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M E M O R A N D U M

To: Labor-HHS-Education Staff
From: Joan Wodiska, Director, Education, Early Childhood and Workforce Committee
Re: **Governors' Views on the Proposed WIA Rescission in the U.S. House Labor-HHS-Education Appropriation Bill for Fiscal Year 2008**

Education and workforce programs are top federal funding priorities for the nation's governors. Governors support increases in the federal investment in key education programs, as identified in their May 23, 2007 letter to Congress (available at www.nga.org).

In addition, Governors also support federal investment in workforce programs. For this reason, governors are concerned by the House's proposed \$335 million rescission to the Workforce Investment Act (WIA) for FY 2008, which would effectively change federal law for states to spend WIA funds and adversely impact services to job seekers across the country.

Background on State WIA Funding

States statutorily have 3 years to spend WIA funds; however, the proposed rescission reclaims funds from states in the second year of the spending cycle - one full year before the spending deadline. A study from the National Association of State Workforce Agencies (NASWA) shows that states are spending all but one tenth of one percent of their WIA funds within the 3-year period. Further, altering the period in which states have to spend funds is a fundamental change to the WIA law and should not be carried out through the appropriations process.

NGA Position on "Unspent WIA Funds"

As noted in the July 26, 2007 NGA testimony before the U.S. House Education and Labor, Subcommittee on Higher Education, Lifelong Learning and Competitiveness, "States need the current flexibility to carry forward WIA funds to provide training and promote responsible fiscal management of WIA funds. Congress should work to clarify the terminology regarding carry forward and obligations to help eliminate inaccurate and uniformed claims that states have 'unspent WIA funds.'"

Please do not hesitate to contact me at (202) 624-5361 or jwodiska@nga.org for more information.