

LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency (LWDA) supports and protects California workers and employers. The LWDA is primarily responsible for three activities: (1) labor law enforcement, (2) workforce development, and (3) benefit payment and adjudication. The primary objective of the LWDA is to serve workers and employers by coordinating its many services and programs in a manner that is efficient, effective, and relevant to current and future economic conditions.

The proposed budget was constructed first by computing the workload budget funding level. From the workload budget, adjustments are made to reflect specific policy adjustments and reductions, including budget-balancing reductions. With these adjustments, the Governor's Budget includes \$12.1 billion (\$97.9 million General Fund and \$12 billion other funds) for the various entities within the LWDA, and reflects an increase of \$427.3 million (a decrease of \$6.5 million General Fund and an increase of \$433.8 million other funds) or 3.7 percent over the revised 2007-08 Budget. Change Table LWD-01 illustrates the major changes proposed to LWDA spending in the Governor's Budget. More notable funding changes are also described below.

Change Table LWD-01

Labor and Workforce Development Agency — Changes by Broad Categories

	2007-08			2008-09		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
2007 Budget Act	\$103,375	\$11,169,073	11,646.5	\$103,375	\$11,169,073	11,646.5
Workload Adjustments						
Automated Collection Enhancement System (ACES) Continuation	—	—	—	2,559	251	17.1
Enrollment/Caseload/Population	—	357,485	135.7	—	789,032	220.7
Employee Compensation/Retirement	1,985	13,792	—	2,215	15,290	—
Expiring Programs or Positions	—	-442	—	-8,211	-11,765	-74.9
One-Time Cost Reductions	—	—	—	-7	-14,560	—
Full-Year Cost of New Programs	—	—	—	—	10,041	—
Other Workload Adjustments	-790	18,672	-25.5	24	28,827	-12.4
Totals, Workload Adjustments	\$1,195	\$389,507	110.2	-\$3,420	\$817,116	150.5
Policy Adjustments						
Economic Employment and Enforcement Coalition Continuation	—	—	—	—	6,031	52.2
Other Policy Adjustments	—	—	—	—	417	0.9
Totals, Policy Adjustments	\$0	\$0	—	\$0	\$6,448	53.1
Total Adjustments	\$1,195	\$389,507	110.2	-\$3,420	\$823,564	203.6
Budget Prior to Reductions	\$104,570	\$11,558,580	11,756.7	\$99,955	\$11,992,637	11,850.1
Budget-Balancing Reductions^{1/}	-\$150	\$0	-1.8	-\$2,055	-\$200	-16.4
Governor's Budget	\$104,420	\$11,558,580	11,754.9	\$97,900	\$11,992,437	11,833.7

^{1/} These dollars and PYs are included in the General Government agency; therefore, not included in each agency's totals in the applicable Summary Schedules.

* Dollars in Thousands

PROPOSED WORKLOAD BUDGET

The major workload adjustments for 2008-09 include the following.

EMPLOYMENT DEVELOPMENT DEPARTMENT

Automated Collection Enhancement System—

The Governor's Budget proposes \$2.8 million (\$2.6 million General Fund) and 17.1 positions to continue the Automated Collection Enhancement System (ACES) project. ACES will improve the state's ability to track, collect, and audit the payment of specified employer payroll taxes, including the personal income tax, by modernizing and automating revenue collection processes.

October Revise—The Governor’s Budget includes an increase of \$753 million (various special funds) in benefit payments and an increase of \$35.9 million and 220.7 positions in state operations for the various employment assistance payments (Unemployment Insurance, Disability Insurance, School Employees Fund programs, and Workforce Investment Act funds) that EDD administers.

DEPARTMENT OF INDUSTRIAL RELATIONS

Electronic Adjudication Management System—

The Governor’s Budget provides \$9.7 million (Workers’ Compensation Administration Revolving Fund) to support continued development of a paperless case management and automated calendaring system for the Division of Workers’ Compensation in the Department of Industrial Relations (DIR).

PROPOSED BUDGET-BALANCING REDUCTIONS

Total budget-balancing reductions for the LWDA amount to \$150,000 and 1.8 positions in 2007-08 and \$2.1 million and 16.4 positions in 2008-09. These reductions do not require statutory changes.

- Programs exempted from reductions include tax collection activities of the EDD and General Fund revenue producing activities in the DIR.
- The major reductions for LWDA are described below.

EMPLOYMENT DEVELOPMENT DEPARTMENT

- \$246,000 and 2.3 positions in 2008-09 for EDD Administrative Support and the Unemployment Insurance

Appeals Board. This reduction will result in a minimal delay in audit appeals.

AGRICULTURAL LABOR RELATIONS BOARD

- \$150,000 and 1.8 positions in 2007-08 and \$515,000 and 3.7 positions in 2008-09 for the Agricultural Labor Relations Board. These reductions will delay claims processing, investigations, and litigation of unfair labor practices cases.

DEPARTMENT OF INDUSTRIAL RELATIONS

- \$1.3 million and 9.5 positions in 2008-09 for DIR programs including Self-Insurance Plans, Mediation and Conciliation, Occupational Safety and Health Appeals Board, Occupational Safety and Health Standards Board, Division of Labor Statistics and Research, and Administrative Support. These reductions will reduce appeals hearings, delay implementation of regulations, and eliminate the publication of apprenticeship prevailing wage determinations.

PROGRAM ENHANCEMENTS AND OTHER BUDGET ADJUSTMENTS

ECONOMIC AND EMPLOYMENT ENFORCEMENT COALITION

The Governor's Budget includes \$6.9 million (various special funds) and 62.6 positions for the continuation of the Economic and Employment Enforcement Coalition (Triple E Coalition), a partnership among the Labor and Workforce Development Agency, the Employment Development

Department, the Department of Industrial Relations and the Contractors' State License Board. The Coalition identifies the worst offenders in the underground economy for targeted workplace enforcement actions throughout the state. The Triple E Coalition also engages in outreach and education so that employers are provided with the information and assistance necessary to become legitimate and compliant businesses.

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