

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.

WORKFORCE DEVELOPMENT

The 2022 Budget invested approximately \$2.2 billion General Fund towards the state's goals of increasing the number of apprenticeships; workforce training to mitigate the effects of climate change; and creating more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce.

The 2023 Budget largely maintains those investments, particularly for investments targeted towards individuals who are at risk or on the edge of the labor market, such as young adults, women, people of color, and those with barriers to employment.

Indian Health Program Grants—The Budget includes \$11 million General Fund in 2023-24, for a total 2023-24 investment of \$23 million General Fund, and \$23 million General Fund ongoing thereafter, to restore the Indian Health Program grants administered by the Department of Health Care Services. See the Health and Human Services Chapter for additional information.

Economic Investment to End Detention—The Budget includes \$5 million one-time General Fund for workforce development grants to jurisdictions that take action to end conditional use permits for ICE detention facilities.

Breaking Barriers to Entry—The Budget includes \$5 million one-time General Fund for workforce and wraparound services to individuals with barriers to employment.

Health Workforce—The 2022 Budget Act invested \$256.8 million General Fund in 2022-23, \$361.7 million General Fund in 2023-24, and \$369.9 million General Fund in 2024-25 for healthcare workforce grant programs administered by the Department of Health Care Access and Information. The Budget maintains this funding, shifts a portion of it across fiscal years, and changes the fund source of \$196.4 million in 2023-24 from General Fund to Mental Health Services Fund resulting in \$988.4 million in total funding (\$188.8 million in 2022-23, \$314.7 million in 2023-24, \$427.3 million in 2024-25, and \$57.5 million in 2025-26).

Emergency Medical Technician Training—The 2022 Budget Act invested \$60 million General Fund over three years (\$20 million per year in 2022-23, 2023-24, and 2024-25) at the Employment Development Department to provide targeted emergency medical technician training. The Budget withdraws \$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.

Apprenticeship Innovation Fund—The 2022 Budget Act included \$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 withdraws \$40 million (\$20 million in each 2023-24 and 2024-25) of this amount—resulting in a total three-year investment to \$135 million. If there is sufficient General Fund in January 2024, this reduction will be restored.

OUTREACH AND ENFORCEMENT

Domestic Worker Outreach—The Budget includes \$35 million one-time Labor and Workforce Development Fund to provide grants to community-based organizations for domestic worker education and outreach. The Budget also includes statutory changes to remove the program sunset date.

Local Public Prosecutor Labor Law Enforcement Grants—The Budget includes \$18 million one-time Labor and Workforce Development Fund to provide grants to local government attorneys to reimburse costs to enforce labor laws.

Wage Claim Adjudication Recruitment and Retention—The Budget includes \$2 million ongoing Labor and Workforce Development Fund for the Labor Commissioner's Office to recruit and hire and provide an annual report to the Legislature on hiring statistics.

Industrial Welfare Commission—The Budget includes \$3 million General Fund at the Department of Industrial Relations for the Industrial Welfare Commission to convene industry-specific wage boards and adopt orders specific to wages, hours, and working conditions in such industries.

California Workplace Outreach Program—The Budget includes \$25 million in one-time Labor Workforce Enforcement Funds for the Department of Industrial Relations to partner with organizations to perform outreach and education to workers and employers as the California Workforce Outreach Program.

EMPLOYMENT DEVELOPMENT DEPARTMENT

Prior to the Pandemic, the Employment Development Department (EDD) had been focused on modernizing its benefits systems. However, the surge in unemployment rates forced EDD to pause its efforts and prioritize the unprecedented deployment of Unemployment Insurance (UI) benefits. The 2022 Budget Act included \$313.4 million over three years to continue stabilizing the department's workload and resume its system improvements. The Budget continues to invest in these modernization efforts, while making targeted reductions to address declining General Fund revenues.

The Budget includes the following Unemployment Insurance adjustments:

- **Unemployment Insurance Trust Fund Loan Interest**—\$306 million one-time General Fund to pay the annual interest payment on the state's Unemployment Insurance loan balance.
- **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 withdraws the \$750 million one-time General Fund payment in 2023-24.
- **Unemployment Insurance Small Business Relief**—The Budget withdraws the \$500 million one-time General Fund included as part of the 2022 Budget Act to offset the anticipated rising federal unemployment insurance.

SIGNIFICANT ADJUSTMENTS

- **EDDNext**—The Budget includes \$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.
- **Fraud Prevention**—The Budget includes \$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.
- **State Disability Insurance Fund Loan for Unemployment Insurance Debt Interest**—The Budget includes language to allow for a loan of \$306 million from the State Disability Insurance Fund to the General Fund for the annual interest payment of the Unemployment Insurance debt. This loan is anticipated to be repaid no later than June 30, 2027, and may be repaid sooner based on programmatic needs.