

TO: Workforce Investment Board

DATE: 3/13/08

FROM: WIB Staff

For Action

For Information

For Discussion

SUBJECT: Workforce Investment Act (WIA) Budget Rescission

PROPOSED MOTION(S): Information only.

DISCUSSION: The Department of Labor (DOL) has notified all States of multiple rescissions and reductions to WIA funding, which to varying degrees affect the current Program Year (PY) 2007/08, as well as prior and subsequent program years. There are three rescissions and one reduction that DOL will apply in accordance with the newly enacted appropriations package. The DOL has indicated they will provide a formal notice with final funding amounts by State, program, and fund source by the middle of February. At that time the State, based on DOL direction, will inform the LWIA administrators of final amounts to be taken from each program, and will provide instructions to facilitate the recapture of funds from LWIA subgrants. Following is our preliminary understanding of each of the rescissions and reductions:

Rescission 1:

A 1.0 % across-the-board rescission will be applied to the WIA Federal Year 2007 advance funds that were provided to California on October 1, 2006. This rescission affects only the WIA Adult and Dislocated Worker programs, and the total amount to be rescinded from California is about \$2.2 million. The State must apply the rescission in accordance with WIA requirements for formula and statewide funds. As such, the final amounts will be recaptured proportionately from formula (85 and 60 percent) and statewide (15 and 25 percent) programs.

Rescission 2:

A 1.747 % across-the-board rescission will be applied to the WIA Federal Year 2008 advance funds that were provided to California on October 1, 2007. This rescission affects only the WIA Adult and Dislocated Worker programs, and the total amount to be rescinded from California is about \$3.4 million. The State must apply the rescission in accordance with WIA requirements for formula and statewide funds. As such, the final amounts will be recaptured proportionately from formula (85 and 60 percent) and statewide (15 and 25 percent) programs.

Rescission 3:

This national rescission totals \$250 million, and is based on PY 2005 and PY 2006 unexpended balances of WIA Youth, Adult, and Dislocated Worker funds as reported for the quarter ending June 30, 2007. California's

exact share of the rescission remains unknown; however, the latest amount provided by DOL is about \$13.2 million across the three WIA funding streams. In a conference call with DOL on January 14, 2008, they advised the States that they would be recalculating the State rescission amounts to take into account any revisions to the June 30, 2007, expenditure reports, and would issue final amounts for all States in their forthcoming February TEG.

Reduction:

A 1.747 percent across-the-board reduction will be applied to the State formula allocations for PY 2008 funds received from DOL for the first quarter of the State Fiscal Year (July-September 2008). The State amounts will be issued in the spring of 2008 which will impact WIA funds issued for the Youth program, as well as the July 1, 2008 funds for the Adult and Dislocated Worker programs.

We will not know the affect on funding for these programs in California until DOL calculates and issues State formula allotments for next year.

ATTACHMENTS: N/A