

EXECUTIVE SUMMARY

Hundreds of thousands of Ohioans lose their jobs each year. Ensuring that they continue to contribute to the economy, use their skills, and have the means to support themselves and their families is crucial. Our ability to meet these challenges has profound implications for these individuals and for bipartisan goals to make Ohio a more educated and more prosperous state. This report discusses the state's most important employment and training program 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. Although the Ohio Department of Job and Family Services (ODJFS) is responsible for the overall state administration of federal WIA grants, the initial delivery of services takes place at the local level in one-stop service centers. Local workforce areas have substantial discretion in establishing funding priorities and have the responsibility for making sure organizational partnerships work.

WIA dislocated workers services are underperforming and in need of fundamental reform, as shown by the following issues:

- ◆ 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 react to layoff notices by providing assistance and information at the worksite. 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.
- ◆ Ohio does not serve as many individuals as would be expected for a state of its size. In PY 2006, 3,145 individuals exited the 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.
- ◆ 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 to pay for supportive services or health care have been the exception rather than the rule.
- ◆ Ohio does not have good connections between WIA and the state's reemployment program (UCRS) for individuals receiving UC 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.

Other factors contribute to the underperformance of the system:

- ◆ 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.

- ◆ Ohio does not have an extended unemployment compensation benefits program for workers who are in training, except for workers who are in the federal Trade Adjustment Assistance program. Because benefits expire after six months, workers are reluctant to enter training or may cut short their training experience.

A number of reforms are necessary to improve the system. ODJFS should take four 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 for their low levels of service 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.
- ◆ Create better linkages between WIA and the unemployment compensation reemployment services and set targets for expected levels of referrals from UCRS to WIA.

In the long-term, Ohio needs legislation to build a more robust system to help train and reemploy dislocated workers. The legislature should make several key reforms:

- ◆ Enact state-level plant-closing legislation that would improve on the WARN Act by eliminating loopholes, covering smaller layoffs, and providing stiffer penalties for non-compliance.
- ◆ Create a program that extends unemployment compensation benefits for dislocated workers who are in training. States that move large numbers of dislocated workers into training, such as Washington, California, and New Jersey have this policy.