

**TO: Executive Committee**

**DATE: 04/07/08**

**FROM: WIB Staff**

**For Action**

**For Information**

**For Discussion**

**SUBJECT:** Rescission Information and 2008/09 Funding

**PROPOSED MOTION(S):** None. Information Only.

**DISCUSSION:** Congress enacted a rescission of \$250 million of Workforce Investment Act (WIA) funding based on Dept of Labor's (DOL) inaccurate depiction of unspent money in the system. A Training and Employment Guidance Letter (TEGL) was issued on March 25, 2008, from the DOL. This TEGL announced the final amounts being rescinded for each state as part of the overall \$250 million of WIA funds being rescinded. We are still awaiting information from the State of California on the amount of the rescission to the local WIA areas. This rescission applies to Adult, Dislocated Worker and Youth funding.

In addition, Congress enacted two across-the-board rescissions of 1% and 1.747%, which are applied to several different fiscal years. These rescissions apply to only Adult and Dislocated Worker Funds.

The \$250 Million Rescission was applied in 2 steps. The first step was to take back money from any state that carried over an excess of 30% at the end of June 2006. California had less than 30% carryover in each program. The states that carried over more than 30% contributed just under \$130 million to the overall \$250,000 million, leaving \$120 million to recover. California's share of this was \$13,555,179.

**California \$250 million Rescission Calculations**

	Adult	Youth	Dislocated Worker	Total
Excess 30%	0	0	0	0
State 15%	1,442,405	613,522	4,091,406	6,147,333
Local	2,237,138	2,770,579	2,400,129	7,407,846
Total Pro rata	3,679,543	3,384,101	6,491,535	13,555,179

The TEGLs issued by DOL include detailed instructions and methodology to each state for the states to in turn apply the rescissions to local WIBs. The State EDD is in the process of calculating the amounts for the local areas.

**2008-09 WIA Allotment:**

A second TEGL was also issued on March 25, 2008, regarding 2008/09 WIA funding. California is to receive more in 08/09 than we did in 07/08. It is important to note that this increase is only a very small step towards compensating for the huge funding cuts in the last

seven years. California has lost almost 50% of its funding since 2001. Higher poverty and unemployment relative to other states has resulted in an overall increase over to California over current year funding.

EDD's Labor Market Information Division is working to calculate the in-state allocations. This is dependant on the local area's proportionate share of unemployment and poverty within the state, and may not necessarily mean an increase of funds to all local areas. It is anticipated that information will be available this week.

**ATTACHMENT(S):** N/A