

LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency supports pathways to quality jobs and equity through workforce development strategies. The Governor's Budget continues to make investments to upgrade and modernize information technology systems to improve the operation and employee experience for worker health and safety programs, unemployment, and paid family leave. Additionally, the Administration is taking steps to address workers' compensation wait times.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Unemployment Insurance Trust Fund Loan Interest**—\$331 million one-time funding (\$231 million General Fund) to pay the annual interest payment on the state's Unemployment Insurance loan balance. Of this amount, \$100 million will be funded by the Employment Training Fund, consistent with existing statutory authority that allows the use of these funds for this purpose.
- **EDDNext**—\$326.8 million one-time in 2024-25 (\$163.4 million General Fund) to continue the planning and development of EDDNext, for the third year of a five-year plan to modernize the Employment Development Department (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.
- **Division of Workers' Compensation**—An increase of \$12.3 million Workers' Compensation Administration Revolving Fund and 71.0 positions phased in over

three years for the Department of Industrial Relations to address increasing workload and reduce hearing wait times.

- **Workers' Compensation Appeals Board**—An increase of \$2.8 million Workers' Compensation Administration Revolving Fund and 13.0 positions phased in over three years to reduce the backlog at the Workers' Compensation Appeals Board. The Budget also proposes statutory changes to clarify the time period for the Board to issue a decision on an appeal.
- **Cal/OSHA Data Modernization**—An increase of \$25.2 million Labor and Workforce Development Fund one-time for the Department of Industrial Relations to continue the Cal/OSHA data modernization information technology project to upgrade outdated systems and processes.
- **Electronic Adjudication Management System**—An increase of \$22.1 million Workers Compensation Administration Revolving Fund one-time for the Department of Industrial Relations to continue the Electronic Adjudication Management System.
- **Public Works Information Technology System**—An increase of \$10.6 million Labor and Workforce Development Fund one-time for the Department of Industrial Relations to complete enhancements to the Public Works Information Technology System.
- **Rural Strategic Engagement Program**—An increase of approximately \$8.3 million Labor and Workforce Development Fund annually for three years for the Department of Industrial Relations and the Agricultural Labor Relations Board to educate rural workers on workplace rights under the direction of, and in coordination with, the Labor and Workforce Development Agency.

ADDRESSING THE BUDGET PROBLEM

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 Budget largely maintains those investments, but proposes reductions of approximately \$100 million General Fund. The Budget also proposes delays of \$734.5 million total funds from 2023-24 and prior years to 2024-25 and future years (\$100 million in 2024-25, \$479.5 million in 2025-26, and \$155 million in 2026-27).

To address the projected budget shortfall, the Budget proposes General Fund solutions to achieve a balanced budget. These include:

- **California Jobs First (Formerly the Community Economic Resilience Fund)**—A delay of \$300 million General Fund for California Jobs First, an inter-agency partnership of the Labor and Workforce Development Agency, the Office of Planning and Research, and the Governor’s Office of Business and Economic Development to support resilient, equitable, and sustainable regional economies. The Budget includes \$100 million General Fund annually in 2024-25 through 2026-27 for this program.
- **Healthcare Workforce Investments**—A delay of \$140.1 million General Fund for the Nursing and Social Work Initiatives to 2025-26. Additionally, given lower-than-anticipated Mental Health Services Act revenue, the Budget also delays \$189.4 million Mental Health Services Fund to 2025-26 for various Department of Health Care Access and Information workforce investments. The Budget maintains \$974.4 million (General Fund and Mental Health Services Fund) through 2025-26 for various workforce investments in the Department of Health Care Access and Information. (See the Health and Human Services Chapter for additional information.)
- **High Road Training Partnerships**—A reduction of \$45 million General Fund in 2023-24 for the High Road Training Partnerships program at the California Workforce Development Board. The Budget maintains \$90 million over two years for this program.
- **Apprenticeship Innovation Fund**—A delay of \$40 million General Fund to 2025-26 and 2026-27 (\$20 million each year) for the Apprenticeship Innovation Fund at the Department of Industrial Relations.
- **Goods Movement Workforce Training Facility**—A delay of \$40 million General Fund for a Goods Movement Workforce Training Facility in Southern California. The Budget includes \$20 million General Fund for this purpose in both 2025-26 and 2026-27. (See the Climate Change Chapter for additional information.)
- **California Youth Apprenticeship Program**—A delay of \$25 million General Fund to 2025-26 for the California Youth Apprenticeship Program at the Department of Industrial Relations.
- **Low Carbon Economy Program**—A reduction of \$15 million General Fund for the Low Carbon Economy Grant Program at the California Workforce Development Board. The Budget maintains \$30 million (\$15 million General Fund and \$15 million

Greenhouse Gas Reduction Fund) over two years for this program. (See the Climate Change Chapter for additional information.)

- **Displaced Oil and Gas Worker Pilot Fund**—A reversion of \$10 million General Fund for the Displaced Oil and Gas Worker Pilot Fund at EDD. The Budget maintains \$30 million General Fund for this program. (See the Climate Change Chapter for additional information.)
- **Emergency Medical Technician Training**—A reduction of \$10 million General Fund for the Emergency Medical Technician training program at EDD. The Budget maintains \$30 million General Fund for this program over two years.
- **Women in Construction Unit**—A reduction of \$5 million General Fund ongoing for the Women in Construction Unit at the Department of Industrial Relations. The Budget maintains \$10 million General Fund ongoing for this program.
- **Labor and Workforce Development Fund Loan**—A budgetary loan of \$125 million from the Labor and Workforce Development Fund to the General Fund is proposed from resources not currently projected to be used for operational or programmatic purposes.