

LABOR AND WORKFORCE DEVELOPMENT

As the recovery continues from the impacts from the COVID-19 Pandemic, the state must remain focused on providing opportunities for Californians by strengthening the state's workforce. In furtherance of this goal, the Budget includes over \$4.5 billion over three years for workforce development, enforcement of labor laws, modernization of the Employment Development Department, and to provide relief to small businesses related to the Unemployment Insurance (UI) Trust Fund debt.

WORKFORCE DEVELOPMENT

With the goal of creating 500,000 earn-and-learn and apprenticeship opportunities by 2029, the state's workforce strategy continues to support pathways to quality jobs for Californians. The Budget invests approximately \$2.2 billion to create additional apprenticeships, invest in the care economy, provide training to mitigate the effects of climate change, and provide job training and other assistance to the justice-involved population.

SUPPORTING APPRENTICESHIPS

The Budget includes \$345 million one-time General Fund and \$20.5 million ongoing Proposition 98 General Fund to expand apprenticeships and earn-and-learn pathways:

- **Apprenticeship Innovation Fund**—\$175 million one-time General Fund (\$55 million in 2022-23, and \$60 million in 2023-24 and 2024-25) to invest in and expand non-traditional apprenticeships.
- **California Youth Apprenticeship Program**—\$65 million one-time General Fund (\$20 million in 2022-23 and 2023-24, and \$25 million in 2024-25) to expand apprenticeship and pre-apprenticeship opportunities for youth.
- **California Youth Leadership Corps Earn-and-Learn Pathways**—\$60 million one-time General Fund (\$20 million annually through 2024-25) for youth community pathway programs at select community colleges throughout the state.
- **California Healthy School Food Pathways Program**—An increase of \$45 million one-time Proposition 98 General Fund to support the implementation of the California Healthy School Food Pathways Program, which is a pre-apprenticeship, apprenticeship, and fellowship workforce training pipeline pilot program for school food service workers.
- **Apprenticeship Program Related and Supplemental Instruction (RSI) Rate**—An increase of \$20.5 million ongoing Proposition 98 General Fund to align the apprenticeship program RSI rate with the Student Centered Funding Formula credit rate, as opposed to the noncredit rate.

HEALTHCARE WORKFORCE INVESTMENTS

The Budget includes approximately \$1.5 billion one-time General Fund over three years to create more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce, with improved diversity, wages, and health equity outcomes. The package includes:

- \$486.6 million (\$476.6 million General Fund) over four years for public health, behavioral health, primary care, and clinical workforce investments.
- \$281.4 million General Fund over three years to recruit, train, and certify Community Health Workers.
- \$220 million General Fund over three years for the Comprehensive Nursing Initiative.
- \$126 million General Fund over three years to support the expansion of social worker training programs.

- \$135 million General Fund for training and career advancement programs in healthcare sectors for individuals with barriers to employment through High Road Training Partnerships.
- \$130 million one-time Proposition 98 General Fund over a three-year period for Healthcare Vocational Education for English Language Learners, as referenced in the Higher Education Chapter.
- \$60 million one-time General Fund for the Emergency Medical Services Corps.
- \$26 million one-time Opioid Settlements Fund for substance use disorder workforce training.
- \$25 million General Fund for the Healthcare Workforce Advancement Fund.
- \$24 million General Fund over two years for the Indian Health Program Grant Restoration program.
- \$20 million one-time General Fund for Clinical Infrastructure: Reproductive Health scholarships and loan repayments.

CLIMATE AND CLEAN ENERGY ECONOMY

The Budget includes \$315 million one-time General Fund to expand opportunities for communities impacted by climate change across the state and to create high-quality jobs, while advancing a healthy and more equitable California.

- **Goods Movement Workforce Training Facility**—\$110 million General Fund over three years for a Goods Movement Training Center in southern California, to support workforce resilience in the face of supply chain disruption and accelerate the deployment of zero-emission equipment and technologies.
- **Oil and Gas Well Capping**—\$100 million General Fund over two years for the Department of Conservation to plug orphan or idle wells, decommission attendant facilities, and complete associated environmental remediation.
- **Low Carbon Economy Program**—\$45 million one-time General Fund (\$15 million annually from 2022-23 through 2024-25), to restart the California Workforce Development Board's Low Carbon Economy Workforce grant program.
- **Displaced Oil and Gas Worker Pilot Program**—\$40 million one-time General Fund for a pilot program to address the needs of oil and gas workers facing displacement. This proposed pilot investment is designed to provide financial stipends that

complement the state's existing unemployment services to minimize disruptions to the livelihoods of impacted workers and their families.

- **Well-Capping Workforce Pilot for Displaced Oil and Gas Workers**—\$20 million one-time General Fund to support a workforce training pilot to train displaced oil and gas workers in remediating legacy oil infrastructure. The state aims to establish California as the leader in both well remediation activity and workforce training to provide these workers with a way to transition into quality jobs.

OTHER WORKFORCE INVESTMENTS:

- \$67.5 million one-time General Fund to provide workforce training and assistance to the justice-involved population to help those individuals reenter society.

ENFORCEMENT AND COMPLIANCE

The Budget includes \$50 million one-time General Fund over two years to continue the California COVID-19 Workplace Outreach Project, which educates workers and employers on how to minimize the spread of COVID-19 in the workplace, and educates essential workers about COVID-19-related labor laws.

The Budget also includes \$15 million General Fund ongoing for the Department of Industrial Relations to establish the Women in Construction Priority Unit to support women and non-binary individuals in the construction trades.

Additionally, the Budget includes 22 positions and \$3.9 million special fund, gradually increasing to 79 positions and \$14 million special fund ongoing in 2025-26 to increase the Retaliation Complaint Unit at the Department of Industrial Relations.

EMPLOYMENT DEVELOPMENT DEPARTMENT

The Employment Development Department (EDD) has spent years preparing to modernize its benefit systems. The pandemic emphasized the importance of these efforts while also informing a new approach that improves customer service. The 2021 Budget Act included \$11.8 million one-time General Fund to reengage the planning of the Department's benefit systems. The Budget continues that momentum with investments that stabilize EDD's workload needs and supports the department's long-term modernization.

EDDNext—LONG-TERM MODERNIZATION

The Budget includes \$136 million (\$68 million General Fund) in one-time resources for EDDNext, a five-year plan to modernize EDD. This includes efforts related to EDD's benefit systems—improving call centers, simplifying forms and notices, including user testing and engagement, developing data analysis tools to continue curbing fraudulent benefit claims, and upgrading department training and tools to increase the pace of application processing.

FRAUD PREVENTION, INVESTIGATION SUPPORT, AND PROSECUTION

During the peak of the pandemic, EDD implemented anti-fraud vendor services, including front-end technology to block foreign and suspicious Internet Protocol addresses, improvements to applicant identity verification, and services to screen and validate claim integrity. The Budget includes \$313.4 million over the next three years to continue to address fraud in the Unemployment Insurance (UI) and State Disability Insurance programs.

- **Continuing Vendor Contracts**—\$96.3 million (\$86 million General Fund) in 2022-23 and \$45.1 million (\$36.8 million General Fund) for 2023-24 and 2024-25 to continue benefit service contracts that include fraud prevention services, essential document upload services, claims review, and testing consultants for EDD products.
- **Information Technology Branch Technology Modernization**—\$23.5 million General Fund for three years to maintain and improve benefit system usability to better serve claimants and prevent fraud.
- **Ongoing EDD Fraud Investigation and Interdiction Efforts**—\$19.6 million (\$8.9 million General Fund) in 2022-23, \$8 million (\$3.1 million General Fund) in 2023-24, and \$1.9 million in 2024-25 to support ongoing EDD fraud investigation and interdiction efforts. Investments include funding for district attorneys' offices to continue prosecution of criminal fraud cases and expanded fraud detection and prevention capabilities in the State Disability Insurance and Paid Family Leave programs.
- **Cybersecurity Resources**—\$10.2 million General Fund in 2022-23 and \$6.1 million General Fund through 2024-25 to support cybersecurity and prevention efforts to improve the security and integrity of EDD IT systems, which hold tax data and other personal information.
- **Unemployment Insurance Command Center**—\$1.5 million for three years for a UI Command Center that centralizes UI branch management, supports UI data analytics, and enhances training to improve customer service.

UNEMPLOYMENT INSURANCE DEBT

In 2020, the federal government allowed states to borrow federal funds to pay regular UI benefits. The state's UI Trust Fund, which went insolvent in March 2020, borrowed significant sums of money to pay benefits and now owes over \$17.8 billion to the federal government. The debt is anticipated to have substantial costs to the state and the state's employers over the coming years.

THE BUDGET INCLUDES:

- **UI Debt Payment**—\$1 billion General Fund over two years (\$250 million in 2022-23 and \$750 million in 2023-24) to pay down a portion of the UI debt. So long as the UI Trust Fund is insolvent, state employers, starting in 2023, will begin to see federal tax credit reductions of 0.3 percent per year until the fund returns to solvency. To reduce this debt and defray future liabilities owed by the state and employers, these payments will accelerate the timeline for the debt's payoff and, in doing so, reduce future taxes paid against the state's employers and reduce the amount the state pays on the debt's interest.
- **UI Small Business Relief**—The Budget includes \$500 million one-time General Fund in 2024-25 to offset the anticipated rising federal unemployment insurance tax rates because of the UI Trust Fund insolvency.
- **UI Interest**—\$342.4 million one-time General Fund to pay the forecasted UI interest payment, which will accrue over the full federal fiscal year and come due in September 2022.