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Ohio Shifts Resources from Training Unemployed to Training Employed Workers: New Report Examines Ohio Workforce Budget

The SFY 2012-2013 budget for Ohio's workforce training system creates new opportunities and challenges for skilling up our workers. According to a new release by Policy Matters Ohio the workforce training system will operate on \$962 million over the coming biennium, 4.8 percent less than in SFY 2010-2011. The report, which details funding to workforce programs housed in the Department of Development, Board of Regents, and the Department of Jobs and Family Services, finds that the relatively small cut masks deep resource shifts, directing more funding to training already-employed workers.

The department of Jobs and Family Services (JFS), which receives Workforce Investment Act funding and has historically focused on the needs of unemployed workers, leads the agencies in workforce funding, accounting for more than 46 percent of the total budget. JFS is also taking the biggest hit of the workforce agencies with a 13 percent funding cut. The report details expected cuts to each local WIA area; some programs will see extreme cuts as high as 64 percent.

At the same time that funding to JFS is shrinking, funding to workforce programs at the Department of Development (ODOD), which focuses on meeting the training needs of Ohio's employers, will see their budget nearly doubled. Most of ODOD's funding increase is due to casino fee funding for a new incumbent worker-training program, one of the only new workforce initiatives in the nation. ODOD will also benefit from a 23 percent increase in the amount of JFS/WIA adult programming dollars going to the agency.

"These resource shifts, emphasize the Kasich administration's strategy for workforce development, turning it into a tool to attract and retain employers via sizeable incumbent worker training subsidies," said Hannah Halbert, author of the report and policy liaison at Policy Matters. "This approach presents new opportunities and challenges for the system," said Halbert.

"Workforce advocates have long called for better alignment between local employers and the workforce system. Forgetting the unemployed worker in our rush to achieve better employer alignment, however, ignores Ohio's economic realities," Halbert said. As detailed in the report, Ohio never fully recovered from the 2001 recession. In the

last year, we lost one in six manufacturing jobs, more than 120,000 overall. Long-term unemployment has far-reaching effects on our economy, including devaluation of unused workplace skills, wealth destruction from foreclosure, and costs to safety net services. These changes are occurring at a time when the WIA system is under considerable pressure from federal funding cuts and the winding down of Recovery Act support.

In 2009, 51 percent of Ohio jobs required some post-secondary education, yet only 48 percent of Ohio's workforce possessed some post-secondary education. "We need a system that serves the training needs of *both employers and workers*," Halbert concluded, "In particular, we must focus on training low-skilled adults in order to close Ohio's skill gap, bring Ohioans out of unemployment and poverty, and build bridges to the middle class."

"Unemployed workers cannot be left out of our workforce system equation; the cost to our recovery is simply too high," said Halbert, "This is a tremendous task set before the workforce system, particularly with a system that must now do more with fewer resources."

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