

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210



MAR 31 2014

The Honorable John R. Kasich
Governor of Ohio
Riffe Center
30th Floor
77 South High Street
Columbus, Ohio 43215-6117

Dear Governor Kasich:

Thank you for submitting a modification to the Ohio State Integrated Workforce Plan for Title I of the Workforce Investment Act (WIA) and the Wagner-Peyser Act. The Employment and Training Administration (ETA) received the letter requesting approval of the modification on February 19, 2014. We are pleased that Ohio is using the modification process to keep its State Plan a viable document that responds to the changing governance and operational needs of the Ohio workforce investment system.

ETA reviewed the modification to the Ohio State Plan in accordance with Title I of the WIA, the Wagner-Peyser Act, the corresponding regulations, and the State Integrated Workforce Plan Requirements for Workforce Investment Act Title I/Wagner-Peyser Act. (OMB Control Number: 1205-0398). Pursuant to 20 CFR 661.230(e), this letter constitutes a written determination under WIA Section 112(c) and (d) (29 USC 2822(c) and (d)), that the Plan, as modified, is consistent with the WIA and the Wagner-Peyser Act. ETA grants approval of the modification through June 30, 2017.

If we can be of assistance as you implement the modified Ohio State Plan, please have your staff contact Clay Webb, the Federal Project Officer for Ohio, at 312-596-5538 or Webb.Clay@dol.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric M. Seleznow".

Eric M. Seleznow
Acting Assistant Secretary

cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office
Clay Webb, Federal Project Officer for Ohio



**Department of
Job and Family Services**

John R. Kasich, Governor
Cynthia Callender Dungey, Director

February 19, 2014

Federal Coordinator for Plan Review and Approval
Division of WIA Adult Services and Workforce System
Employment and Training Administration
U.S. Department of Labor
200 Constitution Avenue, NW, Room S-4209
Washington, DC 20210

Byron Zuidema
Regional Administrator
U.S. Department of Labor/ETA
230 South Dearborn Street, 6th Street
Chicago, Illinois 60604

ATTN: Federal Coordinator for Plan Review and Approval

State: Ohio

Dear Federal Coordinator:

On behalf of the Ohio Department of Job and Family Services (ODJFS), please accept this correspondence as a formal request to modify Ohio's Integrated Workforce Plan for the period July 1, 2012 through June 30, 2017. This request to modify the State Plan was developed in accordance with the Training and Employment Guidance Letter No. 21-11.

The formula methodologies for distributing WIA Adult, Youth, and Dislocated Worker funding to local workforce areas is defined in Attachment G, Executive Briefing Documents of Allocation Methods and Factors, of the Plan. Several of the statistical data sources currently used to calculate formula factor distributions are no longer available. This modification is intended to replace the unavailable statistics with data sources in order to compute the WIA formula funding allocations to local areas for Program Year 2014 (July 1, 2014 to June 30, 2015). No changes to the formula factor weights, hold harmless provisions, or other aspects of the formula methodologies are being implemented under this modification. Enclosed with this letter are the revised Attachment G and the document outlining the detailed list of changes to Attachment G.

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Columbus, Ohio 43215
jfs.ohio.gov

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Workforce development stakeholders were notified of this proposed modification request through an E-mail alert. This E-mail alert contained instructions on how to submit comments. In addition, both the general public and stakeholders had access to the proposed modification to Attachment G on the Office of Workforce Development's website: <http://jfs.ohio.gov/owd/Whats-New.stm>. The public comment period was open for four days. Responses have been provided to those who made comment.

If you have questions about this modification, please contact John Weber, Deputy Director, Office of Workforce Development, Ohio Department of Job and Family Services, at 614-466-9494.

Sincerely,



Cynthia C. Dungey, Director
Ohio Department of Job and Family Services

Cc: Corey Bulluck, DWI Division Chief, Region V, DOLETA
Clay Webb, Federal Project Officer, Region V, DOLETA
Bruce Madson, Assistant Director, ODJFS
John Weber, Deputy Director, Office of Workforce Development, ODJFS
Beth Brannigan, Bureau Chief, Office of Workforce Development, ODJFS
Ronald Weber, Budget Coordinator, Office of Workforce Development, ODJFS

Attachment G

Workforce Investment Act (WIA) Subrecipient Allocation Formulas

The Workforce Investment Act (WIA) formula grants issued to each Local Workforce Investment Area (area) are calculated using statistical data sources measuring poverty, unemployment, and other key factors representing each area's relative demand for workforce development dollars. The goal of the formula methodologies is to distribute resources according to need while also avoiding abrupt shifts in annual funding where possible, which can be disruptive to service delivery.

The WIA legislation mandates the Governor to establish an allocation formula for each of the WIA funding streams (Adult, Youth, and Dislocated Worker) and to publish the methodology in the State Plan. The allocation formulas may be amended once per program year. These formulas are applied to the portion of the state's WIA allotment intended for local services, exclusive of the funding maintained at the state level for statewide activities and Rapid Response.

As identified in the State Plan, each formula divides the total local funding among multiple weighted factors and then uses one or more statistical data sources to compute each county's – and in turn, each local area's – percentage share of that factor. More details on the factors, weights, and statistical data sources used for each funding stream can be found later in this document.

Replacement of Statistical Data Sources

Several data sources used in WIA formula calculations when the current State Plan was written are no longer available. In March 2013, the Department of Labor issued Training and Employment Guidance Letter 21-12 to notify states that American Community Survey (ACS) data would replace data from the 2000 Census in computing the economically disadvantaged Youth and Adult factors in the respective formulas. A hyperlink for accessing the new data online was provided.

Data sources used in the Dislocated Worker formula have been discontinued and need to be replaced in order to ensure the allocations are based on the most current and accurate information available. County-level data on plant closings and mass layoffs, used in one of the formula factor distributions, were provided by the Mass Layoff Statistics program which has been terminated. Similarly, the farmer/rancher economic hardship factor was computed by comparing two years of county-level farm income provided by the Ohio Agricultural Statistics Service – but this data is no longer being gathered.

This revision to the State Plan replaces the statistical data sources used to compute the area shares for those four factors mentioned above for which the prior data sources are no longer available. The factors comprising the formula methodologies and the relative weights of each factor are not being revised at this time. The following chart summarizes the four replacement data sources:

Funding Stream	Formula Factor	Factor Weight	Prior Data Source	Replacement Data Source
Adult	Disadvantaged Adults	33% of Adult funds	2000 Census long form data (not gathered in the 2010 Census)	ACS survey results gathered between 2006 and 2010
Youth	Disadvantaged Youth	33% of Youth funds	2000 Census long form data (not gathered in the 2010 Census)	ACS survey results gathered between 2006 and 2010
Dislocated Worker	Plant Closings/ Mass Layoffs	5% of Dislocated Worker funds	Annual Mass Layoff Statistics (MLS) program data. MLS program was terminated in 2013	OhioRED Rapid Response database
Dislocated Worker	Farmer-Rancher Economic Hardship	5% of Dislocated Worker funds	Sales data from Ohio Agricultural Statistics Survey which is no longer gathered	Bureau of Economic Analysis annual data on farm earnings below poverty level

Basing allocations on newer and more frequently updated data sources will ensure greater accuracy in computing each area's current relative need for resources. Also, the nature of some of the data sources previously used had caused abrupt changes in annual allocations, particularly in the Dislocated Worker funding stream. The replacement statistics tend to remain more stable from year to year, which will help to reduce volatility in annual awards that some areas have experienced.

For WIA formula funding issued to local areas for Program Year 2014, the four replacement data sources identified above will be used to compute each area's relative share of funding under the applicable formula factors. The attached *WIA Formula Subrecipient Allocation Methodology* charts have been updated to reflect these new data sources. The factors used in each methodology and the weight applied to each factor will continue without change. Also, the local area hold harmless provisions, which are applied to the Adult and Youth funding streams only, will continue without change. This methodology and the data sources specified in the attached charts will continue to be used for WIA formula funding distributions until this section of the State Plan is again modified or re-written.

Below are more details on the factors, weights, and hold harmless provisions utilized for each of the WIA funding stream formulas.

Adult Funding Formula

The Governor must either distribute the local Adult funding using the formula defined in Workforce Investment Act section 133(b)(2)(A) or may elect to distribute 70 percent of Adult funds using the statutory formula and up to 30 percent using a discretionary formula based on factors related to poverty or unemployment. Since the inception of WIA, Ohio has utilized the statutory formula alone, which divides the Adult funding equally among three factors:

- Relative number of unemployed individuals in areas of substantial unemployment compared to the total number of individuals in areas of substantial unemployment (where substantial unemployment is an area having average unemployment of at least 6.5 percent for the most recent 12 months);
- Relative excess number of unemployed individuals in each area compared to the total excess number of unemployed individuals (where excess unemployed individuals are the number of unemployed individuals exceeding 4.5 percent of the area's civilian labor force);
- Relative number of disadvantaged adults in each area compared to the total number of disadvantaged adults (where disadvantaged adults are individuals age 22 to 72 with income or in a family with income that does not exceed the poverty line or 70 percent of the lower living standard income level for the family size, whichever is less).

Furthermore, a hold harmless provision mandates that each area's percentage share of the local Adult funds must equal at least 90 percent of the area's percentage share averaged over the prior two years. If, after applying the above factors, an area's planned share of the local allocations is below 90 percent of its prior two-year average share, the allocations for the other areas must be reduced on a prorated basis and shifted to the area being held harmless until no area's share is less than the mandated 90 percent of its prior two-year share.

Youth Funding Formula

Similar to the Adult formula, the Governor must either implement the statutory formula detailed in section 128(b)(2)(A) of the Workforce Investment Act (with one-third of the local Youth funding distributed by each of the three factors), or may elect to distribute up to 30 percent of the local funding using a discretionary formula using factors related to youth poverty or unemployment. Ohio has and will continue to utilize only the statutory factors defined in the legislation, which are:

- **Relative number of unemployed individuals in areas of substantial unemployment compared to the total number of individuals in areas of substantial unemployment (where substantial unemployment is an area with average unemployment of at least 6.5 percent for the most recent 12 months);**
- **Relative excess number of unemployed individuals in each area compared to the total excess number of unemployed individuals (where excess unemployed is the number of unemployed individuals exceeding 4.5 percent of the area's civilian labor force);**
- **Relative number of disadvantaged youth in each area compared to the total number of disadvantaged youth (where disadvantaged youth are individuals age 16 through 21 with income or in a family with income that does not exceed the poverty line or 70 percent of the lower living standard income level for the family size, whichever is less).**

Like the Adult funds, each area's share of total Youth funds for the local areas must equal or exceed 90 percent of the average share in the prior two years. Note: This hold harmless provision for Adult and Youth funding should not be misinterpreted to mean that a local area will receive at least 90 percent of the total funds received on average in the prior two years (which would be impossible to achieve when the state's overall funding is significantly reduced.) Rather, the area is guaranteed to receive 90 percent of its prior percentage share.

For example, if a local area's share of Youth funding was 3 percent in Year 1 and 5 percent in Year 2, then the two-year average share is 4 percent for this area.

$$\text{[(3 percent + 5 percent) / 2 = 4 percent.]}$$

In Year 3, the area must receive at least 90 percent of 4 percent – or 3.6 percent – of the total Youth funding issued to the local areas, regardless of whether this funding has increased or decreased in total compared to the prior year.

$$\text{[4 percent X 0.9 = 3.6 percent.]}$$

Dislocated Worker Funding Formula

As described in WIA section 133(b)(2)(B), the Governor must consider six specific factors for use in the state's formula and assign a weight to each factor which determines the amount of the total Dislocated Worker funds to distribute based on the

factor. The factors for consideration listed in the law and the corresponding distribution weights used in Ohio are:

1. Unemployment Insurance claimants	5 percent
2. Unemployment concentrations	20 percent
3. Plant closings and mass layoffs	10 percent
4. Declining industries	5 percent
5. Farmer-rancher economic hardship	5 percent
6. Long-term unemployment	55 percent

A variety of available data sources are used to compute each area's share of funds within each of the above factors such as recipient data from the state's Unemployment Compensation roles; labor market information on industry employment trends; notices of layoffs that employers provide as a requirement of the WARN Act; etc. Additional details on the data sources used to compute each area's share of the funds distributed by each factor may be found in the attached chart.

Starting with the Dislocated Worker allocations issued for Program Year 2014, two of the factors will be computed using new data sources as described below:

- For the farmer-rancher economic hardship factor, area shares of the factor funding will be based on the relative share of deficits between farm earnings per county in the area and the Federal Poverty Guideline for a family of four multiplied by the number of farms in the county.

Farm earnings for this factor will be taken from the most recent report of annual farm earnings (Table CA05N) produced by the Department of Commerce, Bureau of Economic Analysis. The federal poverty guideline will be the Department of Health and Human Services Federal Poverty Guideline for a family size of four in the same year from which the farm earnings data is available. The number of farms per county will be the most recent count of farms (by census or survey) published by United States Department of Agriculture.

- For the plant closings and mass layoffs factor, half the funding distributed under the factor (*i.e.*, five percent of local WIA funds) will continue to be distributed by the relative number of layoffs (most recent three year average using a January through December year) reported to the state pursuant to the requirements of the WARN Act. The remaining five percent of the local Dislocated Worker funds distributed under this factor will now be based on the relative number of displaced workers (most recent three year average using a January through December year) affected by layoffs which are not subject to WARN Act reporting requirements as listed in the state's OhioRED Rapid Response database.

WIA Formula Subrecipient Allocation Methodology

(For Program Year 2014 Allotments)

FUNDING STREAM	FACTORS	DEFINITIONS	HOW DETERMINED	DATA SOURCE
1.	1/3 of the available funds allocated on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each workforce investment area, compared to the total number of unemployed individuals in areas of substantial unemployment in Ohio.	Unemployed individuals = any individual who is without a job and who seeks and is available for work. Area of substantial unemployment = an area that has experienced an average unemployment rate of 6.5 percent or more for the most recent 12-month period for which data is available at the time of allocation.	Most current 12-month period data. July through June 12-month average. Most current 12-month period data. July through June 12-month average.	Labor Market Information (LMI) Ohio ASU Data
2.	1/3 of the available funds allocated on the basis of the relative excess number of unemployed individuals in each workforce investment area, compared to the total excess number of unemployed individuals in Ohio	Excess number = the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State or the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State.	This number will vary upwards and downwards with the local unemployment rate, unless such rate falls below 4.5 percent. Most current 12-month period data. July through June 12-month average.	Labor Market Information (LMI)
3.	1/3 of available funds allocated on the basis of the relative number of disadvantaged youth in each workforce investment area, compared to the total number of disadvantaged youth in Ohio.	Disadvantaged youth = an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that in relation to family size does not exceed the higher of the OMB poverty level or 70 percent of the Lower Living Standard Income Level.	Calculated based on American Community Survey 5 year average. Previously was calculated based upon decennial census data.	American Community Survey (2006-2010)

WIA Federal Regulations Part 667.130 (Administrative Provisions)

Youth

WIA Formula Subrecipient Allocation Methodology

(For Program Year 2014 Allotments)

FUNDING STREAM	FACTORS	DEFINITIONS	HOW DETERMINED	DATA SOURCE
1.	<p>1/3 of the available funds allocated on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each workforce investment area, compared to the total number of unemployed individuals in areas of substantial unemployment in Ohio.</p>	<p>Unemployed individuals = any individual who is without a job and who seeks and is available for work.</p> <p>Area of substantial unemployment = an area that has experienced an average unemployment rate of 6.5 percent or more for the most recent 12-month period for which data is available at the time of allocation.</p>	<p>Most current 12-month period data. July through June 12-month average.</p> <p>Most current 12-month period data. July through June 12-month average.</p>	<p>Ohio ASU Data</p> <p>Ohio ASU Data</p> <p>Information related to Ohio's 88 Counties plus separate city information for Columbus, Cleveland, and Cincinnati</p>
2.	<p>1/3 of the available funds allocated on the basis of the relative excess number of unemployed individuals in each workforce investment area, compared to the total excess number of unemployed individuals in Ohio</p>	<p>Excess number = the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State or the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State.</p>	<p>This number will vary upwards and downwards with the local unemployment rate, unless such rate falls below 4.5 percent.</p> <p>Most current 12-month period data. July through June 12-month average.</p>	<p>Labor Market Information (LMI)</p>
3.	<p>1/3 of available funds allocated on the basis of the relative number of disadvantaged adults in each workforce investment area, compared to the total number of disadvantaged adults in Ohio.</p>	<p>Disadvantaged adults = an individual who is age 22-72 who received an income or is a member of a family who received a total family income, that in relation to family size does not exceed the higher of the OMB poverty level or 70 percent of the Lower Living Standard Income Level.</p>	<p>Calculated based on American Community Survey 5 year average. Previously was calculated based upon decennial census data.</p>	<p>American Community Survey (2006-2010)</p>

WIA Federal Regulations Part 667.130 (Administrative Provisions)

Adult

WIA Formula Subrecipient Allocation Methodology

(For Program Year 2014 Allotments)

FUNDING STREAM	FACTORS	DEFINITIONS	ASSIGNED WEIGHT %	HOW DETERMINED	DATA SOURCE
	<p>Funding formulas for dislocated workers must use the most appropriate information available including information on insured unemployment data, unemployment concentrations, plant closing and mass layoff data, declining industries data, farmer-rancher economic hardship data, and long-term unemployment data.</p> <p>Assigned Weight Percentage Options Available (100% Split As Follows)</p>		Weights	<p>Seventy (70) percent of the dislocated worker funds are allocated to the Workforce Investment Areas. There is no hold harmless for the dislocated worker allocations, making them subject to large annual fluctuations.</p>	
1.	Insured unemployment	The relative number of unemployment insurance claimants under the UI system.	5	Most current 12-month period data. January through December 12-month average.	Labor Market Information (LMI)
2.	Unemployment concentrations	The relative number of unemployed individuals residing in counties with an unemployment rate higher than the statewide unemployment rate for the same time periods as used in federal allotments.	20	Most current 12-month data on Unemployment Concentrations: October through September.	Labor Market Information (LMI)
3.	Mass layoffs (Non-WARN)	The relative number of displaced workers (three year average) affected by layoffs which are not subject to WARN Act reporting requirements.	5	Most current 36-month period data. January through December 3-year average.	OhioRED Rapid Response database report
4.	Mass layoffs (WARN)	WARN mass layoffs are those which affect 50 or more workers at a single site. The relative number of layoffs (three year average) reported to the state pursuant to the requirements of the WARN Act.	5	Most current 36-month period data. January through December 3-year average.	OWD WARN Notices (Rapid Response)
5.	Declining industries	The relative number of jobs lost within industries which have experienced declining employment.	5	Most current 12-month period data. January through December 12-month average.	Labor Market Information (LMI)
6.	Farmer-rancher economic hardship (available by county only)	The relative share of deficits between farm earnings and the federal poverty guideline for a family of four multiplied by the number of farms.	5	Most current 12-month period data. January through December 12-month average.	Bureau of Economic Analysis, Table CA04: farm income statistic
7.	Long-term unemployment	The relative number of unemployment insurance claimants who have received benefits for 15 weeks or more weeks under the UI system.	55	Most current 12-month period data. January through December 12-month average.	Labor Market Information (LMI)

DETAILED LIST OF CHANGES
Ohio's Strategic State Plan Modification for WIA and Wagner-Peyser
Effective May 1, 2014 – June 30, 2017

REVISION TO ATTACHMENT G

The section of the plan (Attachment G) that defines the formula used to distribute WIA funds (Adult, Dislocated Worker, and Youth) to the local areas is being replaced with a new Attachment G. A new narrative has been written explaining the formula factors and four new statistical data sources to be used for computing each local area's share of the Workforce Investment Act (WIA) funding. The four new data sources will be used for calculation of the applicable formula factors for which the previously-used data sources are no longer available. The following table summarizes the changes in data sources to be used for calculating local area WIA fund distributions beginning with issuance of Program Year 2014 funding:

Funding Stream	Formula Factor	Factor Weight	Prior Data Source	Replacement Data Source
Adult	Disadvantaged Adults	33% of Adult funds	2000 Census long form data (not gathered in the 2010 Census)	ACS survey results gathered between 2006 and 2010
Youth	Disadvantaged Youth	33% of Youth funds	2000 Census long form data (not gathered in the 2010 Census)	ACS survey results gathered between 2006 and 2010
Dislocated Worker	Plant Closings/ Mass Layoffs	5% of Dislocated Worker funds	Annual Mass Layoff Statistics (MLS) program data. MLS program was terminated in 2013	OhioRED Rapid Response database statistics on the number of lay offs
Dislocated Worker	Farmer-Rancher Economic Hardship	5% of Dislocated Worker funds	Sales data from Ohio Agricultural Statistics Survey (which is no longer gathered)	Bureau of Economic Analysis annual data on farm earnings below poverty level

A chart listing all the factors, factor weights, and applicable data sources for each of the WIA funding streams is also contained in Attachment G and has been updated to incorporate the above replacement statistics.