

A Message from Director Lumpkin
May 8, 2009

As you know, yesterday the U.S. Department of Labor released a Training and Employment Guidance Letter (TEGL) announcing state WIA allocations for PY 2009. Because the formula used to allocate WIA funding gives greater percentages to states whose unemployment rates have risen sharply more recently—and because the federal government has approximately the same amount to distribute this year as it did last year—many states that were among the first to notice the effects of the national economic downturn will actually see reductions in PY 2009, because their unemployment rates are rising more slowly. Unfortunately, this includes Ohio.

Our overall allocation for SFY 2010 is approximately \$140 million, down considerably from the \$174 million we received in SFY 2009. The adult and youth programs have “hold harmless” provisions that limit their reductions. However, no such provision exists for the dislocated worker program. As a result, Ohio will experience a 30 percent reduction in funding for its dislocated worker program in SFY 2010. Preliminary indications are that local area formula funds will decline from \$127.7 million in SFY 2009 to \$105 million in SFY 2010. Dislocated worker area funds are down more than \$14 million, from \$48 million in SFY 2009 to \$33.6 million in SFY 2010. Similarly, Rapid Response funding will experience a \$6 million cut in SFY 2010.

Obviously, we are extremely disappointed about this news. The federal stimulus money will help; however, it was intended to supplement existing WIA funding, not replace it. We will have to be proactive in pursuing all opportunities available, hope that Congress will consider increasing its overall WIA allocation, and do what we can to discourage WIA earmarks in the SFY 2010-2011 budget.

We are still evaluating what this reduction will mean to individual workforce investment areas. However, I wanted to make sure you were aware of this development, and let you know that we are doing everything we can to provide as many resources as possible for our workforce programs. Later today, our Office of External Affairs will be issuing a news release to the media, informing them of this funding reduction. You will receive more information about this as soon as it becomes available. Thank you.

Doug Lumpkin