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Ohio to Receive Fewer Workforce Investment Act (WIA) Dollars in SFY 2010

Ohio will receive a 30 percent reduction in federal Workforce Investment Act (WIA) funding for dislocated workers in state fiscal year (SFY) 2010, the U.S. Department of Labor informed the Ohio Department of Job and Family Services (ODJFS) this week. Many other states that were among the first to notice the effects of the national economic downturn—including Michigan and Wisconsin—also will experience reductions. The U.S. Department of Labor has the same amount of money to distribute to states this year as it did last year. Because the money is distributed by a federal formula, and more states are experiencing record levels of unemployment, Ohio's share of the funds will decline.

"We are obviously disappointed at this loss of funding at a time when Ohioans are in most need," said ODJFS Director Douglas Lumpkin. "We would hope that this encourages Congress to move forward with a WIA reauthorization and to increase across-the-board WIA funding during this time of historic need."

The Workforce Investment Act, passed in 1998, funds a variety of employment and training services for adults, youth and dislocated workers. WIA has "hold harmless" provisions that limit reductions to the adult and youth programs. No such provision exists for the dislocated worker program, however, which will bear the brunt of the reduction. Ohio's dislocated worker program will receive approximately \$56 million in SFY 2010, down considerably from the \$80 million it received in SFY 2009.

Because the ODJFS Rapid Response Program is financed through the dislocated worker funding stream, it will experience a \$6 million cut in SFY 2010. The Rapid Response Program provides a variety of no-cost assistance to workers and employers in response to notices of Ohio plant closings and layoffs. Among other things, the program funds the establishment of "Transition Centers," often on-site, where employees can get help with skills assessment and resume writing and receive training, career counseling, and job seeking and placement assistance.

The American Recovery and Reinvestment Act provides about \$138 million for Ohio to supplement existing WIA allocations. "That money will help," Director Lumpkin said. "However, we will still have to be proactive in pursuing all opportunities available. We hope Congress will consider increasing its overall WIA allocation in the future. We also encourage our General Assembly to limit WIA earmarks as they work out the details of our SFY 2010-2011 budget."

In SFY 2009, Ohio received \$174 million in WIA funding. In SFY 2010 it will receive \$140 million, even less than the amount it received in SFY 2008 when Ohio's economy was considerably healthier.