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Stimulus Works: Recovery Act saved jobs, trained workers, and brought federal money into Ohio; further action needed

A new report, the second of three Policy Matters Ohio reports dedicated to examining the use and distribution of American Recovery and Reinvestment Act funds in Ohio's workforce development system, finds that the Act provided valuable training in high growth industries, helped workers hurt by trade, simplified the Trade Adjustment Assistance program and brought federal unemployment dollars to Ohioans who were out of work. The report also finds that Ohio did an excellent job, in comparison to other states, in accessing federal dollars available under the Act.

In early 2009, the federal government chose to pump resources into states and localities to respond to the economic crisis. Safety net services surged through the state system, providing resources for the 45% jump in food stamp need, the 25% rise in Medicaid and cash assistance needed, and to keep teachers in the classrooms, students at the university and basic safety and other services delivered. "The Recovery Act stabilized the overall economy while the private sector regained a measure of stability," said Hannah Halbert, report author and Policy Liaison with Policy Matters Ohio. Policy Matters has produced several reports examining ARRA's impact on Ohio's workforce system, transportation system, tax credits, the energy sector, and the environment. "These reports show that the Act filled budget gaps, helped the state meet the basic needs of Ohio families, and succeeded in repositioning the state for economic growth by investing in Ohio's workers," said Halbert.

In the last quarter, October – December 2010, more than 23,000 Ohio jobs were saved or preserved because of Recovery Act funding. Ohio is first in the nation at creating green jobs with Recovery Act support. "The Recovery Act did not kick the crisis down the road," said Halbert. "It created stability and a measure of recovery when Ohioans were in economic freefall."

The Recovery Act prevented many Ohioans from becoming or remaining unemployed because of the deep recession. By pushing \$787 billion into the US economy, the Recovery Act sought to create or preserve nearly 3.5 million jobs and prime local economies for long-term growth. Ohio received more than \$8.5 billion in Recovery Act funds, more than \$370 million of which supports employment services and job training. Additional findings from the new report include:

- Ohio was very competitive among Midwestern 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.



- 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 ARRA 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 with the improvements in the Recovery Act and adequately funded.
- The Center on Budget and Policy Priorities has estimated 4.5 million Americans were kept out of poverty thanks to Recovery Act unemployment insurance provisions, food stamp increases, 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 modernization provisions or lose \$176 million in additional federal funding. Senate Bill 13, which was introduced February 1, 2011, would accomplish that goal.

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