

EXECUTIVE SUMMARY

The American Recovery and Reinvestment Act of 2009 (Recovery Act or ARRA) was enacted in response to the most severe national recession in more than seventy years. At the time the Recovery Act passed, the nation was experiencing job destruction at the rate of 600,000 jobs per month and many commentators argued that we were on the brink of a severe economic catastrophe. American families needed help meeting basic needs. States experienced rapid increases in the demand for social services; homes were lost to foreclosure, jobs were evaporating. At the same time, states lost service capacity due to declining revenue. ARRA helped close the gap and reposition the state for long-term prosperity.

The Recovery Act provided Ohio more than \$370 million dollars in employment assistance and job training funds to push back the skill gap and help individuals left jobless by the recession seek new employment and retrain for new careers. Implementation of new training programs funded under ARRA provides a roadmap for improving the state workforce system.

This series of reports explores distribution and use of Recovery Act funding in Ohio's workforce system. Throughout the series we examine how workforce funds were used, analyze job creation and retention data for workforce programs, and explore reporting constraints that prevent full understanding of the Act's impact. This report, the second of three, looks at ARRA investment in Ohio's workforce system made through the Department of Labor. We find that the primary goals of the Recovery Act were well served by these investments. Other findings include:

- Investments in emerging industries and high-growth sectors, combined with funding for targeted workforce training, creates jobs and repositions local economies for growth. Tying public investment in growing industries to Pathways Out of Poverty training broadens these opportunities to all Ohioans. Ohio can capitalize on ARRA investments in health care and green industries by continuing state support of training initiatives.
- Enhancements made to the Trade Adjustment Assistance program (TAA) helped more Ohioans access the program and get back on their feet. Reauthorization under the Recovery Act made the TAA program simpler and clarified deadlines. Eligibility expansion allowed more industry sectors to participate. These improvements were lost when Congress failed to reauthorize TAA in February 2011. Congress should work to reauthorize TAA and incorporate the Recovery Act improvements. Too many Americans have lost their livelihood due to trade. The program provides assistance to help people transition into new careers. TAA should be reauthorized and adequately funded.
- The Center for Budget and Policy Priorities has estimated that 4.5 million Americans were kept out of poverty thanks to ARRA's unemployment insurance provisions, food stamp increase, and refundable tax credits. The Recovery Act extended unemployment benefits for millions of out of work Americans. Unemployment extensions kept money flowing into local economies and helped families weather

unexpected job loss. Ohio, however, has not taken full advantage of ARRA unemployment programs. The state has less than six months to enact two of four unemployment modernizations provisions or lose \$176 million in additional federal funding. Senate Bill 13, which was introduced February 1, 2011, would accomplish that goal.

- Ohio was very competitive among Midwest and neighboring states and received more than \$33 million through Department of Labor competitive and discretionary grants. Ohio missed very few funding opportunities but greater communication within economic regions and between state agencies would improve coordination, efficiencies and innovation in workforce training.
- Ohio's system would be more data and outcome driven if the state created a single clearinghouse for workforce data and outcomes. State agencies do a good job collecting and reporting required outcome data for their programs. There needs to be greater cross-agency reporting and more meaningful outcome reporting. Again, a single point of contact for the system with authority to direct data collection and reporting throughout the state system would improve evaluation and help Ohio build a 21st Century workforce.