Most low-income families are working families. Of all Ohio families earning less than 200 percent of poverty, nearly 70 percent work.¹ Many of these families still qualify for public assistance in the form of Medicaid, public childcare assistance, home energy assistance (HEAP), and food assistance (SNAP). The report from the Workgroup to Reduce Reliance on Public Assistance acknowledges the staggering reality of what it takes to be self-sufficient in Ohio, noting that a family of one adult and two children would need an annual income of $27,644 ($13.30 per hour) to no longer need OWF, food assistance, and Medicaid.² The report states that the “most basic requirement for successful economic independence is the availability of jobs paying wages sufficient enough to allow people to leave public assistance.”³ Too many of Ohio’s jobs do not pay enough to lift a family out of poverty. Getting a job will not necessarily raise a family to self-sufficiency.

The public sector could do more to build pathways out of this paradox for low-income, low-skilled Ohioans. The TANF and SNAP programs in Ohio and in many other states are in large part isolated from the workforce development system. The workforce system as established under the Workforce Investment Act (WIA) was fundamentally a universal service system that allowed local workforce areas, not the state, to set policy on nearly all aspects of service delivery. This included how and when local programs prioritized service populations, rules around training and education, and needs-related payments. Outcome measurements prescribed by WIA focused on job placement, retention and wages and failing to meet outcome targets would result in decreased funding. These measures provided no additional incentive for successfully serving clients with multiple barriers to employment and those people with very low skills. The sum of these policy structures was often a “work-first” system that connected the readily employable or nearly employable to jobs.

Ohio’s work system developed similar patterns to those found in the larger WIA system. Ohio’s long-standing historical partiality for local control, along with our 20 local workforce investment areas, each overseen by a local board, and 90 Ohio Means Jobs Centers, has resulted in vast inconsistencies in the programs and resources available to adults with employment barriers. In a 2011 report, Community Research Partners found that many locals could not provide written policies on priority of service, supportive services, or on-the-job training.⁴ While nearly all regions had a policy for Individual

³ Id.
Training Accounts (ITA), the terms ranged from providing a maximum of three years of training and $15,000 to less than one year or as little as $5,000 within a five-year period. A later ODJFS policy letter on ITAs worked to resolve these inconsistencies, but because of the federal prescriptions of WIA, the state could only set parameters.\(^5\)

The Workforce Innovation and Opportunity Act (WIOA or the Act) refocuses the workforce development system on serving low-income, low-skilled adults. The Act prioritizes people receiving public benefits, other low-income individuals, and people who are basic-skill deficient.\(^6\) The statute also increases education and training options, including on-the-job training and integrated training models, while supporting sector based partnerships and career pathways as strategies to make the system more responsive to employers and jobseekers alike. WIOA strongly encourages states to adopt combined strategic planning models that include TANF and SNAP systems. The Act also creates new opportunities to address job and training quality through its focus on sector strategies and training provider outcome reporting. This is a clear step away from the “work-first” orientation of past legislation towards a coordinated system delivering education, training and job opportunities that are career pathway connected to people with barriers to employment.

Ohio’s state plan also sets out a bold goal: to help more Ohioans compete for quality, living-wage jobs that offer the opportunity for career advancement. The state plan, like WIOA, includes support for sector strategies, career pathways, and a renewed focus on people with barriers to employment. The state through the Comprehensive Case Management proposal in HB 64 also seeks to braid together TANF and WIOA dollars to build a case management system and network that better serves that same population and better connects people on public assistance to the education and training opportunities available in the workforce development system.\(^7\) Both the federal government and the state are reorienting toward connecting hard-to-serve populations with education, training, and quality career-path jobs.

The WIOA Policy Letters 7769-7782 could do more to set the stage for WIOA implementation and forward the goals of Ohio’s initial WIOA state plan. The letters will take effect on July 1, the initial WIOA implementation date. Existing state and local plans drafted under WIA and performance provisions will continue for the first full program year, as the federal agencies responsible for WIOA implementation will not issue final rules on many aspects of implementation until January 2016.\(^8\) Even without complete


\(^6\) Workforce Innovation and Opportunity Act, Sec. 134(c)(3)(E).

\(^7\) The Comprehensive Case Management program still has challenges including extremely short implementation timelines and lack of full funding to adequately train and hire staff to deliver services.

guidance from the federal agencies, much is certain about WIOA, including the primacy of serving people with barriers and the increased focus on education and training. The policy letters issued for comment largely reiterate existing policy. Even at this preliminary stage, more should be done to increase consistency with the goals of WIOA and the goals of the state plan, which are to assist low-skilled and low-income Ohioans attain the skills, education and work opportunities that help propel individuals to self-sufficiency. We offer the following key recommendations:

1. ODJFS should clarify the “priority of service” definition so that Able Bodied Adults Without Dependents (ABAWDs) receive priority access to education and training assistance across the workforce development system.
2. ODJFS should narrow the definition of “basic skills deficient” to better align with WIOA. The definition should be consistent across WIOA guidance and the local areas.
3. The state should set basic parameters for WIOA assessments, in line with the ADA and formally eliminate sequence of service requirements.
4. ODJFS should consider court ordered child support payments to be an extenuating circumstance in calculating family self-sufficiency.
5. ODJFS should consider credit card and payday loan payments to be an extenuating circumstance in calculating family self-sufficiency.
6. ODJFS should develop a policy framework for driving investment to high-quality training providers and high-road employers.

1) ODJFS should clarify the “priority of service” definition so that Able Bodied Adults Without Dependents (ABAWDs) and TANF recipients receive priority access to education and training assistance across the workforce development system.

The Policy Letter on Training Services for Adults and Dislocated Workers (Clearance Number 7776) states that priority for training services funded through the adult program “shall be given to recipients of public assistance, other low-income individuals, and individuals who are basic skills deficient for receipt of training services determined appropriate to obtain or retain employment.” There is an identical priority for the provision of career services set forth on page 8 of Policy Letter on Career Services for Adults and Dislocated Workers (Clearance Number 7770). Public assistance recipients include recipients of Supplemental Nutritional Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) cash assistance benefits.

This provision is essential to WIOA reform because the workforce development system under WIA served only a small share of these populations and state and local systems had highly inconsistent approaches to helping these workers compete. Nationally, only 48 percent of those receiving training or other intensive services were low-income, only 27.5 percent were receiving any form of public assistance and only 3.8 percent received cash assistance under the TANF program. Ohio reported that fewer that 2,000 individuals on public assistance completed intensive or training services over that same time.

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9 Anna Cielinski and David Socolow, ““Priority of Service” Provision in the Workforce Innovation and Opportunity Act: Targeting Funding to Serve More High-Need Adults,” CLASP, April 2015, available at
Instead of receiving badly needed services, many adult TANF recipients in Ohio have stopped receiving public assistance benefits and been removed from the caseload because of sanctions or other county JFS agency efforts to increase their “work participation” rates. Moreover, beginning with the 2014 fiscal year, ODJFS terminated its waiver of the food stamp work requirement for Able Bodied Adults Without Dependents (ABAWDs) in all but 17 Ohio counties. This decision to terminate the statewide waiver contributed to a significant reduction of ABAWDS receiving food assistance. Many of those individuals experience obstacles in meeting the work requirements because of the lack of work placements and administrative hurdles.

While the federal WIOA strongly encourages states to draft “combined” state plans that include SNAP and TANF education and training programs in their state WIOA strategy, Ohio has not done so. Nevertheless, Ohio should better coordinate these public assistance programs with its WIOA career and training services to enhance the prospects of SNAP and TANF recipients of gaining economic self-sufficiency and climbing out of poverty. Establishing SNAP and TANF recipients, particularly the ABAWDS population, as the highest priority population outside of military veterans for WIOA career and training services would be a real step toward accomplishing those goals.

2) ODJFS should narrow the definition of “basic skills deficient” to better align with WIOA. The definition should be consistent across WIOA guidance and the local areas.

The Act provides guidance on the definitions of “low-income” and “basic skills deficient” that demonstrate an intent to serve people on the bottom of the skill and income ladder. Basic skill deficient is defined as being “unable to compute or solve problems, read, write, or speak English, at a level necessary to function on the job, in the individual’s family or society.”

The policy letters issued for comment reference the new WIOA priority of service policy and definition of basic skill deficient. The Policy Letter on Career Services for Adults and Dislocated Workers (Clearance Number 7770) incorporates the WIOA definition and describes “basic skill deficient” as people who are “unable to compute or solve problems, read, write, or speak English, at a level necessary to function on the job, in the individual’s family or society.” The Policy Letter on Adult and Dislocated Worker Eligibility (Clearance Number 7769) and the Policy Letter on Training Services for
Adults and Dislocated Workers (Clearance Number 7776) incorporate the priority of service rule, but they do not incorporate the full definition of basic skills deficient. In those letters, the policy prioritizes people who are “basic skill deficient for receipt of those career services determined appropriate to obtain or retain employment.” Further, the Policy Letter on the “Use of Individual Training Accounts” (Clearance Number, 7771), which sets out parameters for local policy on the primary way low-skilled workers can access funding for training in the WIOA system, does not appear to reference the new priority of service policy or explain the interaction between the guidelines on qualifying for an ITA and the priority of service.

We encourage ODJFS to clarify the definition of basic skill deficient and ensure that the priority of service is consistent across WIOA programs and across WIOA local areas. WIOA is designed to prioritize low-income and low-skilled people so they may gain skills, education and work experience and ultimately self-sufficiency. The state plan also seeks to help those with barriers gain the skills to compete for quality, living-wage jobs with opportunity for career advancement. Adopting the broader definition of “basic skill deficient” in the career services and training services letters would permit programs to deem someone “deficient of basic skills” if they do not have the specific skills to obtain or retain a particular job. This broad interpretation could inappropriately expand the priority of service to higher-functioning populations and create great inconsistency among Ohio local WIOA areas.

Many people have the basic skills to function on a job, in a family, and in society but lack specific, higher-level skills to obtain or retain a specific type of job. WIOA prioritizes those who lack the most basic skills to function at work, in their family, and in society. ODJFS should adopt the more narrow definition and explain the interaction between the definition of basic skills and the priority of service so that those Ohioans with the most intense barriers to employment have priority access to the opportunity offered by the workforce development system.

3) The state should set basic parameters for WIOA assessments, in line with the ADA and formally eliminate sequence of service requirements.

Definitions and priority of service policies are only as good as the assessments used to identify client barriers and determine the services needed to secure self-sufficiency and opportunity. On pages 4-5 of the Policy Letter on “Training Services for Adults and Dislocated Workers” (Clearance Number 7776), ODJFS states that an individual may only receive training services after an interview, evaluation or assessment and career planning if WIOA staff or an Ohio Means Jobs Center partner determines that the individual is unlikely or unable, to retain employment that leads to self-sufficiency or wages comparable to or higher than wages from previous employment by only receiving career services. The participants’ case files must contain documentation of the need for training service as determined through the interview, evaluation or assessment, but the local area or and Ohio Means Jobs partner is not required to complete a new interview, evaluation or assessment of a participant if it is appropriate to use a recent interview.

13 See, Clearance No. 7769, pg. 5 and Clearance No. 7776, pg. 5, emphasis added.
evaluation, assessment (within six months) of the participant conducted pursuant to another education or training program.

The letter states that assessments must be “consistent and equitable,” but it does not provide any details or guidance to the local areas regarding the content, focus or quality of participant evaluations and assessments. Without additional guidance, assessments could be inconsistently applied across the local WIOA areas. While WIOA largely retains local programmatic and policy-setting power, ODJFS could provide more specific guidance on required elements of participant evaluations and assessments. Of particular importance, employment barriers faced by persons with disabilities and the need for reasonable accommodations to overcome those barriers should be thoroughly assessed at the state level. The Policy Letter should incorporate and cross-reference the ADA requirements of ODJFS Rule 5101:9-to-02. An assessment should include the determination of whether the individual is in need of other assistance or services provided by other private or government entities, whether the individual has a substance abuse problem or there are any other circumstances that may limit the individual’s employability, including any physical or mental conditions that substantially limit one or more major life activities. Moreover, if an individual discloses, has, or appears to have such a physical or mental condition, the WIOA staff or Ohio Means Jobs Center partner should offer additional screening, using appropriate screening tools, or seek additional medical evaluations to fully assess the person’s need for training services and appropriate reasonable accommodations. Full assessments ensure equal access to training services for people with disabilities. While different local areas may have individual approaches to completing the screening, they should all at least meet the basic threshold of ADA compliance.

Further, WIOA eliminates the “sequence of service” provisions in the Adult WIA program.\textsuperscript{14} ODJFS should clarify that customers do not need to attempt career services of demonstrate a failure to secure decent employment prior to receiving training and education services. An assessment is sufficient to determine an appropriate level of service for that individual.

\textbf{4) ODJFS should consider court ordered child support payments to be an extenuating circumstance in calculating family self-sufficiency.}

On pages 9-10 of the Policy Letter on Training Services for Adults and Dislocated Workers (Clearance Number 7776), ODJFS requires the local Workforce Development Boards to define the income level for “family self-sufficiency” for determining the eligibility of WIOA eligible adults for training services through adult-funded ITAs. This section also enumerates a number of “extenuating circumstances” which would allow a participant whose family income exceeds the “family self-sufficiency” standard to still receive an adult-funded ITA. However, “court ordered child support” payments are specifically excluded from the definition of extenuating circumstances. We recommend that both of those circumstances be included, not excluded, within the definition of extenuating circumstances, thereby allowing persons trapped by extremely burdensome

\textsuperscript{14} WIOA, Sect. 134, Use of funds for employment and training activities.
child support arrearage obligations or accruing payday loan debts to be allowed to obtain training services to become economically self-sufficient.

Unrealistic child support obligations, particularly those based on imputed income, are a major barrier to lower-income obligors attaining economic self-sufficiency. In Ohio, many courts and child support enforcement agencies (CSEAs) automatically impute at least minimum wage income to any unemployed parent without taking account of the reasons for the parent’s unemployment or the realistic prospects for obtaining employment in their local community. Similarly, many parents who have experienced major declines in income because of job loss, demotions, retirements, a change of career, or other factors have been ordered to make high child support payments that are out of reach based on their changed circumstances. Although Ohio law provides that income may only be imputed to parents who are “voluntarily unemployed or voluntarily underemployed,” in practice that is often not the case. That is especially true for low-income non-custodial parents.

There is a growing body of research attributing a disproportionate share of unpaid arrears to obligors with imputed income. That is particularly true for low-income obligors with orders imputing minimum-wage income to the obligors. Ohio data on child support compliance supports the conclusion that lower income obligors have a far lower rate of compliance than obligors with higher reported incomes. Specifically, obligors with incomes of less than $10,000 per year had a rate of compliance of 30.02 percent; obligors with an annual income between $10,000 and $40,000 had a 55.36 percent rate of compliance; and obligors with an annual income of more than $40,000 had a rate of compliance of 82.42 percent.

Moreover, many child support obligors with large child support arrears are ex-offenders who accrued a large arrearage during a period of incarceration for unrelated offenses and have little or no assets. More than half of incarcerated Americans are parents of minor children. Many enter prison with child support orders in place and, upon release, may owe child support debts of tens of thousands of dollars.

Formerly incarcerated people face a wide range of employment barriers upon their release and return to society. While Ohio has made strides toward reducing some employment barriers through the Certificate of Qualification for Employment, few people have qualified and many formal policy barriers remain. In addition, outstanding debts—including an unpaid child support arrearage—can impede the efforts of ex-felons to find

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17 Id. at 11.
employment and attain economic self-sufficiency. Failure to secure a job—or one that pays well enough to afford to meet child support obligations—can lead to growing debt, more late-payment penalties and interest, and the possibility of re-incarceration for failure to pay.

Rather than excluding child support orders from consideration in determining whether an individual qualifies for career and training services, ODJFS should provide guidance that considers the totality of the circumstance and whether training would help the individual more readily meet their obligation. This would be especially helpful to participants whose incomes slightly exceed the local area’s family self-sufficiency standard and have accrued a substantial arrearage before they were able to obtain a downward modification of required their monthly child support payments or accrued arrears because their payment obligation was based on their “imputed” income rather than their actual income.

5) ODJFS should consider credit card and payday loan payments to be an extenuating circumstance in calculating family self-sufficiency.

Similarly, some debts and particularly payday loan payments indicate a lack of self-sufficiency and should be considered, not excluded, when determining eligibility for training services. The proposed definition of economic hardship in the Policy Letter on Training Services for Adults and Dislocated Workers (Clearance Number 7776) includes past due debts on “mortgage, rent, or essential services” that accumulated during a period of unemployment or underemployment. The definition goes on then to exclude “…credit card, or ‘payday loan’ payments.” These exclusions are unnecessarily restrictive and demonstrate a narrow and punitive view of the realities of the economic life of low income families that move in and out of employment, are underemployed, or stagnate in low wage jobs.

Frequently, families use credit cards to pay for necessary medical care, either because they do not have insurance, or because they are underinsured, thus converting what would be permissibly excluded debt into impermissible credit card debt. A national survey of working age low- and middle-income households by the public policy organization Demos finds that these households accrue credit card debt due to lack of insurance coverage, expenses for children and unemployment.19 Forty percent of low and middle-income households that carry credit card debt used credit cards to pay for basic living expenses such as rent or mortgage bills, groceries, utilities, or insurance, in the past year because they did not have enough money in their checking or savings accounts.20 Researchers have coined the term “plastic safety net” to describe this situation in which struggling families use the expensive credit available through credit cards to make ends meet.

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Ohio families are still struggling to recover from the recession, in which many suffered financial setbacks that have tarnished their credit scores, thereby restricting their access to conventional, lower-cost credit options. Many Ohio families substantially reduced or depleted the assets formerly used to cushion and help weather financial setbacks. In May 2015, the Board of Governors of the Federal Reserve issued a *Report on the Economic Well-Being of U.S. Households in 2014.* The survey found that 47 percent of respondents said they either could not cover an emergency expense costing $400, or would cover it by selling something or borrowing money. Thirty-one percent of respondents reported going without some form of medical care in the 12 months before the survey because they could not afford it.

Just as credit cards form a plastic safety net for struggling families, studies have shown that 69 percent of first time payday borrowers use the loans to meet a recurring expense. Borrowers take out an average of eight loans per year, and the average borrower is indebted five months of the year. Payday use is concentrated among younger and low-to moderate-income individuals. To qualify for a loan, a borrower must have a bank account and a steady source of income from employment or government benefits. Low-income employed individuals using payday loans to meet monthly expenses, who then subsequently lose a job or experience periods of unemployment, might understandably carry payday loan debt.

Instead of an across the board exclusion for credit card and payday loan indebtedness, ODJFS should provide guidance that considers the totality of the circumstance, to determine whether these debts are an indication of a lack of self-sufficiency or crisis, and whether access to training would help the individual more readily attain true self-sufficiency.

6) **ODJFS should develop a policy framework for driving investment to high-quality training providers and high-road employers.**

Too many working Ohio families are earning less than 200 percent of poverty. The workforce development system can help connect job seekers to education, training and job opportunities but work does not guarantee self-sufficiency. Through incentives and transparency, the workforce development system can encourage job seekers to enter higher-quality, job-connected training. The system can also prioritize employer partners that offer full-time work, higher wages and benefits.

WIOA requires new performance measures on expenditures for career and training services, including reporting on the number of participants who receive career and training services, the average cost per participant, and the share of training participants

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that enter unsubsidized work related to the training they received. Additionally, WIOA requires training providers to report results for all of their students for the common measures on each program of study. “Consumer choice” is a deeply embedded theme of WIA that continues under WIOA. Policy Letter, Clearance Number 7776, references this change and requires local boards to make the list of providers and the performance information available. ODJFS should better define how this information should be shared with consumers. The information should be presented in a consistent and easily understandable format. A standard training provider “report card” would allow consumers to make informed choices and compare providers from across the state. This tool would drive training funds to higher performing providers.

In addition to the policy letters under review, ODJFS should seek out partnerships with employers that provide full-time, permanent work that pays a decent wage and benefits. Many of the workforce system’s accountability measures focus on customers, trainers, and local boards. However, the system also serves employers. In fact, on-the-job training, subsidized employment, and sector strategies are central to WIOA’s focus on integrated skill and vocational training. Many employers receive significant benefits—such as applicant screenings to customized training from the state workforce development system. WIOA includes an as yet undefined measure to evaluate effectiveness in serving employers. These employer relationships should also be measured and transparent, and incentives should drive state investment toward high-road employers.

Policy Matters Ohio is a nonprofit, nonpartisan, research institution dedicated to building an economy that works for all. The Ohio Poverty Law Center is a non-profit law office that engages in statewide advocacy to secure the economic and social resources necessary for all Ohioans to live healthy, successful, and productive lives.

We appreciate ODJFS’s request for comment and consideration of the recommendations noted above. If you have any questions, do not hesitate to contact Hannah Halbert, Policy Matters Ohio at (614) 221-4505, hhalbert@policymattersohio.org, Linda Cook at (614) 824-2503, lcook@ohiopovertylaw.org, or Mike Smalz at (614) 824-2502, msmalz@ohiopovertylaw.org.

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23 See, WIOA Sec. 116 Performance accountability system.
24 Id.
25 Id.