

TO: Workforce Investment Board

DATE: 05/11/2006

FROM: WIB Staff

For Action

For Information

For Discussion

SUBJECT: Fresno County Workforce Investment Board Request

PROPOSED MOTION(S): That the Workforce Investment Board (WIB) consider two requests from the Fresno WIB to communicate with the Governor to adjust Workforce Investment Act (WIA) formula allocations to compensate for the Bureau of Labor Statistics (BLS) changes for local area funding.

DISCUSSION: Last year the Bureau of Labor Statistics (BLS) modified its variables to calculate unemployment by removing both agriculture and government workers from WIA formula funding. The result was significant reductions in funding for Central Valley local workforce investment areas. Later in the year, the State offered “one time” 25% discretionary funds to those local workforce areas affected by the BLS formula change. Merced’s additional dollars were \$72,156. Additional funding will not be offered this year.

Over the past year, WIBs throughout the Valley have continued to voice their concerns to the State of California Employment Development Department (EDD) regarding the BLS formula and its affects. EDD has chosen not to amend the formula.

Fresno is requesting that WIB Chairs write to the Governor asking that he proactively set aside 25% discretionary funds for allocation to workforce areas that will again be negatively fiscally impacted by the BLS change. Merced is one of those areas. Additionally, they are requesting that local WIBs request that their State senator and assemblyperson sign the attached draft letter from the “California Legislative Rural Caucus”.

It is recommended that Merced respond to address the issue for the long-term and not as a short-term fix. Recommendations should be made to include agriculture as part of the formula computation. With agriculture generating \$19.3 billion in California, it seems misguided to not include agriculture in the formula funds calculations.

ATTACHMENT(S):

Fresno WIB Letter

Legislative Rural Caucus Draft Letter



March 20, 2006

Fresno County

**Workforce
Investment Board**

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Nellie McGarry, Chair
Merced County Department of Workforce Investment
1880 West Wardrobe Avenue
Merced, CA 95340

RE: Cuts in WIA Funding for Central Valley WIBs

Dear Ms. McGarry:

As chairman of the Fresno County Workforce Investment Board (FCWIB), I am writing to seek your help. Barring action by the Governor, each and every Central Valley WIB will lose Workforce Investment Act (WIA) funding this upcoming program year.

As you may recall, last year the Bureau of Labor Statistics (BLS) modified its variables to calculate unemployment by removing both agriculture and government workers from WIA formula funding. As a result, funding for Valley WIBs was significantly reduced. The State later offered "one-time" 25% discretionary funds to those local workforce areas affected by the BLS formula change. Absent those augmentation funds, Valley WIBs serving some of the poorest communities with the highest unemployment rates would have been reduced by over \$3 million.

Over the course of the past year, Valley WIBs have continued to discuss our concerns regarding the BLS unemployment formula change and potential future funding reductions with the State of California Employment Development Department (EDD). As of March 2006, with PY 2006-2007 funding approvals quickly approaching, we have been informed that EDD has not changed state or local area funding allocations to compensate the impacted local workforce areas based on the new BLS model.

Therefore, I am requesting that other Valley WIB chairs write to Governor Schwarzenegger asking that he proactively set aside 25% discretionary funds for allocation to local workforce areas that will, once again, be fiscally impacted by the BLS change.

More specifically, the Governor should provide this 25% funding to local workforce areas in the same timeframe they receive annual WIA funding to ensure they will not take short-term reductions in the first quarter of the new program year. In the long-term, the Governor should direct EDD to adjust future WIA formula allocations to reflect BLS changes for local area annual allocations to eliminate the need for augmentation funding.

As a fellow WIB chair, I would appreciate your support in addressing this issue.

Sincerely,

Larry Fortune, Chair

April 28, 2006

The Honorable Arnold Schwarzenegger
Governor of California
State Capitol Building
Sacramento, CA 95814

RE: Elimination of Agricultural, Forestry, Fishing, Hunting, and Government Workers
from the Unemployment Insurance (UI) Data

Dear Governor Schwarzenegger:

We are writing to request your assistance in directing the State of California, Employment Development Department (EDD) to adjust the Workforce Investment Act (WIA) formula allocations to compensate for the Bureau of Labor Statistics (BLS) changes for local area funding.

As you might recall, last year the BLS excluded agricultural, forestry, fishing, hunting and government workers from the unemployment data used to generate WIA funding formulas. Given the importance of these industries and workers throughout California, the impact of this change resulted in a reduction of more than \$3.4 million for 21 of the 50 local workforce investment areas in California.

As a result of this funding loss, rural workforce investment boards serving some of the poorest communities with the highest unemployment rates have not and will not be able to adequately serve this vital aspect of our workforce. All WIA funds are critically necessary to support employment and training programs, particularly throughout the rural areas of California. The BLS change in the formula funding is unbalanced, as the negatively impacted areas are primarily rural counties whose economy reflects the removed sectors. The formula must be altered to work in tandem with California's diverse economy.

In 2005, local workforce boards in California were offered a one-time 15 percent discretionary grant to help alleviate the burden of functioning at the funding level that is reflective of our agricultural, forestry, fishing, hunting and government workforce populations. Funding was provided to local areas with the understanding that the formula would be remedied prior to the following year's funding cycle; to date, the formula has not been altered.

Workforce investment boards throughout California need your assistance in directing the EDD to modify California's WIA allocation formula to include agricultural, forestry, fishing, hunting and government workers. Without a change in the formula, local areas will once again be looking towards the administration for additional discretionary funds to address this financial loss.

The California State Legislature Rural Caucus appreciates your support in addressing this issue.

Rural Caucus Members

Assemblyman Greg Aghazarian, 26th District

Senator Sam Aanestad, 4th District

Assemblyman Juan Arambula, 31st District

Senator Roy Ashburn, 18th District

Assemblyman John Benoit, 64th District

Senator Wes Chesboro, 2nd District

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Senator Abel Maldonado, 15th District

Assemblyman Rick Keene, 3rd District

Senator Charles Poochigian, 14th District

Assemblyman Doug La Malfa, 2nd District

Senator George Runner, 17th District

Assemblyman Jay La Suer, 7th District

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Assemblywoman Barbara Matthews, 17th District

Assemblyman Bill Maze, 34th District

Assemblyman Kevin McCarthy, 32nd District

Assemblyman Dennis Mountjoy, 59th District

Assemblyman Alan Nakanishi, 10th District

Assemblyman Joe Nation, 6th District

Assemblywoman Nicole Parra, 30th District

Assemblywoman Sharon Runner, 36th District

Assemblyman Simon Salinas, 28th District

Assemblywoman Audrey Strickland, 37th District

Assemblyman Mike Villines, 29th District

Assemblyman Mimi Walters, 73rd District

Assemblywoman Lois Wolk, 8th District

DRAFT