40	0.6%	1	0.3%
Lima	241	240	3.5%	1	0.3%
Ashland	20	19	0.3%	1	0.3%
Cambridge	150	149	2.2%	1	0.3%
Defiance	10	10	0.1%	0	0.0%
Bowling Green	101	101	1.5%	0	0.0%
Fremont	83	83	1.2%	0	0.0%
Sandusky	105	105	1.5%	0	0.0%
Greenville	30	30	0.4%	0	0.0%
Eaton	56	56	0.8%	0	0.0%
London	28	28	0.4%	0	0.0%
Mt. Vernon	65	65	0.9%	0	0.0%
Wooster	200	200	2.9%	0	0.0%
Zanesville	68	68	1.0%	0	0.0%
Gallipolis	15	15	0.2%	0	0.0%

Source: OWD Workforce client services data
Note: Light shading and bolding highlights the service locations that account for 79.1 percent of the data.

As shown in **Table E11**, 13 service locations account for 79.1 percent of all outliers within WIA Area 7. Although these outliers may be accurate to the services provided, the distribution

suggests that there is a unique condition that exists within these 13 service locations that is not evident elsewhere.

Table E12 shows WIA Area 5 specific analysis for individual duration of services by service location, as well as the proportion of total WIA Area 5 services provided, identified as greater than the statistical outlier point. However, no further detailed analysis is able to be conducted given that WIA Area 5 is itself a single service location.

Table E12: Outliers Identification - Duration of Services by Area 5

Service Location	Clients	Duration < 1,098.9	% of Clients	Duration > 1,098.9	% of Clients
Painesville	792	612	100.0%	180	100.0%

Source: OWD Workforce client services data

Table E13 shows WIA Area 2 specific analysis for individual duration of services by service location, as well as the proportion of total WIA Area 2 services provided, identified as greater than the statistical outlier point.

Table E13: Outliers Identification - Duration of Services by Area 2

Service Location	Clients	Duration < 1,098.9	% of Clients	Duration > 1,098.9	% of Clients
Summit	**1,311**	**1,263**	**80.2%**	**48**	**96.0%**
Medina	313	311	19.8%	2	4.0%

Source: OWD Workforce client services data
Note: Light shading and bolding highlights the service location that accounts for 96.0 percent of the data.

As shown in **Table E13**, the Summit service location accounts for 96.0 percent of all outliers within WIA Area 2. Although these outliers may be accurate to the services provided the distribution suggests that there is a unique condition that exists within this particular service location that is not evident elsewhere.

Table E14 shows WIA Area 1 specific analysis for individual duration of services by service location, as well as the proportion of total WIA Area 1 services provided, identified as greater than the statistical outlier point.

Table A14: Outliers Identification - Duration of Services by Area 1

Service Location	Clients	Duration < 1,098.9	% of Clients	Duration > 1,098.9	% of Clients
Portsmouth	**449**	**414**	**73.8%**	**35**	**94.6%**
Winchester	61	60	10.7%	1	2.7%
Georgetown	49	48	8.6%	1	2.7%
Piketon	39	39	7.0%	0	0.0%

Source: OWD Workforce client services data
Note: Light shading and bolding highlights the service location that accounts for 94.6 percent of the data.

As shown in **Table E14**, the Portsmouth service location accounts for 94.6 percent of all outliers within WIA Area 1. Although these outliers may be accurate to the services provided the

distribution suggests that there is a unique condition that exists within this particular service location that is not evident elsewhere.

Table E15 shows count of services data for all service locations within Ohio's Workforce system. Service locations are ordered from least to most count of services outliers relative to total service location clients.

Table E15: Count of Services by Service Location

WIA Area	Service Location	Clients	Count < 5.6	% of Clients	Count > 5.6	% of Clients
1	Winchester	61	61	100.0%	0	0.0%
1	Georgetown	49	49	100.0%	0	0.0%
1	Piketon	39	39	100.0%	0	0.0%
2	Medina	313	313	100.0%	0	0.0%
3	Cleveland - Cuyahoga	4	4	100.0%	0	0.0%
4	Elyria	575	575	100.0%	0	0.0%
6	Canton	496	496	100.0%	0	0.0%
6	New Philadelphia	75	75	100.0%	0	0.0%
7	Wauseon	53	53	100.0%	0	0.0%
7	Defiance	10	10	100.0%	0	0.0%
7	Paulding	41	41	100.0%	0	0.0%
7	Ottawa	134	134	100.0%	0	0.0%
7	Norwalk	297	297	100.0%	0	0.0%
7	Sandusky	105	105	100.0%	0	0.0%
7	Sidney	85	85	100.0%	0	0.0%
7	Greenville	30	30	100.0%	0	0.0%
7	Eaton	56	56	100.0%	0	0.0%
7	Washington Court House	192	192	100.0%	0	0.0%
7	Hillsboro	113	113	100.0%	0	0.0%
7	Urbana	57	57	100.0%	0	0.0%
7	Bellefontaine	129	129	100.0%	0	0.0%
7	Marysville	90	90	100.0%	0	0.0%
7	London	28	28	100.0%	0	0.0%
7	Mt. Vernon	65	65	100.0%	0	0.0%
7	Mt. Gilead	29	29	100.0%	0	0.0%
7	Millersburg	26	26	100.0%	0	0.0%
7	Ashland	20	20	100.0%	0	0.0%
7	Newark	170	170	100.0%	0	0.0%
7	Coshocton	130	130	100.0%	0	0.0%
7	Zanesville	68	68	100.0%	0	0.0%
7	Cambridge	150	150	100.0%	0	0.0%
7	Ironton	106	106	100.0%	0	0.0%
7	Jackson	44	44	100.0%	0	0.0%
7	Gallipolis	15	15	100.0%	0	0.0%
7	Montgomery Count CTC	19	19	100.0%	0	0.0%
8	Kenton	37	37	100.0%	0	0.0%
9	Lucas	286	286	100.0%	0	0.0%
10	Crawford	147	147	100.0%	0	0.0%
10	Mansfield	125	125	100.0%	0	0.0%
12	Butler	488	488	100.0%	0	0.0%
12	Warren	202	202	100.0%	0	0.0%
12	Batavia	99	99	100.0%	0	0.0%

WIA Area	Service Location	Clients	Count < 5.6	% of Clients	Count > 5.6	% of Clients
14	Perry	39	39	100.0%	0	0.0%
14	Athens	130	130	100.0%	0	0.0%
14	HAPCAP	1	1	100.0%	0	0.0%
15	Morgan	94	94	100.0%	0	0.0%
15	Monroe	36	36	100.0%	0	0.0%
15	Noble	137	137	100.0%	0	0.0%
16	Carroll	78	78	100.0%	0	0.0%
16	Harrison	31	31	100.0%	0	0.0%
16	Belmont	171	171	100.0%	0	0.0%
17	Mahoning	789	789	100.0%	0	0.0%
17	Columbiana	441	441	100.0%	0	0.0%
18	Trumbull	518	518	100.0%	0	0.0%
19	Ashtabula	207	207	100.0%	0	0.0%
19	Geauga	316	316	100.0%	0	0.0%
20	Lancaster	51	51	100.0%	0	0.0%
20	Circleville	88	88	100.0%	0	0.0%
20	Chillicothe	156	156	100.0%	0	0.0%
20	Hocking	87	87	100.0%	0	0.0%
20	Vinton	53	53	100.0%	0	0.0%
3	Cleveland - City	5,129	5,127	100.0%	2	0.0%
7	Xenia	723	722	99.9%	1	0.1%
5	Painesville	792	788	99.5%	4	0.5%
7	Springfield	255	253	99.2%	2	0.8%
13	Hamilton	1,557	1,544	99.2%	13	0.8%
7	Bowling Green	101	100	99.0%	1	1.0%
7	Wooster	200	198	99.0%	2	1.0%
7	Marion	298	295	99.0%	3	1.0%
7	Findlay	96	95	99.0%	1	1.0%
7	Upper Sandusky	76	75	98.7%	1	1.3%
7	Tiffin	271	267	98.5%	4	1.5%
7	Wilmington	461	453	98.3%	8	1.7%
8	Celina - Mercer	55	54	98.2%	1	1.8%
2	Summit	1,311	1,286	98.1%	25	1.9%
15	Washington	157	154	98.1%	3	1.9%
7	Dayton	1,664	1,626	97.7%	38	2.3%
7	Fremont	83	81	97.6%	2	2.4%
19	Portage	81	79	97.5%	2	2.5%
11	Franklin	2,962	2,871	96.9%	91	3.1%
7	Napoleon	29	28	96.6%	1	3.4%
8	Celina - Auglaize	57	55	96.5%	2	3.5%
7	Oak Harbor	57	53	93.0%	4	7.0%
7	Bryan	40	37	92.5%	3	7.5%
1	Portsmouth	449	413	92.0%	36	8.0%
7	Troy	138	126	91.3%	12	8.7%
7	Delaware	159	144	90.6%	15	9.4%
8	Van Wert	36	32	88.9%	4	11.1%
16	Jefferson	234	203	86.8%	31	13.2%
7	Lima	241	199	82.6%	42	17.4%
14	Meigs	31	20	64.5%	11	35.5%

Source: OWD Workforce client services data
Note: Dark shading highlights the 30 of 91 service locations with count of service outliers.

Table E16 shows WIA Area 7 specific analysis for individual count of services by sub-group and service location, as well as the proportion of total WIA Area 7 services provided, identified as greater than the statistical outlier point.

Table E16: Outliers Identification - Count of Services by Area 7

Service Location	Clients	Count < 5.6	% of Clients	Count > 5.6	% of Clients
Lima	**241**	**199**	**2.8%**	**42**	**30.0%**
Dayton	**1,664**	**1,626**	**23.2%**	**38**	**27.1%**
Delaware	**159**	**144**	**2.1%**	**15**	**10.7%**
Troy	**138**	**126**	**1.8%**	**12**	**8.6%**
Wilmington	**461**	**453**	**6.5%**	**8**	**5.7%**
Oak Harbor	57	53	0.8%	4	2.9%
Tiffin	271	267	3.8%	4	2.9%
Bryan	40	37	0.5%	3	2.1%
Marion	298	295	4.2%	3	2.1%
Fremont	83	81	1.2%	2	1.4%
Springfield	255	253	3.6%	2	1.4%
Wooster	200	198	2.8%	2	1.4%
Napoleon	29	28	0.4%	1	0.7%
Bowling Green	101	100	1.4%	1	0.7%
Findlay	96	95	1.4%	1	0.7%
Upper Sandusky	76	75	1.1%	1	0.7%
Xenia	723	722	10.3%	1	0.7%
Wauseon	53	53	0.8%	0	0.0%
Defiance	10	10	0.1%	0	0.0%
Paulding	41	41	0.6%	0	0.0%
Ottawa	134	134	1.9%	0	0.0%
Norwalk	297	297	4.2%	0	0.0%
Sandusky	105	105	1.5%	0	0.0%
Sidney	85	85	1.2%	0	0.0%
Greenville	30	30	0.4%	0	0.0%
Eaton	56	56	0.8%	0	0.0%
Washington Court House	192	192	2.7%	0	0.0%
Hillsboro	113	113	1.6%	0	0.0%
Urbana	57	57	0.8%	0	0.0%
Bellefontaine	129	129	1.8%	0	0.0%
Marysville	90	90	1.3%	0	0.0%
London	28	28	0.4%	0	0.0%
Mt. Vernon	65	65	0.9%	0	0.0%
Mt. Gilead	29	29	0.4%	0	0.0%
Millersburg	26	26	0.4%	0	0.0%
Ashland	20	20	0.3%	0	0.0%
Newark	170	170	2.4%	0	0.0%
Coshocton	130	130	1.9%	0	0.0%
Zanesville	68	68	1.0%	0	0.0%
Cambridge	150	150	2.1%	0	0.0%
Ironton	106	106	1.5%	0	0.0%
Jackson	44	44	0.6%	0	0.0%
Gallipolis	15	15	0.2%	0	0.0%
Montgomery Count CTC	19	19	0.3%	0	0.0%

Source: OWD Workforce client services data
Note: Light shading and bolding highlights the service locations that account for 82.1 percent of the data.

As shown in **Table E16**, five service locations (Lima, Dayton, Delaware, Troy, and Wilmington) account for 82.1 percent of all outliers within WIA Area 7. Although these outliers may be accurate to the services provided the distribution suggests that there is a unique condition that exists within these five service locations that is not evident elsewhere.

Table E17 shows WIA Area 11 specific analysis for individual count of services by service location, as well as the proportion of total WIA Area 11 services provided, identified as greater than the statistical outlier point. However, no further detailed analysis is able to be conducted given that WIA Area 11 is itself a single service location.

Table E17: Outliers Identification - Count of Services by Area 11

Service Location	Clients	Count < 5.6	% of Clients	Count > 5.6	% of Clients
Franklin	2,962	2,871	100.0%	91	100.0%

Source: OWD Workforce client services data

Table E18 shows WIA Area 1 specific analysis for individual count of services by service location, as well as the proportion of total WIA Area 1 services provided, identified as greater than the statistical outlier point.

Table E18: Outliers Identification - Count of Services by Area 1

Service Location	Clients	Count < 5.6	% of Clients	Count > 5.6	% of Clients
Portsmouth	**449**	**413**	**73.5%**	**36**	**100.0%**
Winchester	61	61	10.9%	0	0.0%
Georgetown	49	49	8.7%	0	0.0%
Piketon	39	39	6.9%	0	0.0%

Source: OWD Workforce client services data
Note: Light shading and bolding highlights the service location that accounts for 100.0 percent of the data.

As shown in **Table E18**, the Portsmouth service location accounts for 100 percent of all outliers within WIA Area 1. Although these outliers may be accurate to the services provided, the distribution suggests that there is a unique condition that exists within this particular service location that is not evident elsewhere.

Table E19 shows WIA Area 16 specific analysis for individual count of services by service location, as well as the proportion of total services provided, identified as greater than the statistical outlier point.

Table E19: Outliers Identification - Count of Services by Area 16

Service Location	Clients	Count < 5.6	% of Clients	Count > 5.6	% of Clients
Jefferson	**234**	**203**	**42.0%**	**31**	**100.0%**
Carroll	78	78	16.1%	0	0.0%
Harrison	31	31	6.4%	0	0.0%
Belmont	171	171	35.4%	0	0.0%

Source: OWD Workforce client services data
Note: Light shading and bolding highlights the service location that accounts for 100.0 percent of the data.

As shown in **Table E19**, the Jefferson service location accounts for 100 percent of all outliers within WIA Area 16. Although these outliers may be accurate to the services provided, the

distribution suggests that there is a unique condition that exists within this particular service location that is not evident elsewhere.

APPENDIX F: Supplemental Information for Section 7 – Workforce/One-Stop System

WIA Area Dashboards

WIA Area 1	**Counties: Adams, Brown, Pike, Scioto**

Demographics:

WIA Population:	176,505	Adults in Poverty:	25,349	Unemployment Rate:	12.1%
Unemployed Persons:	9,400	Labor Force:	77,400	Poverty Rate	22%

One-Stops

Full Service:	1
Satellite:	3

Staff: 20.7

Participants:

Adult:	387
Dislocated Workers:	284
Youth:	260

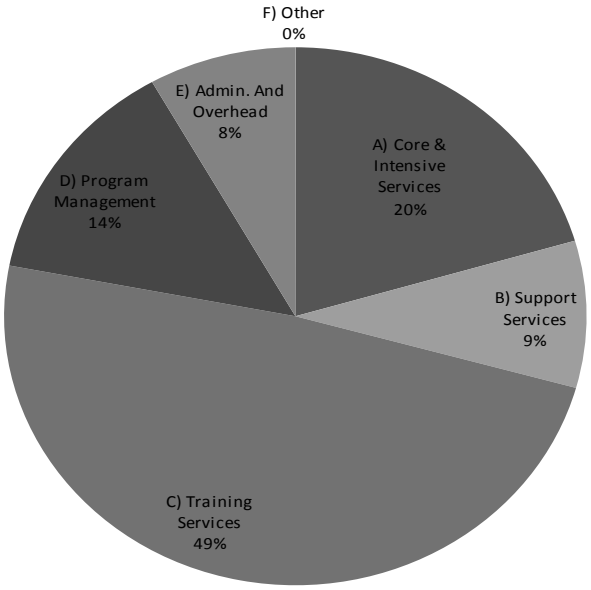
Exiters:

Adult:	161
Dislocated Workers:	134
Youth:	103

PY 2011 Expenditures:

A) Core & Intensive Services	$546,344
B) Support Services	$235,335
C) Training Services	$1,300,110
D) Program Management	$368,191
E) Admin. And Overhead	$218,085
F) Other	$410
Total	$2,668,474

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	45	14
Outreach		
Adult Participant/Low Income Adults	1.5%	14
Dislocated Worker/Unemployed	3.0%	15
Financial		
$/Participant	$2,866	8
$/Exiter	$6,705	5
Admin+ProgMng+Other/Total	22%	11
Other Resources/Total	65%	1
Other		
Exiter/Participants	43%	7

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Healthcare Support
3. Installation, Maintenance, and Repair
4. Transportation and Material Moving
5. Office and Administrative Support

Strategy Alignment	**#'s**	**%**
T1 & T2	278	70.6%
T3 & T4	116	29.4%
WIA Ranking for T1 & T2:	18	

Client Duration in Days	
Mean:	442
Median:	318

WIA Area 2	**Counties: Medina, Summit**

Demographics:

WIA Population:	693,994	Adults in Poverty:	68,111	Unemployment Rate:	8.0%
Unemployed Persons:	30,500	Labor Force:	380,000	Poverty Rate	15%

One-Stops

Full Service:	1
Satellite:	1

Staff: 61.7

Participants:

Adult:	1019
Dislocated Workers:	631
Youth:	703

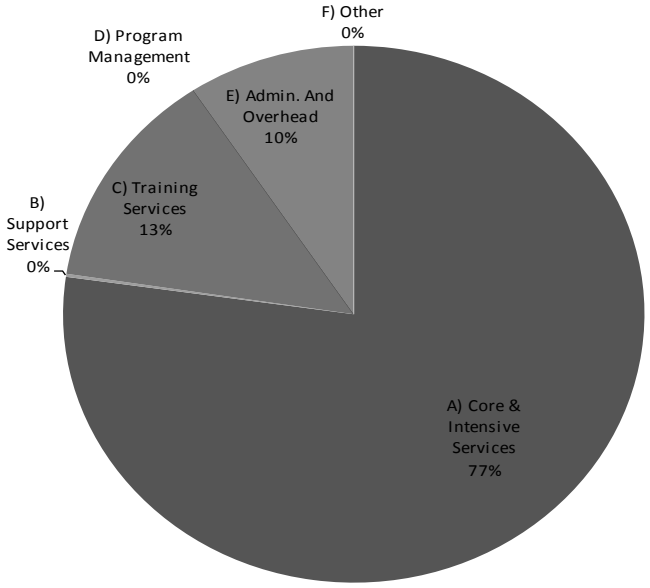
Exiters:

Adult:	581
Dislocated Workers:	409
Youth:	369

PY 2011 Expenditures:

A) Core & Intensive Services	$3,639,541
B) Support Services	$8,833
C) Training Services	$626,361
D) Program Management	$0
E) Admin. And Overhead	$438,442
F) Other	$0
Total	$4,713,176

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	38	9
Outreach		
Adult Participant/Low Income Adults	1.5%	13
Dislocated Worker/Unemployed	2.1%	10
Financial		
$/Participant	$2,003	17
$/Exiter	$3,468	18
Admin+ProgMng+Other/Total	9%	18
Other Resources/Total	17%	14
Other		
Exiter/Participants	58%	13

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Healthcare Support
3. Production
4. Office and Administrative Support
5. Transportation and Material Moving
5. Computer and Mathematical

Strategy Alignment	**#'s**	**%**
T1 & T2	199	78.7%
T3 & T4	54	21.3%
WIA Ranking for T1 & T2:	14	

Client Duration in Days	
Mean:	390
Median:	328

WIA Area 3	**Counties: Cuyahoga**

Demographics:

WIA Population:	1,393,978	Adults in Poverty:	152,344	Unemployment Rate:	8.0%
Unemployed Persons:	51,500	Labor Force:	644,900	Poverty Rate	19%

One-Stops

Full Service:	1
Satellite:	1

Staff: 132.6

Participants:

Adult:	3485
Dislocated Workers:	1563
Youth:	1509

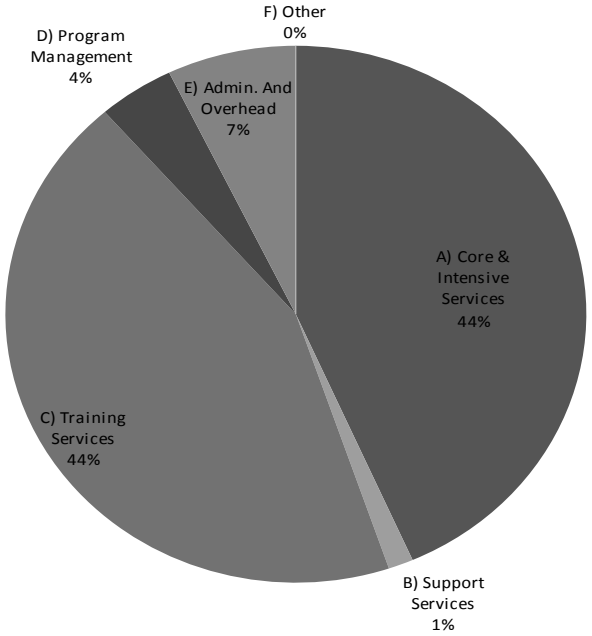
Exiters:

Adult:	2091
Dislocated Workers:	807
Youth:	736

PY 2011 Expenditures:

A) Core & Intensive Services	$5,191,900
B) Support Services	$166,448
C) Training Services	$5,234,282
D) Program Management	$507,008
E) Admin. And Overhead	$859,002
F) Other	$0
Total	$11,958,640

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	49	15
Outreach		
Adult Participant/Low Income Adults	2.3%	19
Dislocated Worker/Unemployed	3.0%	16
Financial		
$/Participant	$1,824	18
$/Exiter	$3,291	19
Admin+ProgMng+Other/Total	11%	15
Other Resources/Total	9%	17
Other		
Exiter/Participants	55%	11

Training

Primary Focus Areas:

1. Healthcare Support
2. Office and Administrative Support
3. Production
4. Transportation and Material Moving
5. Healthcare Practitioners and Technical

Strategy Alignment	**#'s**	**%**
T1 & T2	477	66.6%
T3 & T4	239	33.4%
WIA Ranking for T1 & T2:	19	

Client Duration in Days	
Mean:	444
Median:	279

WIA Area 4	**Counties: Lorain**

Demographics:

WIA Population:	284,664	Adults in Poverty:	27,887	Unemployment Rate:	8.1%
Unemployed Persons:	12,800	Labor Force:	159,000	Poverty Rate	15%

One-Stops

Full Service:	1
Satellite:	0

Staff: 19.0

Participants:

Adult:	314
Dislocated Workers:	340
Youth:	113

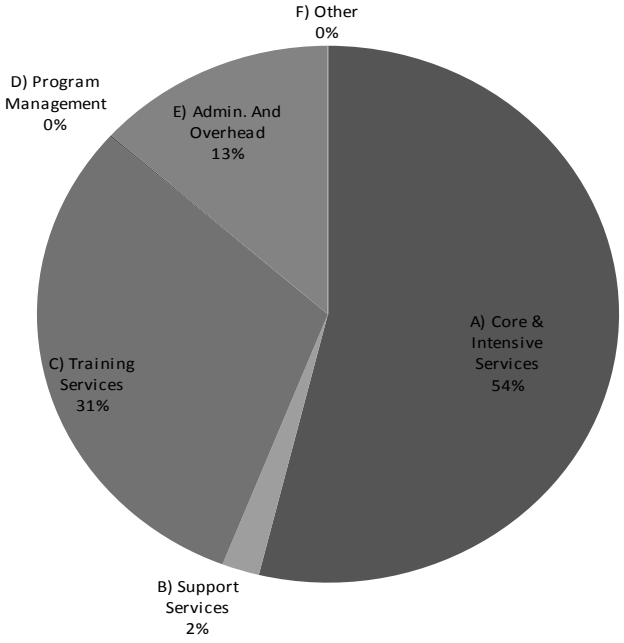
Exiters:

Adult:	42
Dislocated Workers:	76
Youth:	44

PY2011 Expenditures:

A) Core & Intensive Services	$1,078,701
B) Support Services	$41,755
C) Training Services	$613,511
D) Program Management	$1,726
E) Admin. And Overhead	$268,454
F) Other	$0
Total	$2,004,147

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	40	11
Outreach		
Adult Participant/Low Income Adults	1.1%	10
Dislocated Worker/Unemployed	2.7%	12
Financial		
$/Participant	$2,613	10
$/Exiter	$12,371	1
Admin+ProgMng+Other/Total	13%	13
Other Resources/Total	9%	20
Other		
Exiter/Participants	21%	1

Training

Primary Focus Areas:

1. Production
2. Healthcare Practitioners and Technical
3. Office and Administrative Support
4. Education, Training, and Library
5. Computer and Mathematical

Strategy Alignment	**#'s**	**%**
T1 & T2	187	89.0%
T3 & T4	23	11.0%
WIA Ranking for T1 & T2:	3	

Client Duration in Days	
Mean:	419
Median:	354

WIA Area 5	**Counties: Lake**

Demographics:

WIA Population:	227,511	Adults in Poverty:	15,899	Unemployment Rate:	7.1%
Unemployed Persons:	9,300	Labor Force:	131,600	Poverty Rate	10%

One-Stops

Full Service:	1
Satellite:	0

Staff: 15.7

Participants:

Adult:	302
Dislocated Workers:	488
Youth:	109

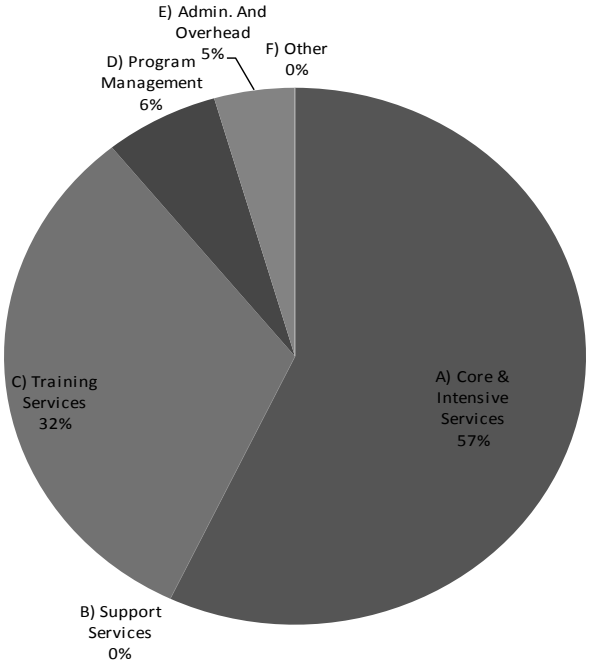
Exiters:

Adult:	79
Dislocated Workers:	116
Youth:	37

PY 2011 Expenditures:

A) Core & Intensive Services	$859,984
B) Support Services	$0
C) Training Services	$484,101
D) Program Management	$95,646
E) Admin. And Overhead	$67,576
F) Other	$0
Total	$1,507,307

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	57	18
Outreach		
Adult Participant/Low Income Adults	1.9%	17
Dislocated Worker/Unemployed	5.2%	20
Financial		
$/Participant	$1,677	19
$/Exiter	$6,497	7
Admin+ProgMng+Other/Total	11%	16
Other Resources/Total	32%	5
Other		
Exiter/Participants	26%	2

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Transportation and Material Moving
3. Production
4. Management
5. Office and Administrative Support

Strategy Alignment	**#'s**	**%**
T1 & T2	123	95.3%
T3 & T4	6	4.7%
WIA Ranking for T1 & T2:	1	

Client Duration in Days	
Mean:	743
Median:	728

WIA Area 6	**Counties: Stark, Tuscarawas**

Demographics:

WIA Population:	469,012	Adults in Poverty:	47,541	Unemployment Rate:	9.1%
Unemployed Persons:	21,200	Labor Force:	232,400	Poverty Rate	16%

One-Stops

Full Service:	1
Satellite:	1

Staff: 42.8

Participants:

Adult:	261
Dislocated Workers:	370
Youth:	268

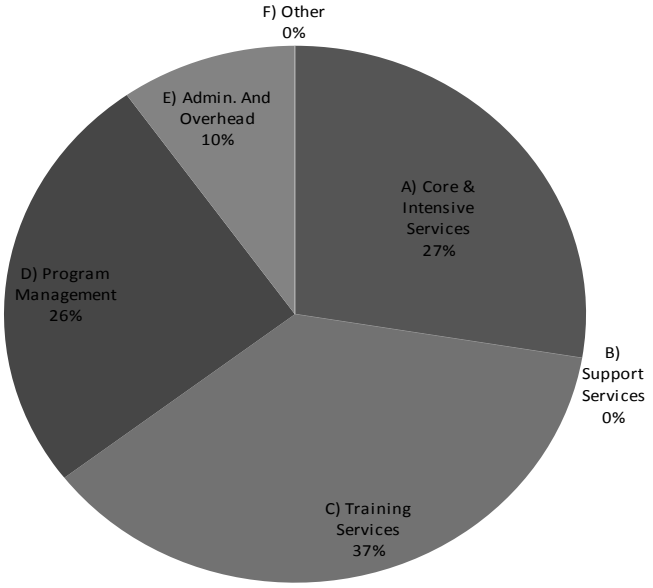
Exiters:

Adult:	198
Dislocated Workers:	247
Youth:	190

PY 2011 Expenditures:

A) Core & Intensive Services	$987,634
B) Support Services	$0
C) Training Services	$1,321,811
D) Program Management	$916,495
E) Admin. And Overhead	$350,839
F) Other	$0
Total	$3,576,779

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	21	3
Outreach		
Adult Participant/Low Income Adults	0.5%	3
Dislocated Worker/Unemployed	1.7%	6
Financial		
$/Participant	$3,979	3
$/Exiter	$5,633	8
Admin+ProgMng+Other/Total	35%	5
Other Resources/Total	22%	10
Other		
Exiter/Participants	71%	17

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Production
3. Installation, Maintenance, and Repair
4. Management
5. Architecture and Engineering

Strategy Alignment	**#'s**	**%**
T1 & T2	262	88.5%
T3 & T4	34	11.5%
WIA Ranking for T1 & T2:	5	

Client Duration in Days	
Mean:	394
Median:	366

WIA Area 7	**Counties: Williams, Fulton, Henry, Defiance, Allen, Putnam, Paulding, Hancock, Wood, Wyandot, Sandusky, Ottawa, Erie, Seneca, Huron, Shelby, Darke, Miami, Preble, Montgomery, Greene, Fayette, Clinton, Highland, Clark, Champaign, Logan, Union, Madison, Knox, Marion, Morrow, Delaware, Wayne, Ashland, Holmes, Licking, Coshocton, Muskingum, Gurnsey, Lawrence, Jackson, Gallia**

Demographics:

WIA Population:	3,098,138	Adults in Poverty:	61,436	Unemployment Rate:	9.0%
Unemployed Persons:	142,700	Labor Force:	1,583,100	Poverty Rate	15%

One-Stops

Full Service:	11
Satellite:	33

Staff: 332.5

Participants:

Adult:	3761
Dislocated Workers:	3881
Youth:	4260

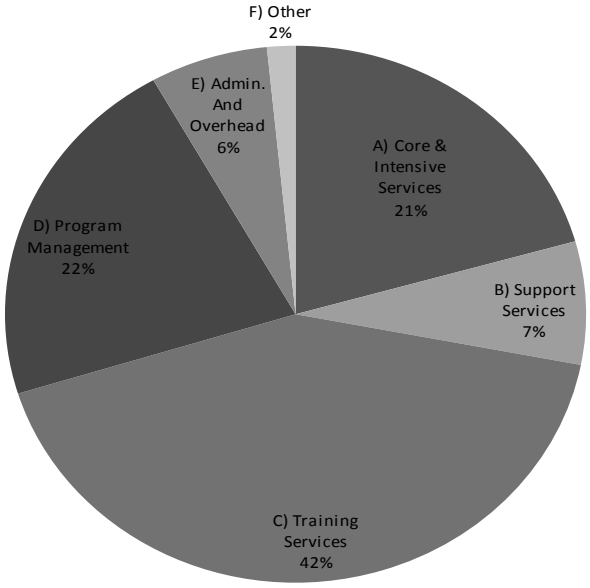
Exiters:

Adult:	2106
Dislocated Workers:	2550
Youth:	2039

PY 2011 Expenditures:

A) Core & Intensive Services	$5,019,676
B) Support Services	$1,800,813
C) Training Services	$10,268,043
D) Program Management	$5,265,469
E) Admin. And Overhead	$1,596,753
F) Other	$384,799
Total	$24,335,552

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	36	8
Outreach		
Adult Participant/Low Income Adults	6.1%	20
Dislocated Worker/Unemployed	2.7%	13
Financial		
$/Participant	$2,045	16
$/Exiter	$3,635	17
Admin+ProgMng+Other/Total	30%	6
Other Resources/Total	27%	6
Other		
Exiter/Participants	56%	12

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Healthcare Support
3. Transportation and Material Moving
4. Production
5. Office and Administrative Support

Strategy Alignment	**#'s**	**%**
T1 & T2	3034	75.1%
T3 & T4	1004	24.9%
WIA Ranking for T1 & T2:	16	

Client Duration in Days

Mean:	415
Median:	313

WIA Area 8	**Counties: Mercer, Auglaize, Hardin, Van Wert**

Demographics:

WIA Population:	149,139	Adults in Poverty:	11,151	Unemployment Rate:	7.6%
Unemployed Persons:	6,000	Labor Force:	78,800	Poverty Rate	12%

One-Stops

Full Service:	1
Satellite:	3

Staff: 15.0

Participants:

Adult:	115
Dislocated Workers:	75
Youth:	117

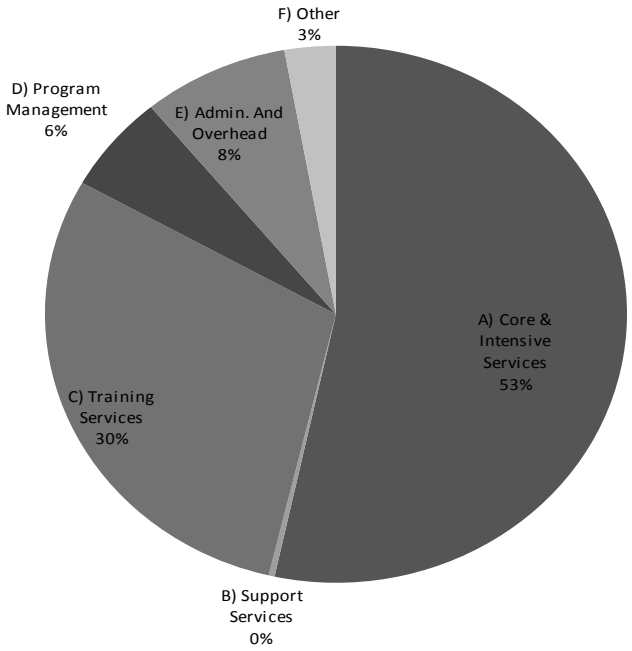
Exiters:

Adult:	58
Dislocated Workers:	32
Youth:	65

PY 2011 Expenditures:

A) Core & Intensive Services	$710,862
B) Support Services	$4,442
C) Training Services	$391,612
D) Program Management	$78,521
E) Admin. And Overhead	$108,099
F) Other	$37,923
Total	$1,331,459

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	20	2
Outreach		
Adult Participant/Low Income Adults	1.0%	8
Dislocated Worker/Unemployed	1.3%	3
Financial		
$/Participant	$4,337	2
$/Exiter	$8,590	3
Admin+ProgMng+Other/Total	17%	12
Other Resources/Total	23%	8
Other		
Exiter/Participants	50%	10

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Transportation and Material Moving
3. Office and Administrative Support
4. Healthcare Support
5. Production

Strategy Alignment	**#'s**	**%**
T1 & T2	112	94.1%
T3 & T4	7	5.9%
WIA Ranking for T1 & T2:	2	

Client Duration in Days	
Mean:	468
Median:	386

WIA Area 9	**Counties: Lucas**

Demographics:

WIA Population:	455,054	Adults in Poverty:	66,217	Unemployment Rate:	9.6%
Unemployed Persons:	20,400	Labor Force:	211,700	Poverty Rate	23%

One-Stops

Full Service:	1
Satellite:	0

Staff: 41.9

Participants:

Adult:	129
Dislocated Workers:	175
Youth:	474

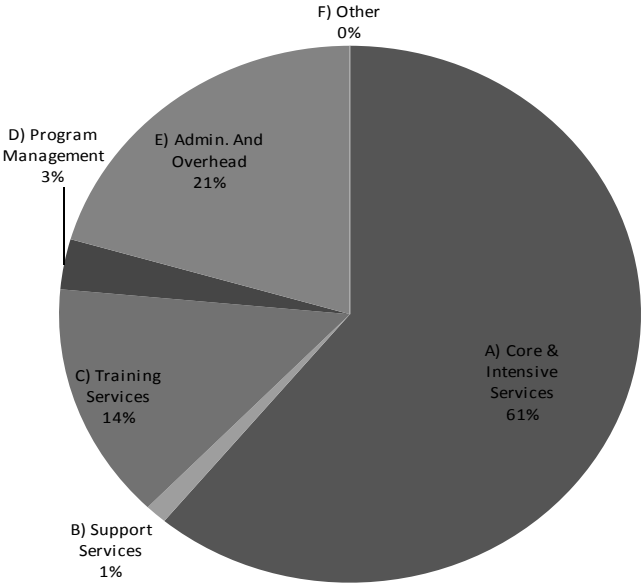
Exiters:

Adult:	67
Dislocated Workers:	89
Youth:	187

PY 2011 Expenditures:

A) Core & Intensive Services	$2,405,711
B) Support Services	$48,241
C) Training Services	$561,389
D) Program Management	$119,537
E) Admin. And Overhead	$808,034
F) Other	$0
Total	$3,942,911

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	19	1
Outreach		
Adult Participant/Low Income Adults	0.2%	1
Dislocated Worker/Unemployed	0.9%	1
Financial		
$/Participant	$5,068	1
$/Exiter	$11,495	2
Admin+ProgMng+Other/Total	24%	9
Other Resources/Total	20%	13
Other		
Exiter/Participants	44%	8

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Transportation and Material Moving
3. Personal Care and Service
4. Business and Financial Operations
5. Installation, Maintenance, and Repair
5. Computer and Mathematical

Strategy Alignment	**#'s**	**%**
T1 & T2	166	84.7%
T3 & T4	30	15.3%
WIA Ranking for T1 & T2:	10	

Client Duration in Days	
Mean:	503
Median:	431

WIA Area 10	**Counties: Richland, Crawford**

Demographics:

WIA Population:	175,818	Adults in Poverty:	17,555	Unemployment Rate:	10.5%
Unemployed Persons:	8,400	Labor Force:	80,100	Poverty Rate	17%

One-Stops

Full Service:	1
Satellite:	1

Staff: 21.4

Participants:

Adult:	146
Dislocated Workers:	167
Youth:	173

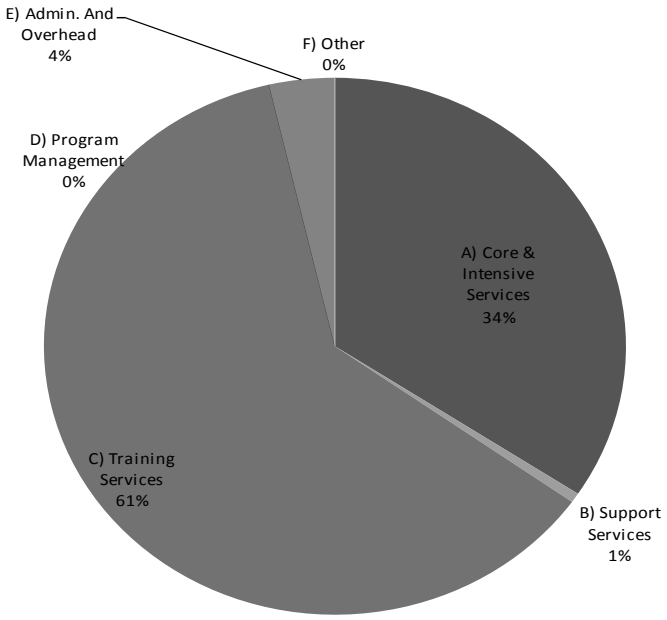
Exiters:

Adult:	83
Dislocated Workers:	104
Youth:	101

PY 2011 Expenditures:

A) Core & Intensive Services	$429,440
B) Support Services	$7,310
C) Training Services	$770,883
D) Program Management	$0
E) Admin. And Overhead	$45,652
F) Other	$0
Total	$1,253,285

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	23	5
Outreach		
Adult Participant/Low Income Adults	0.8%	6
Dislocated Worker/Unemployed	2.0%	8
Financial		
$/Participant	$2,579	12
$/Exiter	$4,352	13
Admin+ProgMng+Other/Total	4%	19
Other Resources/Total	20%	12
Other		
Exiter/Participants	59%	14

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Production
3. Healthcare Support
4. Office and Administrative Support
5. Community and Social Service
5. Installation, Maintenance, and Repair

Strategy Alignment	**#'s**	**%**
T1 & T2	166	79.0%
T3 & T4	44	21.0%
WIA Ranking for T1 & T2:	13	

Client Duration in Days

Mean:	536
Median:	455

WIA Area 11	**Counties: Franklin**

Demographics:

WIA Population:	1,068,978	Adults in Poverty:	143,750	Unemployment Rate:	7.6%
Unemployed Persons:	46,600	Labor Force:	616,700	Poverty Rate	19%

One-Stops

Full Service:	1
Satellite:	0

Staff: 81.2

Participants:

Adult:	2587
Dislocated Workers:	1169
Youth:	601

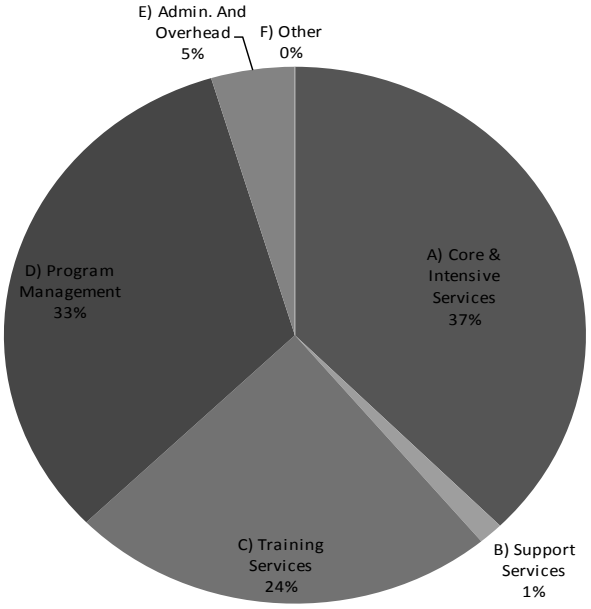
Exiters:

Adult:	839
Dislocated Workers:	372
Youth:	544

PY 2011 Expenditures:

A) Core & Intensive Services	$2,729,803
B) Support Services	$100,464
C) Training Services	$1,728,842
D) Program Management	$2,370,847
E) Admin. And Overhead	$338,462
F) Other	$0
Total	$7,268,418

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	54	17
Outreach		
Adult Participant/Low Income Adults	1.8%	16
Dislocated Worker/Unemployed	2.0%	11
Financial		
$/Participant	$1,668	20
$/Exiter	$4,142	15
Admin+ProgMng+Other/Total	37%	4
Other Resources/Total	22%	9
Other		
Exiter/Participants	40%	4

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Personal Care and Service
3. Business and Financial Operations
4. Management
5. Office and Administrative Support

Strategy Alignment	**#'s**	**%**
T1 & T2	140	72.5%
T3 & T4	53	27.5%
WIA Ranking for T1 & T2:	17	

Client Duration in Days	
Mean:	302
Median:	197

WIA Area 12	**Counties: Butler, Warren, Clermont**

Demographics:

WIA Population:	669,167	Adults in Poverty:	56,523	Unemployment Rate:	8.3%
Unemployed Persons:	33,700	Labor Force:	406,100	Poverty Rate	11%

One-Stops

Full Service:	1
Satellite:	2

Staff: 16.6

Participants:

Adult:	323
Dislocated Workers:	449
Youth:	276

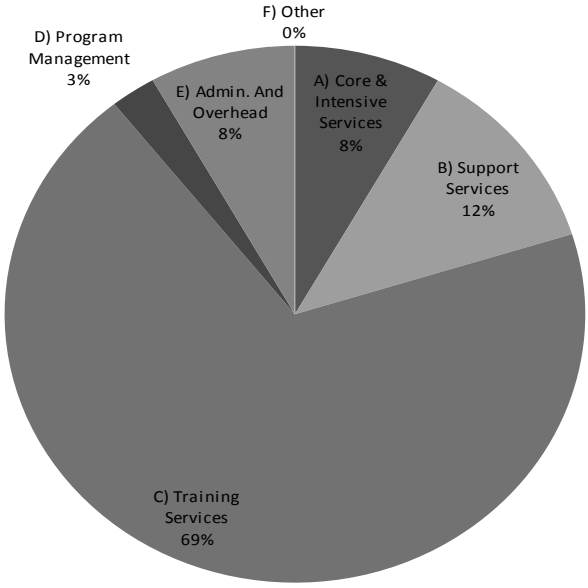
Exiters:

Adult:	242
Dislocated Workers:	388
Youth:	65

PY 2011 Expenditures:

A) Core & Intensive Services	$272,556
B) Support Services	$398,101
C) Training Services	$2,298,049
D) Program Management	$84,122
E) Admin. And Overhead	$271,086
F) Other	$0
Total	$3,323,914

PY2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	63	20
Outreach		
Adult Participant/Low Income Adults	0.6%	4
Dislocated Worker/Unemployed	1.3%	4
Financial		
$/Participant	$3,172	6
$/Exiter	$4,783	12
Admin+ProgMng+Other/Total	11%	17
Other Resources/Total	21%	11
Other		
Exiter/Participants	66%	16

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Transportation and Material Moving
3. Healthcare Support
4. Computer and Mathematical
5. Office and Administrative Support

Strategy Alignment	**#'s**	**%**
T1 & T2	383	86.8%
T3 & T4	58	13.2%
WIA Ranking for T1 & T2:	7	

Client Duration in Days	
Mean:	258
Median:	184

WIA Area 13	**Counties: Hamilton**

Demographics:

WIA Population:	845,303	Adults in Poverty:	93,160	Unemployment Rate:	8.6%
Unemployed Persons:	34,900	Labor Force:	406,900	Poverty Rate	19%

One-Stops

Full Service:	1
Satellite:	0

Staff: 56.0

Participants:

Adult:	970
Dislocated Workers:	715
Youth:	771

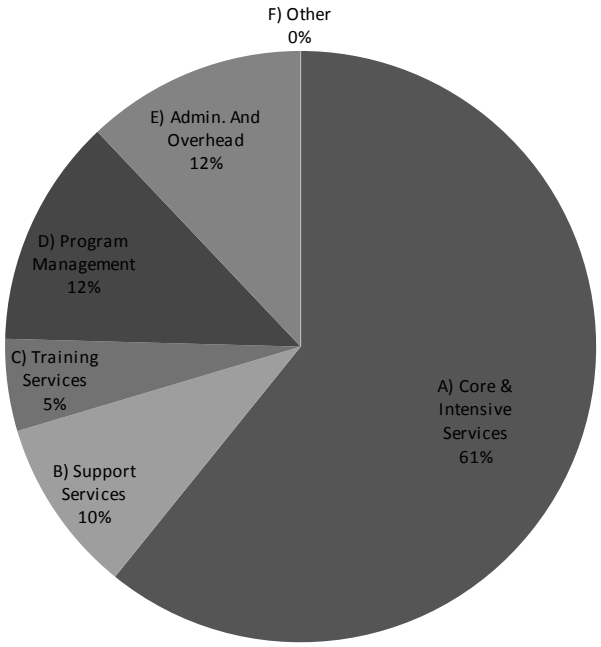
Exiters:

Adult:	718
Dislocated Workers:	757
Youth:	429

PY 2011 Expenditures:

A) Core & Intensive Services	$3,140,318
B) Support Services	$495,291
C) Training Services	$259,709
D) Program Management	$646,852
E) Admin. And Overhead	$622,880
F) Other	$0
Total	$5,165,050

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	13	4
Outreach		
Adult Participant/Low Income Adults	1.0%	9
Dislocated Worker/Unemployed	0.9%	9
Financial		
$/Participant	$2,103	15
$/Exiter	$2,713	20
Admin+ProgMng+Other/Total	25%	8
Other Resources/Total	9%	19
Other		
Exiter/Participants	78%	18

Training

Primary Focus Areas:

1. Transportation and Material Moving
2. Healthcare Support
3. Computer and Mathematical
3. Management
5. Healthcare Practitioners and Technical
5. Business and Financial Operations

Strategy Alignment	**#'s**	**%**
T1 & T2	110	61.1%
T3 & T4	70	38.9%
WIA Ranking for T1 & T2:	20	

Client Duration in Days

Mean:	285
Median:	239

Note: Demographic data from 2011 as published by ODJFS and Ohio Census for 2011; program data from WIA PY11

WIA Area 14	**Counties: Athens, Perry, Meigs**

Demographics:

WIA Population:	119,373	Adults in Poverty:	23,795	Unemployment Rate:	10.3%
Unemployed Persons:	5,700	Labor Force:	55,300	Poverty Rate	28%

One-Stops

Full Service:	1
Satellite:	2

Staff: 14.7

Participants:

Adult:	130
Dislocated Workers:	64
Youth:	210

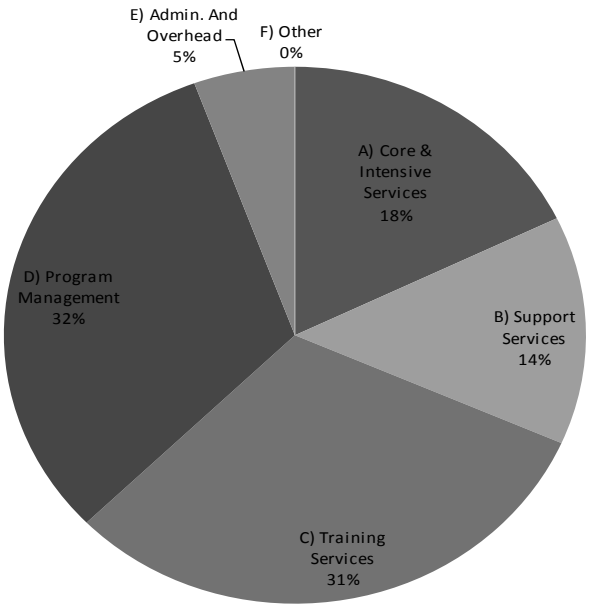
Exiters:

Adult:	70
Dislocated Workers:	44
Youth:	208

PY 2011 Expenditures:

A) Core & Intensive Services	$231,092
B) Support Services	$178,339
C) Training Services	$403,347
D) Program Management	$410,574
E) Admin. And Overhead	$72,933
F) Other	$0
Total	$1,296,285

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	27	7
Outreach		
Adult Participant/Low Income Adults	0.5%	2
Dislocated Worker/Unemployed	1.1%	2
Financial		
$/Participant	$3,209	5
$/Exiter	$4,026	16
Admin+ProgMng+Other/Total	37%	3
Other Resources/Total	9%	18
Other		
Exiter/Participants	80%	20

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Healthcare Support
3. Education, Training, and Library
4. Office and Administrative Support
5. Personal Care and Service

Strategy Alignment	**#'s**	**%**
T1 & T2	126	84.0%
T3 & T4	24	16.0%
WIA Ranking for T1 & T2:	11	

Client Duration in Days	
Mean:	460
Median:	323

WIA Area 15	**Counties: Washington, Morgan, Noble, Monroe**

Demographics:

WIA Population:	107,386	Adults in Poverty:	11,298	Unemployment Rate:	9.6%
Unemployed Persons:	4,700	Labor Force:	49,000	Poverty Rate	16%

One-Stops

Full Service:	1
Satellite:	3

Staff:	23.7

Participants:

Adult:	224
Dislocated Workers:	245
Youth:	119

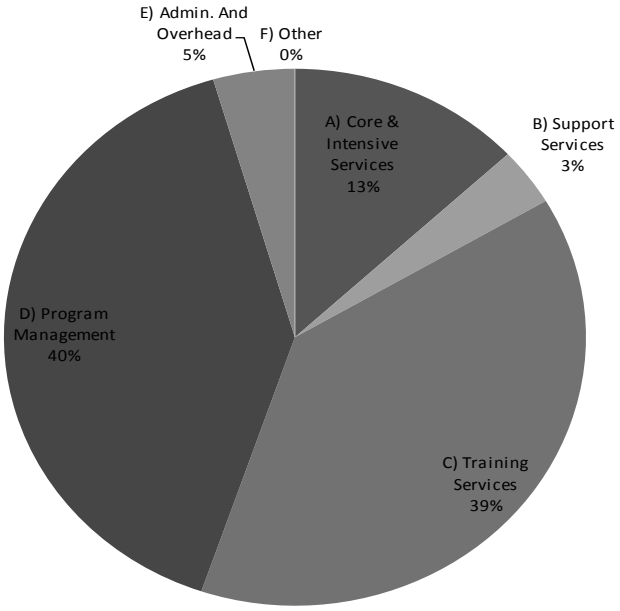
Exiters:

Adult:	116
Dislocated Workers:	98
Youth:	33

PY 2011 Expenditures:

A) Core & Intensive Services	$165,858
B) Support Services	$44,029
C) Training Services	$491,102
D) Program Management	$511,023
E) Admin. And Overhead	$57,537
F) Other	$0
Total	$1,269,548

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	25	6
Outreach		
Adult Participant/Low Income Adults	2.0%	18
Dislocated Worker/Unemployed	5.2%	19
Financial		
$/Participant	$2,159	14
$/Exiter	$5,140	11
Admin+ProgMng+Other/Total	45%	2
Other Resources/Total	44%	4
Other		
Exiter/Participants	42%	6

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Healthcare Support
3. Construction and Extraction
4. Transportation and Material Moving
5. Production

Strategy Alignment	**#'s**	**%**
T1 & T2	153	88.4%
T3 & T4	20	11.6%
WIA Ranking for T1 & T2:	6	

Client Duration in Days	
Mean:	580
Median:	519

WIA Area 16	**Counties: Belmont, Harrison, Jefferson, Carroll**

Demographics:

WIA Population:	188,812	Adults in Poverty:	19,418	Unemployment Rate:	9.9%
Unemployed Persons:	8,500	Labor Force:	85,600	Poverty Rate	16%

One-Stops

Full Service:	1
Satellite:	3

Staff: 11.7

Participants:

Adult:	260
Dislocated Workers:	269
Youth:	147

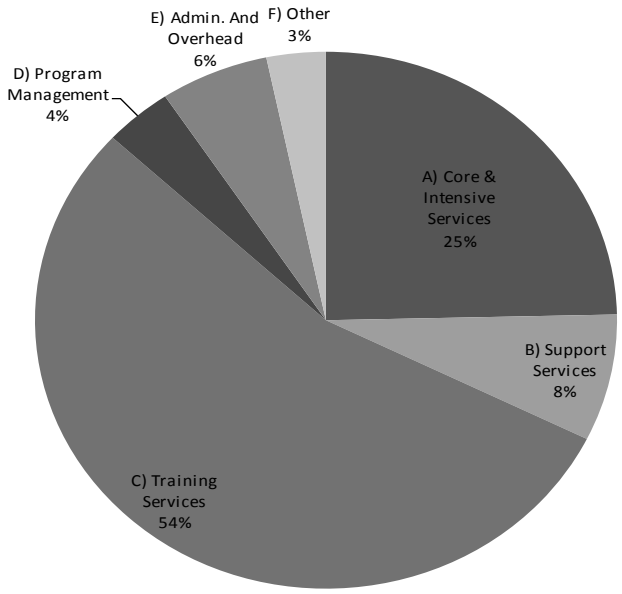
Exiters:

Adult:	91
Dislocated Workers:	105
Youth:	84

PY 2011 Expenditures:

A) Core & Intensive Services	$463,712
B) Support Services	$143,607
C) Training Services	$1,026,882
D) Program Management	$71,092
E) Admin. And Overhead	$113,418
F) Other	$61,827
Total	$1,880,538

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	58	19
Outreach		
Adult Participant/Low Income Adults	1.3%	11
Dislocated Worker/Unemployed	3.2%	17
Financial		
$/Participant	$2,782	9
$/Exiter	$6,716	4
Admin+ProgMng+Other/Total	13%	14
Other Resources/Total	52%	2
Other		
Exiter/Participants	41%	5

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Transportation and Material Moving
3. Healthcare Support
4. Office and Administrative Support
5. Installation, Maintenance, and Repair

Strategy Alignment	**#'s**	**%**
T1 & T2	274	89.0%
T3 & T4	34	11.0%
WIA Ranking for T1 & T2:	4	

Client Duration in Days	
Mean:	524
Median:	426

WIA Area 17	**Counties: Columbiana, Mahoning**

Demographics:

WIA Population:	369,630	Adults in Poverty:	37,432	Unemployment Rate:	9.7%
Unemployed Persons:	16,000	Labor Force:	164,300	Poverty Rate	18%

One-Stops

Full Service:	1
Satellite:	1

Staff: 33.5

Participants:

Adult:	642
Dislocated Workers:	787
Youth:	249

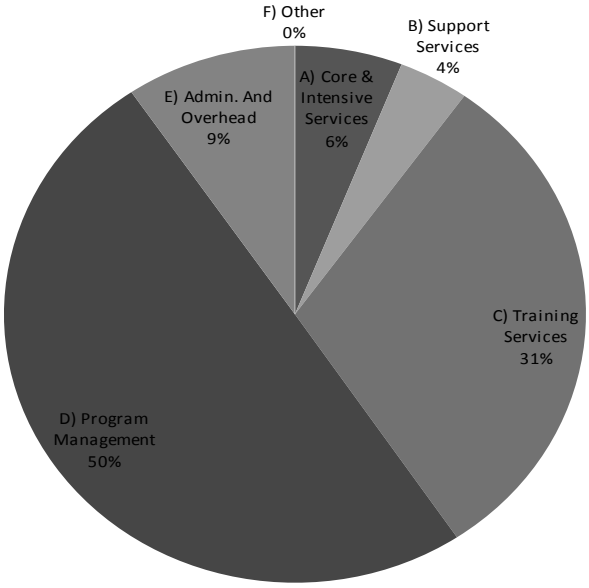
Exiters:

Adult:	148
Dislocated Workers:	322
Youth:	97

PY 2011 Expenditures:

A) Core & Intensive Services	$220,470
B) Support Services	$144,433
C) Training Services	$1,133,872
D) Program Management	$1,841,520
E) Admin. And Overhead	$350,789
F) Other	$0
Total	$3,691,084

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	50	16
Outreach		
Adult Participant/Low Income Adults	1.7%	15
Dislocated Worker/Unemployed	4.9%	18
Financial		
$/Participant	$2,200	13
$/Exiter	$6,510	6
Admin+ProgMng+Other/Total	59%	1
Other Resources/Total	16%	15
Other		
Exiter/Participants	34%	3

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Production
3. Healthcare Support
4. Transportation and Material Moving
5. Computer and Mathematical

Strategy Alignment	**#'s**	**%**
T1 & T2	531	86.1%
T3 & T4	86	13.9%
WIA Ranking for T1 & T2:	9	

Client Duration in Days	
Mean:	325
Median:	264

WIA Area 18	**Counties: Trumbull**

Demographics:

WIA Population:	225,116	Adults in Poverty:	20,829	Unemployment Rate:	9.6%
Unemployed Persons:	9,800	Labor Force:	101,700	Poverty Rate	17%

One-Stops

Full Service:	1
Satellite:	0

Staff:	16

Participants:

Adult:	292
Dislocated Workers:	276
Youth:	86

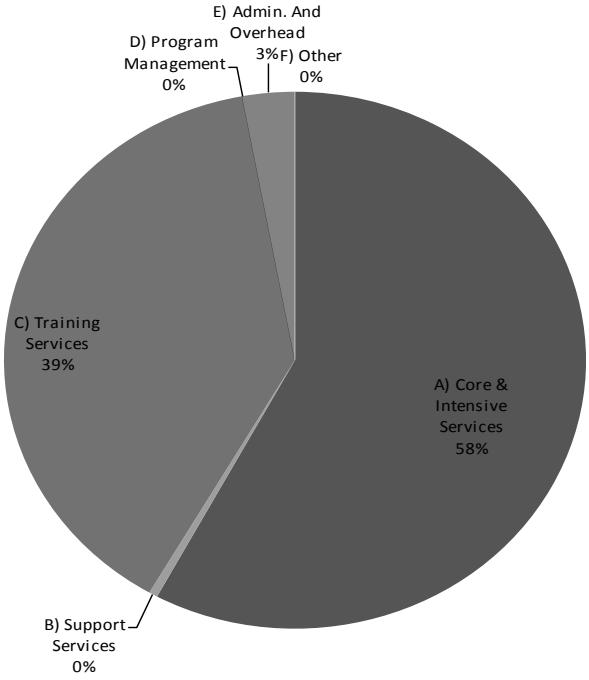
Exiters:

Adult:	150
Dislocated Workers:	180
Youth:	62

PY 2011 Expenditures:

A) Core & Intensive Services	$1,171,536
B) Support Services	$9,811
C) Training Services	$784,629
D) Program Management	$0
E) Admin. And Overhead	$58,866
F) Other	$0
Total	$2,024,841

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	41	12
Outreach		
Adult Participant/Low Income Adults	1.4%	12
Dislocated Worker/Unemployed	2.8%	14
Financial		
$/Participant	$3,096	7
$/Exiter	$5,165	10
Admin+ProgMng+Other/Total	3%	20
Other Resources/Total	24%	7
Other		
Exiter/Participants	60%	15

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Transportation and Material Moving
3. Production
4. Healthcare Support
5. Installation, Maintenance, and Repair

Strategy Alignment	**#'s**	**%**
T1 & T2	350	86.6%
T3 & T4	54	13.4%
WIA Ranking for T1 & T2:	8	

Client Duration in Days	
Mean:	372
Median:	332

WIA Area 19	**Counties: Ashtabula, Geauga, Portage**

Demographics:

WIA Population:	345,684	Adults in Poverty:	36,029	Unemployment Rate:	8.5%
Unemployed Persons:	16,000	Labor Force:	189,000	Poverty Rate	15%

One-Stops

Full Service:	1
Satellite:	2

Staff: 35.4

Participants:

Adult:	307
Dislocated Workers:	231
Youth:	252

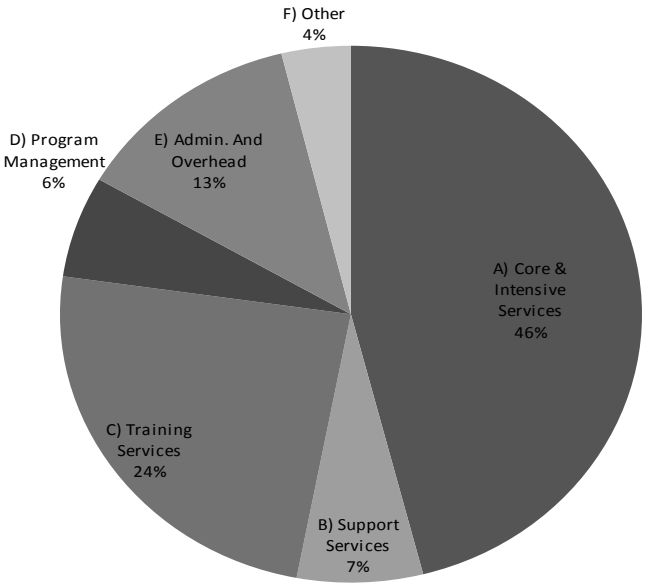
Exiters:

Adult:	286
Dislocated Workers:	220
Youth:	123

PY 2011 Expenditures:

A) Core & Intensive Services	$1,259,187
B) Support Services	$191,231
C) Training Services	$663,927
D) Program Management	$167,082
E) Admin. And Overhead	$350,063
F) Other	$105,318
Total	$2,736,808

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	22	4
Outreach		
Adult Participant/Low Income Adults	0.9%	7
Dislocated Worker/Unemployed	1.4%	5
Financial		
$/Participant	$3,464	4
$/Exiter	$4,351	14
Admin+ProgMng+Other/Total	23%	10
Other Resources/Total	12%	6
Other		
Exiter/Participants	80%	19

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Healthcare Support
3. Office and Administrative Support
4. Production
5. Management

Strategy Alignment	**#'s**	**%**
T1 & T2	194	76.7%
T3 & T4	59	23.3%
WIA Ranking for T1 & T2:	15	

Client Duration in Days	
Mean:	342
Median:	239

WIA Area 20	**Counties: Fairfield, Pickaway, Ross, Hocking, Vinton**

Demographics:

WIA Population:	289,878	Adults in Poverty:	29,694	Unemployment Rate:	8.8%
Unemployed Persons:	13,400	Labor Force:	152,700	Poverty Rate	15%

One-Stops

Full Service:	1
Satellite:	4

Staff: 18.7

Participants:

Adult:	201
Dislocated Workers:	251
Youth:	297

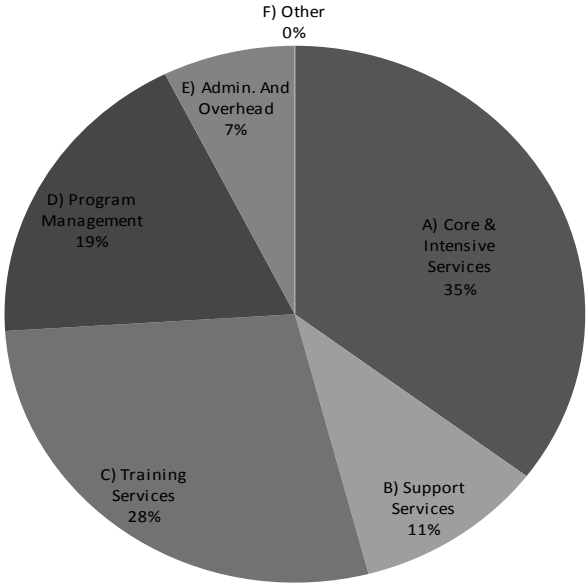
Exiters:

Adult:	115
Dislocated Workers:	143
Youth:	110

PY 2011 Expenditures:

A) Core & Intensive Services	$682,346
B) Support Services	$205,149
C) Training Services	$542,780
D) Program Management	$359,746
E) Admin. And Overhead	$142,846
F) Other	$0
Total	$1,932,868

PY 2011 Expenditures:



Analytics	**Value**	**WIA Ranking**
Staffing		
Participants per FTE Staff	40	10
Outreach		
Adult Participant/Low Income Adults	0.7%	5
Dislocated Worker/Unemployed	1.9%	7
Financial		
$/Participant	$2,581	11
$/Exiter	$5,252	9
Admin+ProgMng+Other/Total	26%	7
Other Resources/Total	46%	3
Other		
Exiter/Participants	49%	9

Training

Primary Focus Areas:

1. Healthcare Practitioners and Technical
2. Healthcare Support
3. Transportation and Material Moving
4. Community and Social Service
5. Business and Financial Operations

Strategy Alignment	**#'s**	**%**
T1 & T2	205	82.3%
T3 & T4	44	17.7%
WIA Ranking for T1 & T2:	12	

Client Duration in Days	
Mean:	439
Median:	351

VI. AUDIT OBJECTIVES OVERVIEW

Scope Area A: Unemployment Compensation Review Commission – Examine the operations, processes, and staffing of the UCRC (which is partially funded by ODJFS) with an eye to maximizing efficiency, cost effectiveness, and customer responsiveness.

- **Objective 1: Staffing analysis (see R1.1, R1.1a and R1.2)**
  - Are the hearing officer staffing levels optimal for Agency efficiency and effectiveness? How do staffing levels compare to peer agencies?
  - How does the current classification for UCRC hearing officers compare with hearing officers in other state agencies?
  - Are the non-hearing officer staffing levels optimal for Agency efficiency and effectiveness? How do staffing levels compare to peer agencies?

- **Objective 2: Operational efficiency (see R1.3 and R1.4)**
  - Are there processes in place that increase the Agency's reliance on state funding streams?
  - Are there processes in place that can be changed to improve efficiency and increase service to customers?

Scope Area B: Organizational Structure/Human Resources – Examine the department's organizational structure to look for opportunities to optimize staff ratios, management layering, program service offerings, and sharing or outsourcing of services. Analyze the layout of regions with an eye for optimal customer service. *Note: maximizing efficiencies given program delivery structural constraints was also taken into consideration under Scope Area C.*

- **Objective 1: Span of Control (See R2.1 and R2.2)**
  - Is ODJFS meeting its internal goal for supervisor-to-staff ratios?
  - Is the ODJFS goal in line with leading practices in other like entities?

- **Objective 2: Organizational structures (See R3.1)**
  - Are there structures/organizations within the Agency that are outdated or no longer functioning?
  - What opportunities does ODJFS have to streamline its operations and realize operational efficiencies or cost savings?

Scope Area C: Supplemental Nutrition Assistance Program (SNAP) Process – Analyze the program's enrollment and service delivery processes for maximum effectiveness.

- **Objective: Enrollment Processes (See R4.1 through R4.4)**
  - Are the processes and systems in place for enrollment into the SNAP program efficient?
  - Do the processes and systems in place for enrollment into the SNAP program allow for efficient client interaction?
  - Given the structure of SNAP benefit delivery (state run, county administered), are there processes in place that impede the most efficient delivery of benefits?

- Given the structure of SNAP benefit delivery (state run, county administered), are there mechanisms in place to adequately determine the program's efficiency and effectiveness at every level?

Scope Area D: Medicaid Providers Enrollment Process Improvement – As requested by the Office of Health Transformation, review the provider enrollment process broadly.

- **Objective 1: Certification & Enrollment Alignment (See R5.1)**
  - Is the certification and enrollment process across the five agencies that enroll providers similar?
  - What opportunities for efficiency improvements exist in the current process?

- **Objective 2: Medicaid Provider Fraud Mitigation (See R6.1 through R6.3)**
  - Are there adequate protections in place to prevent those who are likely to commit fraud from being enrolled as providers?
  - Are there methods available to the Agency that could help reduce provider payments attributed to Medicaid fraud, waste and abuse?

Scope Area E: Workforce/One-Stop System – As requested by the Governor's office, analyze the program's scope and service delivery processes for maximum efficiency and effectiveness.

- **Objective: Ohio's Workforce One-Stop system's current state (see R7.1 through R7.4)**
  - **Sub-Objective 1:** How do program and administration funding resource allocations compare internally (among WIA areas and One-Stops)?
  - **Sub-Objective 2:** How do staff and funding resource allocations compare internally (among WIA areas and One-Stops) with regard to clients served (participants and exiters)?

VII. GLOSSARY OF ACRONYMS

ACFE – Association of Certified Fraud Examiners
AHCA – Agency for Health Care Administration
AOS – Auditor of State
BCI – Bureau of Criminal Investigations
BEER – Beneficiary Earning Exchange Report
C&E – Certification and Enrollment
CCM – Comprehensive Care Management
CEO – Corporate Executive Officer
CFIS – County Finance Information System
CMS – Centers for Medicare and Medicaid Services
CRIS-E – Client Registry Information System – Enhanced
CTC – Career Technology Center
CY – Calendar Year
DAS – Department of Administrative Services
DHHS – Department of Health and Human Services
DME – Durable Medical Equipment
DMV – Delivery Monitoring and Verification
DOL – Department of Labor
DSA – Development Services Agency
EBT – Electronic Benefit Transfer
EDM – Electronic Document Management
Edrs – Electronic Death Registration
eICMS – Electronic Integrated Client Management System
eREP – Electronic Resource and Eligibility Product
EVV – Electronic Visit Verification
FFY – Federal Financial Year
FNS – Food and Nutrition Service
FTEs – Full Time Equivalents
FY – Fiscal Year
GAGAS – Generally Accepted Government Auditing Standards
GAO – Government Accountability Office
GED – General Education Development
GOES – Global Organization Efficiency Survey
HAPCAP – Hocking Athens Perry Community Action Program
HCM – Human Capital Management
ICF-MR – Intermediate Care Facilities for the Mentally Retarded
ID - Identification
iOS – Internet Operating System
IPV – Intentional Program Violation
IRS – Internal Revenue Service
IT – Information Technology
JFS – Job and Family Services
LEADS – Law Enforcement Agencies Data System
LIHEAT – Low Income Home Energy Assistance Program

LMI – Labor Market Information
LSC – Legislative Services Commission
MEP – Management Efficiency Plan
MFCU – Medicaid Fraud Control Units
MHS – Medicaid Health Systems
MITS – Medicaid Information Technology System
MPU – Minutes Per Unit
NFs – Nursing Facility
NTIS – National Technical Information Services
O*NET – Occupational Information Network
O*NET-SOC - Occupational Information Network Standard Occupational Classification
OAC – Ohio Administrative Code
OAKS – Ohio Administrative Knowledge System
ODA – Ohio Department of Aging
ODADAS – Ohio Department of Alcohol and Drug Addiction Services
ODHS – Oklahoma Department of Human Services
ODJFS – Ohio Department of Job and Family Services
ODMH – Ohio Department of Mental Health
ODODD – Ohio Department of Developmental Disabilities
OHP – Ohio Health Plans
OHT – Ohio Office of Health Transformation
OIS – Office of Information Services
OJI – Ohio Job Insurance
OLC – Ohio Lottery Commission
OPT – Ohio Performance Team
ORC – Ohio Revised Code
OUC – Office of Unemployment Compensation
OWD – Office of Workforce Development
OWT – Office of Workforce Transformation
PACMIS – Public Assistance Case Management Information System
PARIS – Public Assistance Reporting System
PC – Personal Computer
POS – Point of Sale
PPACA – Patient Protection and Affordable Care Act
PY – Program Year
QC – Quality Control
RFI – Request for Information
ROI – Return on Investment
SACWIS – Statewide Automated Child Welfare Information System
SAVE – Systematic Alien Verification for Entitlements
SCOTI – Sharing Career Opportunities and Training Information
SDX – System Data Exchange
SETS – Support Enforcement Tracking System
SFY – State Financial Year
SNAP – Supplemental Nutrition Assistance Program

SOC – Standard Occupational Classification
SOLQ – State On-Line Query
SSA – Social Security Administration
SSN – Social Security Number
SURS – Service and Utilization Review Section
SVES – State Verification Exchange System
SWICA – State Wage Information Collection Agency
TANF – Temporary Assistance to Needy Families
TO – Table of Organization
UC – Unemployment Compensation
UCAC – Unemployment Compensation Advisory Council
UCRC – Unemployment Compensation Review Commission
UI – Unemployment Insurance
USDA – United States Department of Agriculture
USDOL – United States Department of Labor
VA – Veterans Administration
WIA – Workforce Investment Act
WIB – Workforce Investment Board

VIII. CLIENT RESPONSE

Throughout the audit process, staff met with Department officials to ensure substantial agreement on the factual information presented in the report. When the Department disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.

The Department was afforded the opportunity to formally respond to the final report with a written letter. The Department chose not to respond.

Dave Yost • Auditor of State

OHIO DEPARTMENT OF JOB AND FAMILY SERVICES

FRANKLIN COUNTY

CLERK'S CERTIFICATION
This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 18, 2013

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