

TO: Executive Committee

DATE: 08/06/07

FROM: WIB Staff

For Action

For Information

For Discussion

SUBJECT: House Appropriations Committee - \$335 Million Rescission

PROPOSED MOTION(S): Information only.

DISCUSSION: The attached letter was sent on behalf of the Workforce Investment Board to three key members of the Appropriations Committee of the US House of Representatives. Letters were sent to Representatives David R. Obey, Jerry Lewis, and James T. Walsh.

The letters urged the representatives not to rescind \$335 million of WIA carryover funding in the FY 08 Appropriations Labor-HHS-Education Bill.

Unfortunately, the Committee subsequently passed its bill containing the rescission. Ranking Member Jim Walsh (R-NY) had gone to the Dept of Labor and had been told there is over \$1 billion in WIA carryover and \$335 million could be taken without impacting services. Representative Walsh proposed that the previously rejected rescission be used as an offset to increase funding for the Individual with Disabilities Education Act (IDEA), one of the most popular programs in the bill.

National Workforce Association responded to the unanticipated rescission by meeting with Chairman Obey the next day. Chairman Obey appears open to restoring the WIA rescission when the Bill goes to Conference. Conversations with key Senate Labor-HHS Committee staff revealed that Senate staff is adamant in their desire to prevent a rescission in Conference. The appropriations process will continue throughout the summer and fall.

If the rescission makes it into law, California's part will be an estimated \$39,231,534, or 15,693 people losing services.

ATTACHMENT(S):

Letter to Representative David. R. Obey



**WORKFORCE
INVESTMENT BOARD**
MERCED COUNTY

Robert Harmon, Chair
Albert Montegano 1st Vice Chair
Don Bergman, 2nd Vice Chair
1880 West Wardrobe Ave. Merced, CA 95340
Phone (209) 724-2008 FAX (209) 725-3592
www.co.merced.ca.us/pitd/wib/wib.html

July 18, 2007

Representative David R. Obey, Chairman
Appropriations Committee
US House of Representative
Washington, DC 20515

Dear Representative Obey:

On behalf of Merced County, California, Workforce Investment Area, I am writing to urge you not to move forward with the \$335 million dollar rescission of carryover funding in the House FY 08 Appropriations Labor-HHS-Education bill. The bill, as passed by the House Appropriations Committee, will have a drastic impact on the ability of the local workforce system to train our most valuable economic resource, our workers.

More importantly, in every district, services to constituents actively looking for work and in need of job placement and/or training through One-Stop Centers will be significantly reduced. The proposed \$335 million rescission would cut workforce development services for workers and businesses at a time when global competition is growing, investment in the nation's workforce should be increased, or at the very least maintained, rather than depleted.

Despite claims by the US Department of Labor to the contrary, "excess carryover" within the workforce system does not exist. The Department does not recognize fundamental management practices such as obligated and accrued expenditures, and reserves for other contingencies such as mass layoffs or natural disasters, for program funding.

The little carryover that does exist within the system is, in fact, allowed under the law. The Workforce Investment Act of 1998 Section 667.107(a) states that "funds allotted to States under WIA sections 127(b) and 132(b) for any program year are available for expenditure by the State receiving the funds only during that program year and the two succeeding program years. In its 2005 report on the Workforce Investment Act (GAO 05-650), the General Accountability Office found that "states are spending their WIA funds much faster than required under the law".

As you move to Conference on the FY 2008 Labor, Health and Human Services and Education Appropriations bill, we urge you to continue your support of the local workforce system by rejecting the \$335 million rescission of WIA carryover funding.

I believe it is vitally important for Congress to continue to invest in local workforce development, education, and economic development programs in communities across the country.

"Merced County's Workforce Investment system will keep pace with the new growth, the emerging economy, and the ever changing needs of the employers by creating a better educated, highly skilled workforce, that's capable, and prepared, and thoroughly knowledgeable."

Representative David R. Obey
July 18, 2007
Page 2

With youth unemployment at record levels and many adults lacking the skills necessary to compete in the growing competitive globalization of our economy, it is more important than ever to fund workforce and education programs at the levels required to train a skilled and educated workforce.

Thank you for your continued support of the local education and workforce development systems and health programs. I look forward to working with you to ensure that the funding is maintained at no less than FY 2007 levels. Should you have any questions please do not hesitate to contact us at:

Merced County Workforce Investment Board
1880 W. Wardrobe Ave
Merced, CA 95341-6407

Sincerely,



Robert A. Harmon
Chair

"Merced County's Workforce Investment system will keep pace with the new growth, the emerging economy, and the ever changing needs of the employers by creating a better educated, highly skilled workforce, that's capable, and prepared, and thoroughly knowledgeable."