

LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency works to fulfill the Administration's commitment to supporting 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 unemployment, paid family leave, and worker health and safety programs. Additionally, the Budget includes resources to support the streamlining of the Department of Industrial Relations' (DIR) Division of Occupational Safety and Health (Cal/OSHA) complaint intake and referral process and to address the backlog of cases and substantial growth of the Subsequent Injuries Benefits Trust Fund program.

WORKFORCE DEVELOPMENT

MAJOR ACCOMPLISHMENTS

The state has made significant investments in workforce training—with a particular focus on young people and those who face significant barriers to employment. Recent budgets have included \$3.6 billion to expand workforce and training programs that lead to good jobs. In addition, education-related workforce investments have totaled \$15.6 billion. Since 2019, Labor Agency departments have also allocated \$2.3 billion in federal funding available through the Workforce Innovation and Opportunity (WIOA) and other federal grant programs to support these efforts.

These investments have created apprenticeships in key sectors, such as advanced manufacturing, utilities, and transportation; provided job training and other assistance to the justice-involved population, including justice-involved youth; and created more opportunities to support the development of a health and human services and education workforce representative of the state's diversity.

California has served 233,196 registered apprentices since 2019, is on track to meet the goal of serving 500,000 registered apprentices by 2029, and has already surpassed the goal of serving 500,000 participants through earn-and-learn programs.

SUPPORTING APPRENTICESHIPS AND WORKFORCE TRAINING

Below are recent investments that have supported apprenticeship programs and other workforce training opportunities:

- **Apprenticeship Innovation Fund**—A total of \$95 million one-time General Fund over two years (\$55 million in 2022-23 and \$40 million in 2023-24) for the Division of Apprenticeship Standards within DIR for grants to help grow and scale new and existing registered apprenticeship programs to meet job market needs within high-demand sectors, such as technology, advanced manufacturing and healthcare. More than 29,000 registered apprentices have been trained through this program since 2022, with an additional 11,000 expected to be served in the 2025-26 fiscal year.
- **Support for Youth Entering the Workforce**—California has invested in education and workforce training programs to meet the needs of Opportunity Youth who are disconnected or at risk of becoming disconnected from systems such as education, employment, training, housing, and more. Programs include:
 - **California Opportunity Youth Apprenticeship Grants**—A total of \$65 million General Fund over three years (\$20 million in 2022-23 and 2023-24 and \$25 million in 2024-25) for grants to develop and test innovative practices to increase the participation of Opportunity Youth in pre-apprenticeship and apprenticeship programs and demonstrate the impact of apprenticeship on employment and earnings outcomes for opportunity youth. These funds will enable grantees to serve approximately 3,300 participants in pre-apprenticeship and apprenticeship programs.
 - **Workforce Pathways for Youth**—\$45 million in federal funds for grants administered by the Employment Development Department (EDD) to design and implement projects to empower young adults from underserved communities to

obtain high-quality, well-paying jobs that offer opportunities for advancement. Participants have access to certification programs, on-the-job training, work-based learning opportunities, personalized career planning, and mentorships. This program aims to serve approximately 4,600 participants and more than 1,400 participants have been enrolled to date.

- **Farmworker Advancement Program**—\$20 million in WIOA funds for California-based organizations to create programs that will help more than 1,700 farmworkers adjust to the changing demands of the farming industry by offering essential skills and upskilling training to either advance in the agricultural industry or prepare for advancement outside of the agricultural sector. This program has served 1,316 workers to date.
- **High Road Training Partnerships**—Ranging from transportation to health care to hospitality, this model embodies a sector-based approach through the establishment of industry partnerships that deliver equity, sustainability, and job quality. Key examples include:
 - **Health Care**—A total of \$120 million one-time General Fund over three years (\$45 million in 2022-23, and 2023-24 and \$30 million in 2024-25) has been invested in health care projects statewide. These projects will serve a projected 17,412 participants, helping them gain valuable skills and accreditation to secure well-paying jobs in health care fields.
 - **Oil Well Capping Pilot**—\$20 million one-time General Fund included in the 2022 Budget Act has been allocated to support a partnership for on-the-job training in well capping in Kern and Los Angeles Counties.
- **Displaced Oil and Gas Workers**—\$30 million one-time General Fund included in the 2022 Budget Act, of which \$27.7 million has been awarded, for grants to organizations that will assist 1,725 workers impacted by California's gradual transition from oil and gas towards renewable energy. Awardees will guide displaced oil and gas industry workers into high-quality careers that offer economic stability and clear pathways for advancement. The program has served 424 individuals to date.

HEALTH CARE AND EDUCATION WORKFORCE INVESTMENTS

Since 2019, \$17.5 billion (\$2.9 billion General Fund, \$14.4 billion Proposition 98 General Fund, and \$174.2 million other funds) has been invested to create more opportunities to recruit, train, hire, and advance the health and human services and education

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workforce; support workforce planning; and enhance high-demand career pipelines. This includes:

- \$1.9 billion (\$1.7 billion General Fund and \$174.2 million other funds) for initiatives within the Department of Health Care Access and Information, Department of Public Health, and Department of Health Care Services, with a focus on nursing, primary care, public health, and behavioral health workforce development. See the Health and Human Services Chapter for more information.
- \$3.7 billion in Proposition 98 General Fund for programs operated by the California Community Colleges (CCCs), including the instructional component of apprenticeship and pre-apprenticeship programs and programs focusing on career technical education at the community colleges such as the CCC Strong Workforce Program.
- \$2.3 billion in Proposition 98 General Fund for investments to support faculty and staff at the community colleges, including full-time faculty hiring, part-time faculty health insurance, and support for classified staff.
- \$5 billion (\$807.5 million General Fund and \$4.2 billion Proposition 98 General Fund) for various programs to help recruit, retain, and train TK-12 educators.
- \$4.3 billion in Proposition 98 General Fund for college and career pathway focused TK-12 programs, including the Golden State Pathways Program, Dual Enrollment, and various career technical education grant programs.
- \$260 million one-time General Fund for Regional K-16 Collaboratives to support partnerships between public higher-education institutions and the workforces in their region.
- \$122.7 million General Fund for various initiatives operated by the University of California and California State University systems, with a focus on medical, science, and technology education.

OTHER WORKFORCE INVESTMENTS

- **California Jobs First**—\$450 million General Fund in total, allocated between 2021-22 to 2026-27, has been allocated for California Jobs First, which is jointly managed by the Governor's Office of Economic Development and the Labor and Workforce Development Agency. This initiative has produced the first statewide economic development strategy in 20 years, supported the development of 13 regional economic development strategies, driven investments into 260 early stage projects,

and funded 11 ready-to-go projects that are expected to create upwards of 23,000 well-paying jobs. In addition, these funds are supporting broad agency coordination through the California Jobs First Council, with the goal of accelerating economic, business and workforce projects across the state, building capacity, and promoting efficiencies.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Unemployment Insurance Trust Fund Loan Interest**—\$662.2 million one-time General Fund to pay the annual interest payment on the state's Unemployment Insurance loan balance.
- **EDDNext**—\$145.5 million (\$60.9 million General Fund) one-time to continue the modernization of EDD through the implementation of EDDNext. The effort includes enhancements to EDD's benefits system—improving call centers, simplifying forms and notices, and data analysis tools to continue curbing fraudulent benefit claims.
- **Apprenticeship Training Grant Augmentation**—\$18.2 million one-time Apprenticeship Training Contribution Fund in 2026-27, \$18.1 million one-time in 2027-28, and \$17.8 million one-time in 2028-29 and 2029-30 for DIR for grants to approved apprenticeship programs in construction and related trades.
- **Public Works Information Technology System**—\$8.9 million one-time Labor and Workforce Development Fund for DIR to continue enhancements to the Public Works Information Technology System.
- **Public Employment Relations Board Chaptered Legislation**—\$8.5 million General Fund and 30 positions in 2026-27, \$9.3 million and 39 positions in 2027-28, and \$2.3 million and 39 positions in 2028-29 and ongoing for the Public Employment Relations Board to implement the Transportation Network Company Drivers Labor Relations Act pursuant to Chapter 335, Statutes of 2025 (AB 1340) and to adjudicate National Labor Relations Board unfair practice charges and determinations of union elections and union certifications under specified circumstances pursuant to Chapter 139, Statutes of 2025 (AB 288).
- **Extreme Heat and Agricultural Enforcement Task Force and Outreach**—\$7.7 million Occupational Safety and Health Fund in 2026-27, \$7.1 million in 2027-28 and ongoing, and 34 permanent positions for DIR to continue targeted outreach and education for employers and workers and strategic enforcement efforts to protect workers from heat-related illnesses and wildfire smoke hazards.

- **Cal/OSHA Centralized Complaint and Report Intake Unit**—\$5.9 million Occupational Safety and Health Fund in 2026-27, \$5.3 million in 2027-28 and ongoing, and 35 permanent positions for DIR to create a centralized complaint and report intake unit within Cal/OSHA. The unit will enable Cal/OSHA to more efficiently respond to and address complaints, accident reports, referrals, and inquiries.

SUBSEQUENT INJURIES BENEFITS TRUST FUND

The Budget includes \$12.7 million Workers' Compensation Administration Revolving Fund and 57 positions in 2026-27, growing to \$36.5 million and 177 positions in 2030-31 and ongoing, for DIR to address the backlog of cases resulting from years of substantial growth in the Subsequent Injuries Benefits Trust Fund (SIBTF) program. The SIBTF program has expanded significantly beyond its original purpose due in part to recent court decisions that have expansively interpreted undefined terms in the 60-year-old statute, which has resulted in an increase in SIBTF claims and benefits that pose significant financial and operational challenges for SIBTF.

Without changes to the program, claim payments are expected to increase from \$87 million in 2019-20 to \$1.3 billion in 2029-30, and the impact to the associated employer assessment that funds the program is expected to grow from \$112 million to \$1.5 billion. Since 2015, the number of claims submitted each year has increased from approximately 1,000 to 5,400 cases. Without changes, the anticipated increase in claims in future years will lead to severe staffing challenges and long delays for workers. Comprehensive reform is needed to make this program viable and available for injured workers.