

## RESCISSION OF WIA CARRYOVER FUNDING Fact vs. Fiction

**Fact:** President Bush's Fiscal Year 2008 Budget requests a \$335 million rescission of WIA carryover funding.

**Fiction:** The U.S. Department of Labor (DOL) has stated that \$1.2 billion in WIA funding must be characterized as "unspent carryover," *despite the fact that this funding is, in fact, either obligated for services, such as training, or set aside to respond to mass-layoffs and other unpredictable economic events.*

**Fact:** The Government Accountability Office (GAO), in its own study on WIA expenditures, stated that WIA funds are spent "much faster than required under the law..." and that analysis of **DOL's** expenditure data shows WIA funds are spent "within the 3 year-period."

In accordance with GAO findings, obligations, in addition to outlays, should be utilized as the accurate indicators of spending. *It is inaccurate, if not misleading, to not count obligations as committed resources when they will, in fact, be used to compensate training providers and other providers of services.*

WIA regulations (section 667.107 (a)), authorize local governments a total of three years to spend Title I-B Adult and two years to spend Youth and Dislocated Worker funds. In compliance with these regulations, that is EXACTLY what local governments have been doing.

Most states are now exceeding the proposed "accrued expenditure rates" proposed in both the House and Senate WIA reauthorization bills and signed off on by DOL.

Carryover was an intentional spending strategy built into WIA as a planned management strategy to assure proper and consistent operation of the workforce system. Since the WIA system must respond to economic events such as unanticipated plant closings, mass layoffs, or disaster relief, some funds must be held in reserve to enable immediate response.

The system also provides training for jobseekers that spans more than a single Program Year -- at the point in time when carryover is determined (June 30 of each program year), many workers are midway through training, which appears as “carryover” even those funds are already legally obligated.

WIA provides its business-led workforce boards with multiple years to spend formula funds, allowing for long-term planning to meet the training needs of their states and local economies.

**Fiction:** The Department of Labor says that there is more than enough money in our federal-state WIA system to fund job training activities without any reduction in services.

**Fact:** If approved, the rescission 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.

In addition, the strong partnerships the local workforce system has with the private sector will be adversely affected by our decreased ability to provide services and skilled workers for them.

**Fiction:** The Department of Labor’s position is that even in these uncertain economic times, this budget provides the funding we need for training and reemployment activities and that they are not short-changing America’s workers.

**Fact:** We recognize that tough choices need to be made this fiscal year in this difficult funding environment. However, nothing is more important to our economic strength than investing in a skilled workforce.

Rescission of critical dollars to WIA programs in the upcoming Labor-HHS appropriations bill will devastate the local workforce system and result in the closure of One-Stop Centers across the country.

