

LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency continues the Administration's commitment to supporting pathways to quality jobs and equity through workforce development strategies that include apprenticeship, High Road Training Partnerships, and other earn-and-learn strategies.

The 2022 Budget invested approximately \$2.2 billion General Fund to create additional apprenticeships; provide training to mitigate the effects of climate change; provide job training and other assistance to the justice-involved population; and create more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce. Even with the reductions noted below that are required to address the budget problem, the Budget maintains \$2.065 billion for these purposes.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Wage Claim Adjudication**—An additional \$11.7 million special funds and 42 positions in 2023-24 and \$6.5 million special funds ongoing for the Department of Industrial Relations to help address wage claim processing times by improving the efficiency of the claims intake and processing as well as automate portions of the claims processing activities within the Wage Claim Adjudication unit.
- **Electronic Adjudication Management System Modernization**—\$21.1 million special funds in 2023-24 for the Department of Industrial Relations to support the

replacement of the Division of Workers' Compensation's electronic case management and document storage system.

- **Various Department of Public Health Workforce Development Programs**—The 2022 Budget Act previously planned \$65.6 million over four years for various public health workforce development programs. The Budget proposes to reduce this investment to \$15.8 million to help address the projected revenue shortfall. See the Health and Human Services Chapter for additional information.
- **Apprenticeship Innovation Fund**—The 2022 Budget Act committed \$175 million General Fund over three years (\$55 million in 2022-23 and \$60 million in each 2023-24 and 2024-25) at the Department of Industrial Relations to invest in and expand non-traditional apprenticeships. The Budget proposes to withdraw \$40 million (\$20 million in each 2023-24 and 2024-25)—reducing the total three-year investment to \$135 million. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction Chapter for further information on this trigger.
- **Women in Construction Unit**—The 2022 Budget Act committed \$15 million General Fund ongoing at the Department of Industrial Relations to promote and support women and non-binary individuals in skilled trade careers. The Budget proposes to pause this funding in 2023-24 and 2024-25—and resume funding of \$15 million General Fund ongoing in 2025-26. If there is sufficient General Fund in January 2024, this pause will be withdrawn. See the Introduction Chapter for further information on this trigger.
- **COVID Workplace Outreach Program**—The 2022 Budget Act committed \$50 million General Fund over two years (\$25 million in each 2022-23 and 2023-24) to the Department of Industrial Relations to partner with organizations to perform COVID outreach and education to workers and employers in high-risk industries. The Budget proposes the elimination of \$25 million in 2023-24.
- **Emergency Medical Technician Training**—The 2022 Budget Act committed \$60 million General Fund over three years (\$20 million in each 2022-23, 2023-24, and 2024-25) at the Employment Development Department to provide targeted emergency medical technician training. The Budget proposes to withdraw \$20 million (\$10 million in each 2023-24 and 2024-25)—reducing the total three-year investment to \$40 million. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction Chapter for further information on this trigger.
- **California Youth Leadership Program**—The 2022 Budget Act committed \$60 million General Fund over three years (\$20 million in each 2022-23, 2023-24, and 2024-25) to

the California Workforce Development Board to invest in career pathway programs at community colleges. The Budget proposes to withdraw \$20 million (\$10 million in each 2023-24 and 2024-25)—reducing the total three-year investment to \$40 million. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction Chapter for further information on this trigger.

- **Various Department of Health Care Access and Information (HCAI) Workforce**—The 2022 Budget Act committed over \$1.5 billion General Fund for healthcare and workforce development initiatives over multiple years. The Budget defers \$68 million in 2022-23 and \$329.4 million in 2023-24 for certain HCAI healthcare workforce programs. These programs remain fully funded, but these funds will be appropriated later than initially anticipated—\$198.7 million in both 2024-25 and 2025-26.

EMPLOYMENT DEVELOPMENT DEPARTMENT

The Employment Development Department (EDD) has spent years preparing to modernize its benefits systems and continues to focus on enhancing its customer service. The 2022 Budget Act included \$136 million (\$68 million General Fund) in one-time resources for EDDNext, a five-year plan to modernize EDD. The 2022 Budget Act also included \$313.4 million over three years to continue to address fraud in the Unemployment Insurance (UI) and State Disability Insurance programs. The Governor's Budget proposes the continuation of these existing modernization efforts as well as reductions in other areas to address declining General Fund revenues, which will not disrupt important progress.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Unemployment Insurance Trust Fund Loan Interest**—\$279 million one-time General Fund to pay the annual interest payment on the state's Unemployment Insurance loan balance.
- **EDDNext**—\$198 million one-time in 2023-24 (\$99 million General Fund) to continue the planning and development of EDDNext, for the second year of a five-year plan to modernize EDD. The effort includes enhancements to EDD's benefits system—improving call centers, simplifying forms and notices, including user testing and engagement, developing data analysis tools to continue curbing fraudulent benefit claims, and training.

- **Fraud Prevention**—\$85 million one-time in 2023-24 (\$71 million General Fund) as part of a multi-year investment included in the 2022 Budget Act to combat fraud—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.
- **Unemployment Insurance Debt Payment**—The 2022 Budget Act included \$1 billion (\$250 million federal funds in 2022-23 and \$750 million General Fund in 2023-24) to pay down a portion of the state's approximately \$18 billion Unemployment Insurance Trust Fund debt. The Budget proposes to withdraw the \$750 million one-time General Fund payment in 2023-24.
- **Unemployment Insurance Small Business Relief**—The Budget proposes to remove the \$500 million one-time General Fund commitment made as part of the 2022 Budget Act to offset the anticipated rising federal unemployment insurance tax rates resulting from the Unemployment Insurance Trust Fund insolvency.