

**TO: Workforce Investment Board**

**DATE: 3/08/07**

**FROM: Executive Committee**

**For Action**

**For Information**

**For Discussion**

**SUBJECT: Call to Action Letters – Governor’s Budget Proposal**

**PROPOSED MOTION(S): Ratify the Executive Committee’s action to approve letters to local legislators in support of reversing the Governor’s proposal to reduce the State Service Budget by \$27.1 million.**

**DISCUSSION: The Governor’s FY 2007-08 Budget, released in early January, proposes to eliminate 260 positions from the Employment Development Department’s (EDD) Job Service Division. This is a \$27.1 million cut in Contingent Funds in EDD’s budget.**

**Even though the budget proposal statement that these cuts would be managed through normal attrition and redirection to other programs, it is the opinion of the California Workforce Association that the actual service level reduction and impact to businesses and jobseekers would be devastating. The reality is that the proposed cut would reduce EDD’s field operations workforce by over 25%.**

**The proposed contingent cut would come on top of the 32% reductions in actual Workforce Investment Act dollars to California since 2000, with cuts in 2006 of 8%.**

**The vast majority of the 260 positions to be eliminated will be workers stationed in local One-Stops. When WIA began, EDD had a 5-hour per week presence in the Los Banos One-Stop, and a 40-hour presence in Merced. By 2005, that had diminished to 20 hours per week in Merced with no presence in Los banos. The Governor’s budget could easily further reduce EDD’s presence in our One-Stops.**

**ATTACHMENT(S):**

**Letter to State Senator Jeff Denham**

**Letter to Assembly Member Cathleen Galgiani**

February 5, 2007

State Senator Jeff Denham  
1640 N Street, Ste. 210  
Merced, CA 95340

Assembly Member Cathleen Galgiani  
806 W. 18<sup>th</sup> Street  
Merced, CA 95340

Honorable \_\_\_\_\_:

I am writing to urge your support for reversing a proposal in the Governor's FY 2007-08 budget to eliminate 260 positions from the Employment Development Department's (EDD) Job Services Division. The Legislature should ensure that essential services to businesses and their constituents are protected by maintaining \$27.1 million in Contingent Funds in EDD's budget.

Never before has California's economic competitiveness depended more on an effective local workforce system, quickly and efficiently connecting workers and business. These cuts would not only dramatically undermine our ability to assure worker access to economic opportunity, but also to maintain and advance California's business prosperity.

Contrary to the budget proposal statement that these cuts would be managed through normal attrition and redirection to other programs, the actual service level reduction and impact to businesses and jobseekers would be devastating.

The reality is that the proposed cut would reduce EDD's field operations workforce by over 25%. These cuts would reduce services for businesses in your district and for your constituents who are looking for work. Services in jeopardy include counseling, job placement assistance, support services and help to small businesses. These services benefit all of California's workers and industries.

As Chair of the Merced County Workforce Investment Board, I know first-hand the value of these workers, as partners in delivering local employment and training services tailored to the needs of our communities. The vast majority of these 260 workers are stationed in local One-Stop career centers. The effectiveness of our workforce development services is dependent upon this state/local partnership. Eliminating these positions would severely impact our ability to serve at-risk communities and productive workers and employers.

The proposed contingent fund cut will come on top of an already devastating 32% reduction in actual Workforce Investment Act (WIA) dollars to California since 2000, with cuts this year alone of 8%. As I stated before, the vast majority of the 260 positions will be EDD workers stationed in our One-Stop Centers. When WIA began, EDD had a 5-hour per week presence in our Los Banos One-Stop, and a 40-hour per week presence in the Merced One-Stop. By 2005, that had diminished to 20 hours per week in Merced with no presence in Los Banos. The Governor's budget could easily further reduce EDD's presence in our One-Stops.

We are also acutely aware that the Governor's proposal would be added on to an estimated reduction of over 25% in Wagner-Peyser funding since 2002. California's local services capacity for employment and training has already been severely impacted by these cuts and cannot reasonably be the target of further, unnecessary in-state cuts.

We in the Merced County Workforce Investment Board urge your support for reversing this proposed redirection of \$27.1 million to the General Fund. The direct and immediate impact is far more negative and devastating than any value that could be derived by this proposal.

Respectfully,

Robert Harmon  
Chair