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Read the Report at www.policymattersohio.org/MeetingTheChallenge2008.htm

State must take urgent steps to reform training system for unemployed workers Ohio's federally-funded workforce system does not utilize all of its resources

With jobless rolls growing and the economy softening, Ohio's workforce system needs immediate reform to serve more unemployed workers and serve them better. This is the conclusion of *Meeting the Challenge: Improving Dislocated Worker Services in Ohio*, a new report from Policy Matters Ohio. This report discusses the state's most important employment and training policy for unemployed workers, the federally-funded Workforce Investment Act (WIA) "dislocated worker" program. Other WIA funding streams serve low-income adults and at-risk youth. WIA services are delivered in one-stop centers around the state through grants distributed by the Ohio Department of Job and Family Services (ODJFS) to local workforce areas. Local areas have substantial discretion in establishing funding priorities and have the responsibility for making sure the program works.

"The successful reemployment of laid-off workers is a vital challenge facing our state," said the report's author, Jon Honeck. "We must have a training system that reaches out to them and supports their efforts to learn new skills and reenter the workforce," he added. WIA dislocated worker services are underperforming and should be reformed as follows, according to the analysis:

- ◆ Improve spending rates: The dislocated worker program does not spend all of its resources and carries over large balances from year-to-year, especially in "Rapid Response" services that provide assistance and information at worksites undergoing layoffs. At the end of the most recent program year in June 2007 (PY 2006), the system had spent only \$10.5 million out of \$29.1 million available Rapid Response funds. Half of the remaining funds were obligated but not yet spent. Local workforce areas also had carry-forward amounts in regular dislocated worker service delivery funds of \$15.2 million at end of PY 2006. About \$9.2 million of these funds were not obligated. Large unspent balances indicate a program that is not using all of its resources, and creates an easy target for the national rescission of WIA funds enacted by Congress in December 2007.
- ◆ Serve more people: Ohio does not serve as many people as would be expected for a state of its size. In PY 2006, 3,145 individuals exited the dislocated worker program after receiving intensive staff-assisted services or training. States with smaller populations, such as Massachusetts, North Carolina, and Wisconsin provided comparable services to greater numbers of dislocated workers.
- ◆ Use best practices: Rapid response services are not standardized throughout the state and do not make use of proven service delivery techniques that could help more workers access services. Creative programs to use rapid response funds to pay for supportive services such as transportation or health care

have been the exception rather than the rule. We should standardize procedures to determine when a dislocated worker is eligible for training.

♦ Connect better with other programs: Ohio should improve connections between WIA and the state's reemployment program (UCRS) for at-risk individuals receiving unemployment benefits. The number of individuals referred from UCRS to training and education programs fell dramatically from over 1,400 in PY 2003 to under 100 in PY 2006.

Reforms would improve the system. In addition to understanding the connection between programs, ODJFS should take three immediate actions:

- ♦ Set minimum numerical targets for dislocated worker participation levels and the delivery of intensive and training services. Areas that do not meet minimum targets should provide a formal explanation and prepare a corrective action plan, and should face sanctions if they do not improve.
- ♦ Undertake a comprehensive review of local areas' procedures for determining when individuals are eligible for training and create program rules that remove unnecessary barriers to obtaining services.
- ♦ Standardize and ensure high quality rapid response services, in part through more technical assistance and in part through better tracking and measurement of staff activities and the flow of individuals to one-stop centers.

The report discusses other factors that contribute to the underperformance of the workforce system:

- ♦ Loopholes in the federal WARN Act: Employer layoff notices required by the federal WARN Act are the most common triggers for rapid response services. Unfortunately, the WARN Act is full of loopholes and weakly enforced. State-level plant-closing legislation similar to laws already passed in California, Illinois, and Wisconsin would improve on the WARN Act by eliminating loopholes, covering smaller layoffs, and providing stiffer penalties for non-compliance.
- ♦ The lack of extended unemployment compensation: Ohio should enact a program that extends unemployment compensation benefits for workers who are in training. Only workers who are in the federal Trade Adjustment Assistance program have this option now. Because benefits expire after six months, workers are reluctant to enter training or may cut short their training experience. States that move large numbers of dislocated workers into training, such as Washington, California, and New Jersey have extended benefits for workers in training.

Policy Matters Ohio is a non-profit, non-partisan research institute. The report was funded by the Joyce Foundation of Chicago, Illinois.

The full report is available on the web at www.policymattersohio.org.

