



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 1 of the 130th G.A.

Date: June 12, 2013

Status: As Reported by Senate Workforce & Economic Development

Sponsor: Reps. Derickson and Romanchuk

Local Impact Statement Procedure Required: No

Contents: To require county One-Stops to use OhioMeansJobs as their job placement system and to rename county One-Stops as OhioMeansJobs sites

State Fiscal Highlights

- The Ohio Department of Job and Family Services (ODJFS) has stated that they will provide local workforce area One-Stop systems with \$600,000 in federal Workforce Investment Act (WIA) discretionary funds for some One-Stops to transition to using the OhioMeansJobs as their sole labor exchange and job placement system and for all One-Stop systems to rename their sites.

Local Fiscal Highlights

- The bill will increase costs for some One-Stops to transition to using the OhioMeansJobs as their sole labor exchange and job placement system and for all One-Stop systems to rename their sites. All costs associated with these changes will be paid for with federal WIA dollars either from the \$600,000 allocation from ODJFS or from the One-Stops' existing regular federal WIA allocations. Currently, 73 counties use OhioMeansJobs as their sole system. Only eight counties do not use OhioMeansJobs as their primary system; seven other counties use OhioMeansJobs as their primary system but also use a secondary system.

Detailed Fiscal Analysis

The bill

The bill requires all local workforce investment area One-Stops to use OhioMeansJobs as their only labor exchange and job placement system and prohibits any additional workforce funds from being used to build or maintain any other system that is duplicative to OhioMeansJobs. The bill also requires every local workforce area to name its One-Stop system as "OhioMeansJobs (name of county) County" within six months after the bill's effective date. One-Stops are federally-mandated agencies that serve as the primary local public resources for employment services; there are 90 One-Stops in Ohio with at least one in each county.

In addition, the bill renames the state workforce policy board the Governor's Executive Workforce Board and permits all Board members to vote. Current law requires that the Governor designate nine voting members and that a majority of the voting board members represent business interests. The bill eliminates the current authority of the Board to assess a fee for specialized services requested by an employer.

The bill requires the Board and the Office of Workforce Development in the Ohio Department of Job and Family Services (ODJFS) to issue certain workforce reports to the General Assembly and other public entities in electronic formats instead of hard copies.

The bill codifies the existing practice of boards of county commissioners appointing advisory councils on workforce development to help maintain and improve local workforce development systems. The bill requires a One-Stop system to include at least one representative from a county department of job and family services.

Costs to workforce investment area One-Stop systems

The bill will result in an increase in costs for local workforce area One-Stop locations to change their names and for some One-Stops to transition to using the OhioMeansJobs job placement system as their sole job placement system. All costs associated with these changes will be paid for with federal Workforce Investment Act (WIA) dollars. ODJFS has stated that they will provide One-Stops with \$600,000 in WIA funds, from the portion of federal WIA dollars retained by ODJFS for statewide purposes. According to a spokesperson from the Ohio Job and Family Services Director's Association, for a few counties, it is possible that their portion of the \$600,000 may not be sufficient to cover all their costs. In these cases, One-Stops would use their regular federal WIA allocation to cover any additional costs; no local or state dollars would be used.

According to ODJFS, the costs associated with having all One-Stops use OhioMeansJobs as their sole labor exchange and job placement system will be minimal or even negligible. Currently, 73 counties use OhioMeansJobs as their sole system. Only eight counties do not use OhioMeansJobs as their primary system; seven other counties

use OhioMeansJobs as their primary system but also use a secondary system. Since OhioMeansJobs is a web-based application, ODJFS does not expect that One-Stops will need to purchase any new or additional equipment. It is possible that there could be costs for the 15 counties that currently use other systems to terminate the contracts for those systems. ODJFS has stated they will work with these counties to minimize any potential termination costs. The costs for renaming all local One-Stops to "OhioMeansJobs (name of county) County" within six months of the bill's effective date would include costs to change signage, letterhead, business cards, web sites, and other materials that include the current name of the One-Stops.

Background on workforce investment areas and One-Stops

There are 20 local workforce areas in the state; each area is overseen by a local workforce board, appointed by local elected officials. Local workforce areas are required by the federal government to deliver services through "One-Stops." One-Stops are mandated to serve communities by functioning as the primary public resource for job and career counseling, training, job searching, employment services, and other ancillary services. There are 90 One-Stops in Ohio with at least one in each county. One-Stops can be housed in any number of facilities such as a county department of job and family services (CDJFS), a local workforce development agency, a community college, a community action agency, a joint vocational school, or a stand-alone One-Stop. Most One-Stops (in 69 counties) are operated by local governments, including CDJFSs. Others are operated by community action agencies (eight counties), community colleges (four counties), and other organizations (seven counties).

One-Stops are divided into two categories: "Level 2" or "Level 1." Level 2 sites generally provide a wider array of services than Level 1 sites. There is at least one Level 2 site in each local workforce area. In Ohio, there are currently 31 full-service Level 2 One-Stops with 59 affiliate Level 1 sites. Table 1 below lists Level 1 and Level 2 One-Stops in the state by the 20 workforce investment areas. Workforce area 7 is separated into eleven regional groups, which are shown in Table 2.

Table 1. Ohio's 20 Workforce Investment Areas			
Area	Counties	Area	Counties
1	Adams, Brown, Pike, and Scioto*	11	Franklin*
2	Medina and Summit*	12	Butler,* Clermont, and Warren
3	Cuyahoga*	13	Hamilton*
4	Lorain*	14	Athens,* Meigs, and Perry
5	Lake*	15	Monroe, Morgan, Noble, and Washington*
6	Stark* and Tuscarawas	16	Belmont,* Carroll, Harrison, and Jefferson
7	Eleven Regional Groups (next table)	17	Columbiana* and Mahoning
8	Auglaize, Hardin, Mercer,* and Van Wert	18	Trumbull*
9	Lucas*	19	Ashtabula,* Geauga, and Portage
10	Crawford and Richland*	20	Fairfield,* Hocking, Pickaway, Ross, and Vinton

* Denotes location of a Level 2 One-Stop.

**Table 2. Workforce Investment Area 7 Counties
by Regional Group**

- Allen,* Paulding, and Putnam
- Champaign, Clark,* Logan, Madison, and Union
- Hancock,* Wood, and Wyandot
- Delaware, Knox,* Marion, and Morrow
- Gallia, Jackson, and Lawrence*
- Coshocton, Guernsey, Licking,* and Muskingum
- Clinton, Fayette, Greene, Montgomery,* and Highland
- Erie, Huron, Ottawa, Sandusky,* and Seneca
- Darke, Miami, Preble, and Shelby*
- Ashland, Holmes, and Wayne*
- Defiance, Fulton, Henry, and Williams*

* Denotes location of a Level 2 One-Stop.

In FY 2012, about 592,630 individuals received self-services at local One-Stops, which is the highest on record. Also in that year, 40,062 individuals (youth, adults, and dislocated workers) received more intensive services such as job search and placement assistance, career planning, comprehensive assessments, and individualized employment plans.

Workforce Investment Act funding

One-Stops receive all funding from the federal WIA grants. Each year, Congress establishes an appropriation for WIA Youth, Adult, and Dislocated Worker programs. Based on the latest available data from the Census Bureau for disadvantaged youth and adults, the federal government allocates funds to each state for the program year that begins the following July 1. Upon receiving the allotment notice, states then suballocate funds to local workforce areas in accordance with federally prescribed allocation procedures. Local workforce investment boards have two years to expend grant funds.

States retain 5% of the total allotment of each program for statewide use. The dollars retained for statewide use are often called the Governor's discretionary funds. Funds held for statewide use must be expended within three years. States have considerable flexibility in how these dollars may be used. For the Dislocated Worker Program, an additional 25% may be retained at the state level for Rapid Response activities. Rapid Response allows ODJFS to provide assistance to local areas experiencing workforce-related events that create substantial increases in the number of unemployed individuals.

For FY 2013, Ohio's federal WIA allocation is \$93.6 million. Of this amount, \$79.6 million (85%) is allocated to Ohio's 20 workforce investment areas, and the state retains about \$14.0 million (15%) for Rapid Response activities (\$9.3 million) as well as for other statewide activities and administration (\$4.7 million). All WIA funds are expended from line item 600688, Workforce Investment Act programs.

Fees assessed by the workforce board

The bill eliminates the current authority of the state workforce policy board to assess a fee for specialized services requested by an employer. According to ODJFS, the Board has not charged any such fees to businesses for specialized services. Therefore, eliminating this provision does not have a fiscal effect. The bill continues to allow the Director of ODJFS, local workforce areas, counties, and municipal corporations authorized to administer workforce programs to assess such a fee.

Reports

Instead of requiring the Office of Workforce Development (OWD) to distribute two Ohio workforce reports to certain members of the General Assembly and other entities, the bill requires that OWD provide electronic copies of the reports to certain members of the General Assembly and other entities and post the reports online. One report is a general report on Ohio's workforce (section 6301.10 of the Revised Code) and the other report is on the economic impact of businesses engaged in the production of horizontal wells (section 6301.12 of the Revised Code). The bill does not change the requirements of what should be included in the reports. There could be negligible savings for OWD from no longer printing and distributing the reports.