

# Ohio Department of Job and Family Services

## Public Interest Audit Summary

### What We Looked At

The Ohio Department of Job and Family Services (ODJFS) is responsible for the administration of programs that provide billions of dollars in services and aid to Ohioans on an annual basis. These services include cash and food assistance programs, child and adult protective services, unemployment benefits, and workforce development programs.

In 2021, the Ohio Auditor of State released three audits of ODJFS, two of which were conducted in response to concerns regarding the administration of the State's unemployment compensation program and how the unprecedented number of unemployment claims resulting from the COVID-19 pandemic were processed. During the course of these audits, further questions were raised regarding the effectiveness of programs designed to assist individuals attempting to re-enter the workforce.

As the job market has attempted to recover from the pandemic job losses, Ohio employers have struggled to find well-qualified workers to fill open positions. This audit in the public interest was initiated to review the Department's Office of Workforce Development and associated programs to identify opportunities for improved efficiency, effectiveness, and transparency. This review included an examination of area operations including the services offered at the state's One-Stop centers, which provide employment services to both job seekers and employers. We additionally reviewed the success of OhioMeansJobs.com, the state's on-line job board, as it relates to effectively helping Ohioans obtain meaningful employment, unemployment benefits work search activities, and cyber security practices related to unemployment insurance (UI).

### What We Found

The federal government, through the Workforce Innovation and Opportunity Act (WIOA), provides funding to states for workforce development purposes. This federal program requires that specific performance related data to be collected and reported. The information is used to track the effectiveness of workforce development programming. We found that ODJFS and the Local Areas are collecting this information and reporting it as required by federal law. However, we also determined that there is additional information that could be tracked and utilized by the Department to improve overall program delivery and strategic planning.

In particular, ODJFS does not centrally track the programs, partners, or services located at individual workforce development centers. This makes it difficult to compare how accessible programs are for individuals across the state. Since those seeking assistance may face additional financial and transportation barriers, it is important to evaluate whether all Ohioans have access to Ohio's workforce development system. Information about programs, partners, and services available at OhioMeansJobs centers was provided to our staff by center and area staff. Our staff was unable to conduct detailed analyses due to the variances in reporting by center. Further,

OWD and its partner organizations provide programs and services that fall outside of WIOA requirements, but the Department does not track performance data outside of what is federally mandated. Department oversight is limited by the lack of data and communication between OWD and its partner organizations.

Our audit resulted in nine recommendations that would improve the overall effectiveness, efficiency, and transparency of workforce development programming throughout Ohio and increase the accessibility of these programs to individuals seeking out services.

## Key Observations

**Key Observation 1:** To maintain compliance with WIOA regulations, ODJFS is required to collect and report basic performance metrics regarding workforce development program operations. Reports published on the Department's website do not include information beyond what is required to be tracked under WIOA, and ODJFS does not collect additional information. By tracking minimally required performance metrics, the Department is unable to conduct ongoing performance review regarding the impact of specific programs and activities.

**Key Observation 2:** ODJFS is unable to efficiently provide detailed expenditure information regarding the use of federal funds that are set aside for statewide workforce development programming. This funding is typically in the form of multi-year grants that can be used for a variety of purposes. While the majority of funding is used for things such as administrative expenses or additional support to Local Areas, it was not possible to efficiently identify the actual amount of money spent on actual projects and initiatives undertaken at the statewide level in a given fiscal year. Further, there was limited information regarding how this statewide set-aside funding is distributed to or used by the Local Areas.

**Key Observation 3:** Local expenditures are not tracked centrally in a manner that would allow for the effective and efficient review of program specific spending levels.

**Key Observation 4:** The state is divided into 20 Local Areas that each provide services to the community. This regional structure is intended to allow for each area to address the needs of its specific community. However, The Greater Ohio Workforce Board or Area 7, contains 43 counties and contains a variety of communities throughout the state, perhaps limiting its ability to provide effective and efficient services.

**Key Observation 5:** Individuals are required to provide information regarding work search activities through the unemployment portal. Any individual who fails to comply with this requirement may be denied unemployment benefits. While this is a requirement tied to unemployment insurance compensation, ODJFS currently has no process in place that confirms the validity of work search activities in real-time.

**Key Observation 6:** The Department does not match financial data with program performance. This prevents detailed program performance evaluations because it is not possible to determine the cost effectiveness of services. Matching this data would allow for improved strategic planning at both the statewide and local levels.

**Key Observation 7:** Individuals receiving unemployment benefits are required to engage in two approved work search activities per week. Ohio's requirement is lower than the national average of three weekly work search activities.

## Summary of Recommendations

**Recommendation 1:** WIOA requires that local workforce development areas be structured to serve the needs of the local community. Ohio's current structure includes one area that contains nearly half the counties in the state. This area would not meet the WIOA requirements of being consistent with labor markets and being consistent with regional economic development areas if it was not grandfathered in following the enactment of the Act. Further, Ohio is one of only five states with Local Areas that are noncontiguous. The large and noncontiguous nature of this area and its impact on Ohio's workforce system may be introducing barriers to Ohioans in need of assistance in finding work. Existing local areas should work with OWD to consider the impact of the current structure on service delivery and determine whether reconfiguring local workforce areas to be consistent with current WIOA standards would better meet the needs of Ohio job seekers and businesses. This evaluation should include the potential impact on Ohio's regional planning efforts, workforce development accessibility, and the system's financial integrity.

**Recommendation 2:** There are 88 OhioMeansJobs centers located throughout the state that offer workforce development services. While there is at least one comprehensive center in each local workforce area, 66 of the OhioMeansJobs centers offer only a select number of programs or services. OWD does not maintain a database of programs, partners, and services available at each OhioMeansJobs center, which makes it difficult for Ohioans to identify which center in their area would best suit their individual needs. OWD should work with OhioMeansJobs centers to compile a list of services and programs available at each center and publish it so that Ohioans can easily access this information. This information should be updated regularly to ensure accurate information is presented to the public.

**Recommendation 3:** Case managers and OhioMeansJobs Center staff members are responsible for performing a variety of functions related to program and service delivery, oftentimes requiring specialized skills and training. However, there is currently limited job-specific training for these individuals available from OWD. OWD should work to develop and deploy effective training for case managers and other staff to improve their understanding of policies, procedures, and systems.

This training could be modeled off the success of the WIOA Youth/ CCMEP trainings, which are offered by OWD.

**Recommendation 4:** The structure of workforce development in Ohio and the shared responsibility for program administration by both ODJFS and Local Areas requires communication both between ODJFS and Areas and amongst the Areas themselves. Currently, there is no formalized platform for regular communication that ensures consistent messaging and level of access of information. ODJFS should work to develop communications methods that allow for regular collaboration and sharing of information at all levels of workforce development

management. In doing so, the Department will allow for the sharing of best practices and innovative ideas at the OhioMeansJobs Center level and also ensure that opinions and viewpoints are heard and acknowledged.

**Recommendation 5:** Financial data, such as allocations and expenditures, for Local Areas is not collected by ODJFS in a centralized location. OWD should publish financial allocation and expenditure data by workforce program and Local Workforce Area to aid in oversight and strategic planning of Ohio's workforce programs. Additionally, ODJFS should utilize this data, coupled with the federally required performance measures, to evaluate the effectiveness of programs (see **Recommendation 6**). Publishing what funding is received and how much is spent will allow for greater oversight of Ohio's Workforce System, which could lead to increased efficiencies in the distribution and use of workforce funds and improved transparency.

**Recommendation 6:** The Department receives wage data on a quarterly basis from Ohio employers for purposes of administering the Unemployment Insurance Program. This data is shared with local workforce development areas for specific and limited purposes related to case management. While existing data sharing agreements do not allow for additional uses of this data, OWD should consider reporting aggregated data related to wages and case management to areas for purposes of improved strategic planning efforts. Combining this information with allocation and expenditure data would allow for evaluation of programmatic effectiveness (see **Recommendation 5**).

**Recommendation 7:** OMJ.com is an online job board sponsored and operated by ODJFS that provides career development resources along with job postings. The state board, which includes the Department, is required by law to track and report a variety of performance metrics related to the website and its use. However, certain data is not provided to ODJFS by its vendor, limiting the state board's ability to remain in compliance with state law. The state board and the Department should evaluate the data that is currently being tracked on OMJ.com and evaluate what information is necessary to effectively evaluate the success of the online job board. In doing so, the Department will be able to better assist individuals who are using the tools and resources available on OMJ.com to seek out employment opportunities.

**Recommendation 8:** When individuals receive unemployment insurance benefits, they are required to engage in regular work search efforts. The Department requires that, beginning in the first week, individuals filing for unemployment benefits conduct two approved active search for work activities and continue for each week they file a claim for benefits. Additionally, claimants must participate in reemployment activities by their eighth week of claiming benefits. ODJFS should reevaluate what activities qualify as a work search activity, and when these activities are required to be completed in order to maximize positive outcomes. Further, employees are required by law to accept an offer of suitable work. Employers are able to report non-compliance with this requirement directly to ODJFS using the *Eligibility Notice/Refusal to Return to Work Form* on the Department's website. ODJFS should ensure that employers are aware of and actively using this form, when appropriate.

The Department relies on Benefits Accuracy Measurement (BAM) as a way to conduct quality control assessments on benefits that were paid in the previous year. One of the variables tracked by BAM is work search activities. It should be noted that BAM uses data from the previous year for analysis purposes and is not meant to be used for real-time data analysis purposes. ODJFS does not conduct any additional tracking or review of the validity of work search activities prior to the payment of benefits, which limits its ability to prevent fraud. While the use of BAM and lack of real-time tracking was likely the best available option for identifying overpayments due to non-compliance with the work search requirements when this process was first initiated, it is now inadequate, as indicated by the billions of dollars in benefits over payments identified during the COVID-19 pandemic and is a weakness of internal controls. ODJFS should consider redesigning how it reviews and validates work search activities and leverage modern IT systems to identify fraudulent claims prior to payment.

**Recommendation 9:** ODJFS requires that individuals who receive unemployment compensation benefits create an account with OhioMeansJobs.com. This website is operated independently from the unemployment compensation system and necessitates a secondary log-in. As a part of enrollment into OhioMeansJobs.com, several emails are sent to the individual, and these emails may contain confidential personal information. The Department should evaluate the IT security controls and processes in place related to unemployment compensation account set-up and OhioMeansJobs.com registration to help ensure personally identifiable information is being protected from unauthorized use and that protocols used to facilitate the registration process with OhioMeansJobs.com are secure and limit the amount of personal information being communicated via email or other unsecure modes of transportation.