

LABOR AND WORKFORCE DEVELOPMENT

As California continues to recover from the COVID-19 Pandemic, the Budget includes investments to improve access to employment, education, and training programs, while transitioning to a more resilient workforce. In addition, despite improvements in the unemployment rate, certain groups and industries continue to disproportionately experience the negative impacts of the pandemic.

The Budget takes bold steps to address this inequity and advance job quality by investing \$920 million in a Jobs Package—highlighted by \$600 million for regions and local collaboratives for planning and implementation grants to support communities recovering across California and \$320 million to expand the state's economic and workforce development strategies to support job and career pathways. These programs will work together to help workers and businesses recover from the economic impacts of the pandemic, while meeting the state's commitments to equity, carbon neutrality, sustainable economic growth, and the creation of high road jobs.

Finally, the Budget contains resources for the Department of Industrial Relations to enforce labor laws, ensuring all Californians can exercise their right to a safe and fair workplace.

JOBS PACKAGE

COMMUNITY ECONOMIC RESILIENCE FUND

Building on the Administration's High Road Transition Roadmap, the Budget includes \$600 million one-time federal ARPA funds for the Community Economic Resilience Fund (Fund). The Fund will provide financial support to regional stakeholder collaboratives to plan and implement region- and industry-specific economic transition strategies, with a specific focus on supporting high road jobs. These collaboratives will be supported by and linked directly to community capacity building programs, ensuring broad participation in planning and decision-making.

By bringing communities together through an inclusive process, these collaboratives will produce a roadmap for economic growth that prioritizes the creation of accessible, high-quality jobs in sustainable industries. These include, but are not limited to, jobs in "advanced energy" industries such as renewable energy, zero-emission vehicles, or energy efficiency; in future-looking industries such as carbon removal, advanced manufacturing and agriculture, climate restoration and resilience; and a wide range of other industries critical to the state's long-term economic growth.

The Fund will support High Road Transition Implementation Grants so planning is linked to training programs. Strategies will tie to the Budget's direct infrastructure investments across multiple categories—housing, transportation, advanced energy, broadband, and natural resources—all of which prioritize the creation of high quality jobs for regions across the state. The Administration and Legislature will continue work to finalize programmatic details for this Fund later this summer.

WORKFORCE TRAINING AND INDUSTRY PARTNERSHIPS

Getting Californians back to work is key to a broad-based and equitable labor market recovery. The pandemic resulted in record unemployment rates, and a full recovery of the state's economy could potentially take years. Particularly at risk are those at the edge of the labor market, such as young adults, women, people of color, and those with barriers to employment. These groups are typically the first to experience the effects of an economic downturn and the last to recover.

The Budget focuses on one-time investments for the Labor and Workforce Development Agency (Labor Agency) that build on previous initiatives to support sustainable projects in infrastructure, education, and job creation. The package also includes new investments for the Employment Training Panel (ETP) and the California Workforce

Development Board (Workforce Board) to align programs with the California Community Colleges and expand direct workforce training and job placement services for approximately 35,000 additional Californians over the next five years.

SKILLS TRAINING FOR BETTER JOBS

The Budget includes significant resources to expand the state's workforce development programs and partnerships. These proposals center around a commitment to expanding “earn-and-learn” and other industry-based training strategies to allow Californians to advance their skills and earning potential without having to forego income necessary to support themselves and their families. The Budget includes \$245 million for these purposes, including:

- **High Road Training Partnerships**—\$100 million one-time General Fund for the Workforce Board to fund additional High Road Training Partnerships (H RTP) in current and new sectors, such as property services, agriculture, forestry, and manufacturing.
- **Employment Training Panel**—\$50 million one-time General Fund for the ETP to support training opportunities for new and incumbent workers and address skills gaps in economically disadvantaged regions. These resources will allow the ETP program to expand training resources in the health care, information technology, advanced manufacturing industries, as well as training targeted toward public sector jobs.
- **Breaking Barriers to Employment Initiative**—\$30 million one-time General Fund for the Workforce Board to continue the Breaking Barriers to Employment Initiative, which supports individuals in workforce and education programs in gaining the skills and competencies necessary to successfully enter the labor market, retain employment, and earn wages that lead to self-sufficiency, and eventually, economic security.
- **Social Entrepreneurs for Economic Development**—\$20 million one-time General Fund for Workforce Board to continue the Social Entrepreneurs for Economic Development program, which provides grants to community based organizations to provide training and micro grants to help marginalized groups start or maintain a small business that address a social problem or meet a community need.
- **Prison to Employment**—\$20 million one-time General Fund for Workforce Board to extend and expand the Prison to Employment program, which strengthens the pathways for justice-involved individuals to the labor force.

- **Workforce Development Administration**—\$15 million one-time General Fund in Workforce Board administrative resources to implement the workforce package.
- **Housing Apprenticeships**—\$10 million one-time General Fund for the Workforce Board to support pathways for workers from disadvantaged communities to State-approved apprenticeships in the trades, with a focus on affordable housing construction. These programs will build on the High Road Construction Careers (HRCC) partnerships among local workforce boards, local building trades, community organizations, community colleges, construction contractors, and other entities.

STRENGTHENING CALIFORNIA COMMUNITY COLLEGES WORKFORCE DEVELOPMENT STRATEGIES

In addition to the direct skill training programs for workers impacted by the pandemic, the Budget provides \$75 million one-time General Fund to foster new cooperative efforts between the state's workforce programs and the California Community Colleges (CCCs).

The CCCs serve nearly 2.1 million students annually and play a critical role in educating and training the skilled workforce needed for the state to meet its changing needs. The Budget provides one-time investments for collaboration between the CCCs and the Workforce Board:

- \$25 million one-time General Fund for the Workforce Board to create or expand industry-based and worker focused High Road Training Partnerships connected with community college programs. These will help bridge California students into good jobs in industry sectors projected for growth or replacement job openings. These flexible programs will also give workers the skills they need to compete in the coming decades. In addition, the Budget includes \$10 million Proposition 98 General Fund for CCCs to align their programs with these HRTPs.
- \$25 million one-time General Fund to the Workforce Board to fund regional equity and recovery partnerships between regional community college consortia and local workforce boards. Working from existing regional and industry planning, successful partnerships will assess regional hiring demand for good quality jobs and then design targeted education, training, and job placement. The Budget also includes an additional \$10 million Proposition 98 General Fund for the CCCs to participate in these efforts.

- \$15 million one-time General Fund to the ETP to leverage existing community college contract education units to provide small businesses with new and incumbent employee training and accelerate their recovery.
- \$10 million one-time General Fund to improve data outcomes between the labor market and the CCCs. This infrastructure will simplify collaboration, improve job outcomes, and other data gathering elements.

EMPLOYMENT DEVELOPMENT DEPARTMENT

During the COVID-19 Pandemic, the federal government enacted temporary wage replacement programs for workers typically ineligible for unemployment insurance (UI) benefits. As the pandemic continued, federal legislation provided unemployed workers additional time to regain employment by maintaining extended UI benefits. As a result, since the start of the pandemic Californians have filed over 23 million UI claims with EDD, which has issued over \$155 billion in benefits.

As EDD worked to manage this unprecedented level of claims, it also implemented recommendations from the EDD Strike Team, which the Governor tasked with creating a blueprint for improvements to and modernization of the UI program. The EDD took steps to address the top four priorities: creating dashboards that measured the daily UI claims processes, procuring an identity verification solution, adopting and implementing plans to address claims, and providing a document upload system for applicants. EDD continues to work on the implementation of the additional Strike Team and audit related recommendations.

However, deferred workloads, benefit renewals, and other administrative issues remain. The Budget includes \$342.9 million over two years, and \$6.7 million ongoing, as detailed below, to address the immediate challenges EDD faces while also building long-term, sustainable, and flexible processes that will allow the EDD to better serve the people of California.

ADDRESSING DEFERRED AND PROSPECTIVE WORKLOADS

The Budget includes \$276.3 million one-time General Fund to enable the EDD to address deferred workloads and the ongoing work associated with claim volume and benefit renewals, extensions, and recertifications. These resources will allow the EDD to address the over 11 million outstanding work items—including determinations, employer protests, screening benefit crossmatch data, and identity documentation—in approximately 12 months.

IMPROVING ACCESS TO EDD SERVICES

The unprecedented unemployment levels caused by the COVID-19 Pandemic overwhelmed EDD's systems and exposed flaws in its systems and processes that resulted in a delay or inability for many Californians to access their UI benefits. This has been especially true for those in harder-to-reach communities, including the seven million Limited-English Proficient Californians. The Budget includes the following investments to improve EDD's infrastructure and claimants' experiences:

- **Language Access**—\$21 million over two years and \$6.8 million ongoing to improve education and outreach in communities requiring multilingual access to EDD services and programs by:
 - Dedicating resources to translation services to create a multilingual access portal to EDD's website and to translate forms and notices.
 - Providing grants to community-based organizations for outreach and education to Limited English-Proficient communities.
 - Establishing a multilingual access unit and expanding interpretive services.
- **Unemployment Insurance Navigators**—\$11.4 million in 2021-22 and 2022-23 to support trained staff in the America's Job Centers of California. These staff will provide in-person guidance to individuals filing benefit claims, particularly helping those without the technology or ability to access EDD's online resources.
- **Direct Deposit**—\$11 million over two years for EDD to develop and implement a direct deposit option for Unemployment Insurance, Disability Insurance, and Paid Family Leave claimants. This option will make the disbursement of benefits faster and simpler for claimants, who will avoid the extra process needed to transfer funds between a debit card and bank account.

RE-IMAGINING BENEFIT SYSTEMS MODERNIZATION

EDD has spent years preparing to modernize its benefit systems. The pandemic has emphasized the importance of these efforts while also informing a future approach that considers the lessons learned from the pandemic to improve services. The Budget includes \$11.8 million one-time General Fund to reengage the planning and modernization of the EDD's information technology systems. This revised effort will focus on improving the experience of those filing for unemployment benefits.

UNEMPLOYMENT INSURANCE TRUST FUND

Although the federal government has funded many emergency benefits, the core of the regular UI program is funded by employer contributions to the state's UI trust fund. The federal Families First Coronavirus Response Act allowed states to borrow from the federal UI trust fund with no interest until December 31, 2020. Subsequently, the Continued Assistance Act further waived interest through March 14, 2021, and the federal American Rescue Plan Act of 2021 again waived interest payments until September 6, 2021. The EDD now estimates that California will have a \$24.3 billion UI deficit at the end of 2021, down from a projected \$48.3 billion at the Governor's Budget. Nevertheless, this is a significant deficit and is projected to result in annual debt service payments between \$500 to \$600 million and higher tax rates for businesses beginning in 2023. The Budget includes \$36 million for the federal fiscal year 2021 UI loan interest payment, reflecting the federal interest rate postponements. The federal fiscal year 2022 UI loan interest payment is projected to increase to approximately \$560 million absent further federal action.

DEPARTMENT OF INDUSTRIAL RELATIONS

ENFORCING WORKPLACE SAFETY STANDARDS

The Budget includes resources for the Department of Industrial Relations (DIR) to increase the enforcement of workplace safety standards. These resources includes the flexibility to bolster the departments' Division of Occupational Safety and Health by up to \$14.4 million and 70 position, as well as \$5 million to establish a Garment Worker Wage Claim Pilot Program to help non-profits aid garment workers in pursuing unpaid wage claims.

The Budget also includes \$8.6 million and 43 positions to implement and enforce recently enacted legislation that makes it easier for first responders, health care workers, and people who contract COVID-19 due to an outbreak at a workplace to access necessary workers' compensation benefits. Additional resources allow DIR to investigate workplaces that violate specific COVID-19 specific guidelines and regulate businesses for adequate personal protective equipment stockpiles for future crises.