DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR - 1 2005

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 7100-001-0870, Support, Employment Development Department

It is requested that Item 7100-001-0870 be decreased by $8,724,000 and 112 positions (106.4 personnel years), to reflect a decrease in workload in the Labor Certification Program.

Beginning January 1, 2005, the federal government will assume responsibility for processing permanent labor certification applications.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jennifer Osborn, Principal Program Budget Analyst, at 445-8913.

TOM CAMPBELL
Director
By:

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

Attachment

cc: On following page

APR - 1 2005

cc: Honorable Carole Migden, Chair, Senate Appropriations Committee
Attention: Ms. Anne Maitland, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Gloria Romero, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Rudy Bermúdez, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Ms. Marisa Duek, Associate Secretary, Fiscal Policy, Labor and Workforce Development Agency
Mr. Patrick Henning, Director, Employment Development Department
Mr. Frank Collins, Deputy Director, Administration Branch, Employment Development Department

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Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 5180-101-0001 and 5180-101-0514 Local Assistance, Department of Social Services, and Items 7100-001-0514 and 7100-001-0870, Support, Employment Development Department

It is requested that Items 7100-001-0514 and 5180-101-0001 be decreased by $391,000, that Item 5180-101-0514 be increased by $391,000 and that Item 7100-001-0870 be amended to reflect this change.

The 2004 Budget Act included Control Section 6.60, which provided for a survey of workers' compensation costs between 2003-04 and 2004-05. The Control Section required that savings up to $4,430,000 be transferred to the General Fund and used in lieu of Employment Training Funds in the Department of Social Services' local assistance programs. Pursuant to this survey, approximately $16.4 million in savings were identified and transferred to the General Fund for this purpose. This allowed for an equivalent augmentation to the Employment Training Panel for employment training contracts. All of these General Fund-neutral adjustments were proposed for 2005-06 and ongoing in the Governor's Budget.

The purpose of this request is to revise the total workers' compensation savings due primarily to overstated base year costs for the Department of Fair Employment and Housing (DFEH). A separate Finance Letter proposes the partial restoration of the savings allocated to the DFEH.

The adjustments proposed in this letter would increase the amount of Employment Training Funds used for the CalWORKs program by $391,000 and decrease the General Fund appropriation for this purpose so that the net effect of all of the adjustments (including the DFEH restoration) remains General Fund-neutral. Replacement trailer bill language is also proposed (Attachment I) to reflect the updated amount of Employment Training Funds that may be used for local assistance activities in the Department of Social Services.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jennifer Osborn, Principal Program Budget Analyst, at 445-8913.

TOM CAMPBELL
Director
By:

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

Attachment

cc: Honorable Carole Migden, Chair, Senate Appropriations Committee
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Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Gloria Romero, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Denise Moreno-Ducheny, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Rudy Bermúdez, Chair, Assembly Budget Subcommittee No. 4
Honorable Hector De La Torre, Chair, Assembly Budget Subcommittee No. 1
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Honorable S. Kimberly Belshé, Secretary, Health and Human Services Agency
Honorable Victoria Bradshaw, Secretary, Labor and Workforce Development Agency
Ms. Ada Carrillo, Acting Director, Employment Training Panel
Mr. Dennis Boyle, Director, Department of Social Services
Mr. Frank Collins, Deputy Director, Administration Branch, Employment Development Department
Ms. Gloria Merk, Deputy Director, Administration, Department of Social Services

ATTACHMENT I

Proposed Trailer Bill Language

Control Section 6.60 Adjustment: Employment Training Fund for CalWORKs

SEC. 1. Section 1611.5 of the Unemployment Insurance Code is amended to read:

1611.5. Notwithstanding Section 1611, the Legislature may appropriate from the Employment Training Fund ~~fifty-six million four hundred thirty-two~~ forty million four hundred thirty thousand dollars ~~($56,432,000)~~ ($40,430,000) in the Budget Act of ~~2004~~ 2005 to fund the local assistance portion of welfare-to-work activities under the CalWORKs program, provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, as administered by the State Department of Social Services.

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APR - 1 2005

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 7120-001-0890, Support, California Workforce Investment Board

It is requested that Item 7120-001-0890 be decreased by $775,000 and 6.0 positions to reflect a reduction in administrative expenditures at the California Workforce Investment Board. The purpose of this reduction is to allow for the redirection of administrative funding to local employment training programs. This redirection is meant to partially offset recent reductions in federal Workforce Investment Act resources.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jennifer Osborn, Principal Program Budget Analyst, at 445-8913.

TOM CAMPBELL
Director
By:

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

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Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Gloria Romero, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Rudy Bermúdez, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Ms. Marisa Duek, Associate Secretary, Fiscal Policy, Labor and Workforce Development Agency
Mr. Paul Gussman, Deputy Director, California Workforce Investment Board

DEPARTMENT OF FINANCE
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APR - 1 2005

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 7300-001-0001, Support, Agricultural Labor Relations Board

It is requested that Item 7300-001-0001 be revised to reflect the re-establishment of two positions to allow the Agricultural Labor Relations Board to continue to enforce the Agricultural Labor Relations Act.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jennifer Osborn, Principal Program Budget Analyst, at 445-8913.

TOM CAMPBELL
Director
By:

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

Attachment

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Attention: Ms. Anne Maitland, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Sheila Kuehl, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Rudy Bermúdez, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Honorable Victoria Bradshaw, Secretary, Labor and Workforce Development Agency
Ms. Genevieve Shiroma, Chairwoman, Agricultural Labor Relations Board
Ms. Norma Turner, General Counsel, Agricultural Labor Relations Board

Attachment I

APR - 1 2005

Agricultural Labor Relations Board
Proposed Budget Bill Language

7300-001-0001
Provisions:
X. Notwithstanding any other provision of law, upon approval of the Department of Finance, the State Controller's Office shall re-establish up to 2.0 vacant positions within the Agricultural Labor Relations Board.

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APR - 1 2005

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 7350-001-0913, 7350-001-0223, and Addition of Budget Bill Items 7350-491, 7350-011-0913, Support, and Amendment to Budget Bill Item 7350-295-0001, Local Assistance, Department of Industrial Relations

It is requested that Item 7350-001-0913 be amended to include Budget Bill language that clarifies that funds appropriated in this item may be used to support activities related to the enforcement of the underground economy.

It is requested that Item 7350-491 be added to reappropriate $990,000 and that Item 7350-001-0223 be amended to include Budget Bill language that allows up to 274.3 positions that are due to be eliminated pursuant to Government Code Section 12439 on or before June 30, 2005, to be re-established. This need has resulted from delays in implementing specific components of recent workers' compensation reforms, and in the hiring process.

It is requested that Item 7350-011-0913 be added to provide for a transfer from the Unpaid Wage Fund (0913) to the General Fund. Provisional language included in this item would require an annual transfer of the balance of the fund, less six months of expenditures, upon order of the Director of Finance. Proposed corresponding trailer bill language would eliminate a statutory requirement to transfer funds from the Unpaid Wage Fund to the General Fund. This statutory language is outdated and does not limit the timing of the transfer to ensure an adequate balance to carry out program responsibilities.

It is requested that Item 7350-295-0001 be revised to provide for the suspension of the Personal Alarm Devices mandate. Proposed legislation to repeal this mandate was not enacted; therefore it is necessary to amend the Budget Bill in order to reflect the suspension of this mandate.

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The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jennifer Osborn, Principal Program Budget Analyst, at 445-8913.

TOM CAMPBELL
Director
By:

/s/ Stephen W. Kessler

STEPHEN W. KESSLER
Chief Deputy Director

Attachment

cc: Honorable Carole Migden, Chair, Senate Appropriations Committee
Attention: Ms. Anne Maitland, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Staff Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Gloria Romero, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Rudy Bermúdez, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief of Staff, Assembly Republican Leader's Office
Ms. Marisa Duek, Associate Secretary, Labor and Workforce Development Agency
Mr. John Rea, Acting Director, Department of Industrial Relations
Ms. Kären Dickerson, Budget Officer, Department of Industrial Relations

Attachment I

APR - 1 2005

Department of Industrial Relations
Proposed Budget Bill Language

7350-001-0223
Provisions:
X. Notwithstanding any other provision of law, upon approval of the Department of Finance, the State Controller's Office shall re-establish up to 274.3 vacant positions within the Department of the Industrial Relations provided for the implementation of Workers' Compensation Reforms (Ch.6/02; Ch. 639/03; Ch. 34/04).

7350-001-0913
Provisions:
"1. Notwithstanding any other provision of law, funds appropriated by this item shall be expended by the Department of Industrial Relations Division of Labor Standards Enforcement and the Division of Occupational Safety and Health to administer: (1) the Targeted Industries Partnership Program to increase enforcement and compliance in the agricultural, garment, and restaurant industries~~.~~ ; and (2) the Economic and Employment Enforcement Coalition (Underground Economy Enforcement Program)."

New Item
7350-011-0913—For transfer by the Controller, upon order of the Director of Finance, from the Industrial Relations Unpaid Wage Fund, to the General Fund.....($1,000)
Provisions:
1. Notwithstanding any other provision of law, the State Controller shall transfer to the General Fund the unencumbered balance, less six months of expenditures, as determined by the Director of Finance, in the Industrial Relations Unpaid Wage Fund as of June 30, 2006.

New Item
7350-491—Reappropriation, Department of Industrial Relations. Up to $990,000 of the appropriation provided in Item 7350-001-0223, Budget Act of 2004 (Ch. 208, Stats, 2004), is reappropriated and shall be available for expenditure until June 30, 2006.
Provision:
1. Up to 274.3 vacant positions expiring pursuant to Government Code 12439 provided to implement workers' compensation reforms may be re-established upon approval of the Department of Finance.

7350-295-0001
Insert under Schedule:
(4) 98.01.999.001—Personal alarm devices
(8 Cal. Code Regs. Sec. 3401(c)) (CSM-4087)... 0

Insert under Provisions:
"3. Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of $0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 2005-06 fiscal year
(3) Structural and wildland firefighter safety clothing and equipment (8 Cal. Code Regs. Secs. 3401 to 3410, incl.) (CSM-4261-4281)."

(4) Personal alarm devices (8 Cal. Code Regs. Sec. 3401(c)) (CSM-4087).

APR - 1 2005

Department of Industrial Relations
Proposed Trailer Bill Language

96.7. The Labor Commissioner, after investigation and upon determination that wages or monetary benefits are due and unpaid to any worker in the State of California, may collect such wages or benefits on behalf of the worker without assignment of such wages or benefits to the commissioner.

(a) The Labor Commissioner shall act as trustee of all such collected unpaid wages or benefits, and shall deposit such collected moneys in the Industrial Relations Unpaid Wage Fund.

(b) The Labor Commissioner shall make a diligent search to locate any worker for whom the Labor Commissioner has collected unpaid wages or benefits.

(c) All wages or benefits collected under this section shall be remitted to the worker, his lawful representative, or to any trust or custodial fund established under a plan to provide health and welfare, pension, vacation, retirement, or similar benefits from the Industrial Relations Unpaid Wage Fund.

(d) Any unpaid wages or benefits collected by the Labor Commissioner pursuant to this section shall be retained in the Industrial Relations Unpaid Wage Fund until remitted pursuant to subdivision (c), or until deposited in the General Fund ~~pursuant to subdivision (e).~~

~~(e) Whenever the balance in the Industrial Relations Unpaid Wage Fund is in excess of two hundred thousand dollars ($200,000), the Labor Commissioner shall transmit this excess amount to the Controller for deposit in the General Fund.~~

(f) All wages or benefits collected under this section which cannot be remitted from the Industrial Relations Unpaid Wage Fund pursuant to subdivision (c) because money has been transmitted to the General Fund ~~pursuant to subdivision (e)~~ shall be paid out of the General Fund from funds appropriated for that purpose.