

# Leave No *Worker or Training Dollar* Behind

## Solutions for expanding Ohio's use of Career Advancement Accounts

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### A joint policy brief by

David Altstadt, Community Research Partners

Jon Honeck, Policy Matters Ohio

George Coulter, The Center for Community Solutions

Ohio is one of eight states participating in the Bush Administration's Career Advancement Account (CAA) demonstration project designed to provide laid-off or current workers with vouchers to pay for education and training. The Administration's plan for CAAs has had its share of controversies and setbacks, contributing to delays in the implementation of the state pilots. Now, with CAA enrollment concluding at the end of 2008, Ohio is at risk of underutilizing the training dollars and not serving as many workers as it could have. This policy brief examines Ohio's implementation of the CAA pilot and suggests ways that the state and local areas can expand enrollment and spend down all available funds. The brief contends that despite the limitations and concerns about CAAs, the program can be an effective tool for putting workers rapidly into education and training.

### Background

In October 2006, the U.S. Department of Labor (DOL) announced that Ohio, Georgia, Indiana, Michigan, Minnesota, Missouri, Pennsylvania, and Wyoming would receive a \$1.5 million federal grant to pilot CAAs over the next two years. The states were asked to match the federal grant, increasing the overall investment to \$3 million per state. With the pilot funds, the states are allowed to provide workers with up to \$3,000 per year to cover the cost of tuition, books, and fees for courses that result in a postsecondary degree or industry-recognized credential. Workers go through a simplified application process, enabling quick entry into education and training. The pilot projects end December 31, 2008, although states can seek an extension from DOL to pay for training that is completed by June 30, 2009.<sup>1</sup>

Ohio administers the CAA pilot through the Ohio Department of Job and Family Services (ODJFS) and its local partners. DOL asked Ohio, along with Georgia, Michigan, Minnesota, and Missouri, to target their CAA project to workers impacted by layoffs in the automobile industry. The three other states, Indiana, Pennsylvania, and Wyoming, were granted permission to sign up a wider array of laid-off and current workers.

Nationally and in Ohio, the CAA concept has drawn criticism from workforce development professionals, workforce policy experts, and other stakeholders. At \$3,000 a year, the CAA program is well below typical levels of tuition assistance available through Workforce Investment Act (WIA) formula funds. Moreover, DOL does not allow states to combine CAAs with other federal workforce development dollars to increase the amount of the training subsidy. In addition,

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1. According to ODJFS, Ohio has applied for the extension but has yet to receive approval from DOL.

states cannot use CAA resources to pay for other re-employment services (e.g. job search assistance, career counseling, peer networks, and skill assessments) or case management.

Stakeholders also have expressed concern over the Bush Administration's broader objectives for CAAs. Since President Bush took office in 2001, his administration has tried repeatedly to implement training vouchers, like CAA, by eliminating or significantly reducing funds for employment and training services under WIA and the Wagner Peyser Act. The Administration claims that nationwide implementation of CAAs would more than triple the number of workers who could access postsecondary education and training. Critics note, however, that Bush's plan would likely result in the dismantling of the local WIA-funded One-Stop career center system, and, with it, workers would lose access to its sequence of re-employment services. Bush's proposals have been routinely rejected by Congress.

Nonetheless, Congress has gone ahead with funding cuts to WIA. During the FY2008 federal appropriations process, Congress approved a Bush Administration request to rescind \$250 million in previously appropriated WIA funds that states had yet to spend. As a result of the congressional rescission, Ohio was forced to return about \$20 million in unspent WIA funds, second only to New York in the severity of funding lost. Most of Ohio's rescinded money was targeted to helping re-employ and train laid-off workers.

The loss of the WIA funds is a sore subject in Ohio, given the growing pool of unemployed workers who could benefit from employment and training support. In this context, Ohio cannot afford to leave other federal training resources untapped, including the \$3 million CAA pilot project, even if there are concerns about the program design and intent.

### **Implementation of the CAA pilot**

The CAA pilot project got off to a rough start in Ohio and the other participating states and has been the subject of an intense tug of war with DOL. Ohio and other states were given just days to respond to the federal offer and were not involved in designing the program. Initially, DOL had restricted Ohio's use of the funds to serving laid-off autoworkers from Big Three assembly plants or large, "tier one" auto parts suppliers. Some workers were eligible for buyouts or severance packages or were covered by training programs established under collective bargaining agreements and, thus, did not need a CAA.

In order to increase the use of the program, Ohio and other states renegotiated with the federal government to broaden eligibility to include most unemployed workers and workers who are at risk of losing their jobs. The dramatic change in CAA rules and eligibility contributed to Ohio's slow implementation of the pilot project and has been a factor in the low usage of training resources thus far.

In the first year of program implementation (March 1, 2007 to February 29, 2008), Ohio enrolled only 15 workers in a CAA. Since renegotiating its plan and more actively promoting the project on the local level this past spring, Ohio has enrolled increasing numbers of workers: reaching a total of 97 workers at the end of May 2008, 199 as of the end of June, and a total of 336 by mid August.

Still, Ohio has a long way to go to fully utilize the CAA resources and serve as many workers as possible. Of the \$3 million in combined state and federal CAA funds available to Ohio, the state has spent or obligated only \$736,505, drawing down an average of nearly \$2,100 per worker. Just under \$2.3 million remain unspent. At this spending rate, these unused funds could pay for education and training for about another 1,100 workers.

Several other states were also slow to implement their CAA program, while enrollment has varied.<sup>2</sup> As of spring 2008, Michigan, Georgia, Missouri, and Pennsylvania were still designing their programs or in the very early stages of enrolling workers. Indiana, Minnesota, and Missouri have served similar numbers of workers as has Ohio, but have done so by targeting specific industries.<sup>3</sup> Wyoming has reportedly issued the most CAAs, focusing on workers in construction, transportation, logistics, and oil industries.

True to Ohio's state-run, county-administered system of governance, ODJFS has delegated CAA enrollment to the local level through the WIA-funded One-Stop career center system. Many of the local One-Stops are operated by counties. Enrollment has been highly uneven across the state. Just six counties—Clermont, Hamilton, Licking, Montgomery, Delaware, and Lucas—have enrolled the vast bulk of CAA participants. In examining enrollment by Ohio's 20 WIA local areas, which represent one or more counties, three areas (Area 7, Area 12, and Area 13) have granted a large majority of the training accounts.<sup>4</sup> Eleven workforce areas have not established any CAAs. See map of local areas at [www.ohioworkforce.org/jobseekers/onestopmap.stm](http://www.ohioworkforce.org/jobseekers/onestopmap.stm).

## Approaches Ohio counties have used to deliver CAAs

Ohio counties that have the highest CAA enrollment have employed a variety of program approaches, including:

- **Responding to plant closings:** Clermont County has offered CAAs primarily to workers laid off from the closed Ford plant in Batavia. Some workers were able to start their training before the plant closed and benefited from on-site classes in machining, welding, and other manufacturing technical areas from the Great Oaks Institute of Technology.<sup>5</sup> Others attended evening or weekend classes at local colleges. Now that the plant has closed, other workers have expressed interest in the program.
- **Engaging One-Stop visitors:** Hamilton and Delaware counties have marketed CAAs to the broad range of laid-off workers visiting their local One-Stop for re-employment assistance. Delaware County promotes CAAs in orientation classes, newsletters, and other materials and assigns case managers to CAA recipients to provide some level of support as they engage in training and search for employment.

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<sup>2</sup> Robin Rice, ODJFS, shared her recollections of how other states have implemented their CAA pilot projects.

<sup>3</sup> Minnesota and Missouri have targeted manufacturing workers. Indiana has allowed four local areas to adopt their own industry-specific approach to enrolling workers (i.e. information technology or healthcare).

<sup>4</sup> Some workers have applied for and received a CAA in 2007 and 2008.

<sup>5</sup> Interview with Jean Chase, WIA Program Supervisor, Clermont County, Workforce Area 1, 7-11-08.

- **Meeting employer needs:** Licking and Montgomery counties have tailored their CAA programs to retraining workers for jobs at specific employers. Licking County is using CAAs to cover training costs for temporary workers seeking permanent machinist jobs at the Ariel Corporation. The temporary workers are at risk of layoff if they do not upgrade their skills. Career and Technology Education Centers of Licking County is delivering the training.<sup>6</sup> In Montgomery County, CAA funds are used for training laid-off workers for jobs at a local call center.<sup>7</sup>

Counties utilizing CAA resources view the program as another tool for serving workers in need. Hamilton County began drawing down CAA funds after it exhausted its regular allotment of WIA training dollars.<sup>8</sup> Delaware County, which receives a relatively small amount of WIA funds, jumped on the opportunity to use CAA to train more workers.<sup>9</sup>

### **Opportunities for Ohio to raise enrollment, fully use funds**

Ohio still has time to serve more workers in need and fully utilize the available resources. The following actions are recommended:

1. ODJFS should offer a greater level of technical assistance to counties and WIA local areas in how to implement the CAA program.
2. Local workforce areas not actively engaged in registering eligible residents should examine the practices of participating counties and quickly implement a strategy for promoting CAAs in a way that ensures available funds are used appropriately and effectively to benefit as many Ohioans as possible.
3. ODJFS and counties should record their successes and challenges in implementing CAA projects and be prepared to make needed revisions to their projects to ensure more effective utilization when and if DOL reauthorizes funding.

In recommending effective use of the available CAA resources, we do not endorse President Bush's plan to take CAA to scale as a standalone approach to training outside of the WIA system. The training accounts are not the answer for everyone; however, in this time of high unemployment and cutbacks in training dollars, the state and counties must put forth full effort to promote CAA as a valid funding source to train laid-off workers. Ohio should have no difficulty finding 1,100 workers who could benefit from the CAA approach to rapid entry into education and training.

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6 Interview with Kelly Wallace, Director-Adult Education Center, Career and Technology Education Centers of Licking County, 7-18-08.

7 Interview with Theo Adegboruwa, Chief Fiscal Officer, Montgomery County, Workforce Area 7, 7-24-08.

8 Interview with Dorothy Edgerton, Finance Manager, Arbor E&T/Super Jobs Center, Cincinnati, Workforce Area 13, 7-31-08.

9 Interview with Rhonda Leasure, Workforce Development Supervisor, Delaware County One-Stop Career Center, Workforce Area 7, 7-23-08.

## References

U.S. Department of Labor. "U.S. Labor Department launches self-directed career advancement accounts: Eight state demo, five states to focus on auto industry workers." Press release: October 26, 2006: <http://www.dol.gov/opa/media/press/eta/eta20061877.htm> <accessed 8-11-08>

Robin Rice, Ohio Department of Job and Family Services. Phone interview by David Altstadt on July 9, 2008, and email communications.

Rachel Gragg, The Workforce Alliance. Phone interview by David Altstadt on August 6, 2008, and email communications.