

LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency is responsible for labor law enforcement, workforce development, and benefit payment and adjudication. The Agency works to combat the underground economy and to help legitimate businesses and workers in California.

The May Revision includes total funding of \$14.7 billion (\$303.1 million General Fund and \$14.4 billion other funds) for all programs administered within the Agency.

EMPLOYMENT DEVELOPMENT DEPARTMENT

The Employment Development Department (EDD) administers the Unemployment Insurance (UI), Disability Insurance (DI), and Paid Family Leave programs and collects payroll taxes from employers, including the Personal Income Tax. EDD connects job seekers with employers through a variety of job services programs and America's Job Centers of California and provides employment training programs through the Employment Training Panel and the Workforce Investment Act programs.

The May Revision includes \$14.1 billion (\$287.5 million General Fund), which reflects an increase of \$271.2 million compared to the Governor's Budget. This change is primarily due to a \$215.1 million increase in UI benefit payments, a \$13.1 million decrease in interest owed on the federal UI loan, and a \$67.6 million increase in resources to administer the UI Program.

Significant Adjustments:

- Revised UI Benefit Payments—A decrease of \$660.5 million in 2013-14 to reflect a projected decrease in UI benefit payments due to a lower-than-anticipated unemployment rate and the discontinuation of the federal benefits extension program in December 2013. While the May Revision continues to reflect a lower unemployment rate in 2014-15, the revised estimate of UI benefit payments is \$215.1 million higher than the Governor’s Budget forecast, due in part to a longer duration of claims.
- UI Program Administration Funding—An increase of \$67.6 million, including \$46.6 million General Fund, to provide additional resources for the administration of the UI Program. The Governor’s Budget proposed a \$64 million package of efficiencies and supplemental funding, but the UI Program continued to receive a greater demand for services than anticipated. In February 2014, the Secretary for Labor and Workforce Development outlined a plan for additional resources in the current year to take immediate action to improve customer service. While UI service levels have significantly improved as a result of those efforts, additional resources are needed in 2014-15 to sustain that level of service and provide timely unemployment benefits. The May Revision proposes additional staff and overtime funding to support the following service levels:
 - Process all claims for unemployment benefits within three days of receipt.
 - Respond to online inquiries within five days of receipt.
 - Schedule 95 percent of eligibility determinations in a timely manner.
 - Respond to 50,000 calls per week.

These resources, along with program efficiencies and an improving economy, will eliminate the backlog of claims and are expected to address the operating concerns of the program.