

LABOR AND WORKFORCE DEVELOPMENT

Californians continue to struggle as a result of the economic impacts of the COVID-19 Pandemic. Over the past three years, the Administration has worked on solutions to address the state's workforce challenges—many predating the COVID-19 Pandemic but exacerbated by it—including inequality, economic mobility, and the changing role of technology and climate change necessitating new skills for future jobs.

With the goal of creating 500,000 earn-and-learn and apprenticeship opportunities by 2029, California's workforce strategy continues to support pathways to quality jobs so that more Californians can share in the state's economic growth. For example, since 2019 over 90,000 new apprentices have registered in state-approved programs. Additional earn-and-learn pathways target industries continuing to be affected by COVID-19, growth industries in the clean energy economy, jobs emerging from cutting-edge technological advances, and the critical care economy roles needed to care for an aging and diverse population. Through investments in high-road training pathways, informed by industry demand and worker needs, through pre-apprenticeship, apprenticeship, and high quality earn-and-learn programs, the state's higher education and workforce systems are building the state's future workforce and creating economic opportunities, especially for individuals and communities historically left behind.

The Governor's Budget continues the commitment to create pathways that strengthen the skills, knowledge, and experience of California's diverse workforce. Recent investments include:

- **Workforce Training and Support**—\$500 million one-time General Fund over a two-year period for college students at the public segments of higher education to explore career pathways through learning-aligned employment opportunities. In addition, \$472.5 million one-time federal funds and \$27.5 million one-time General Fund was provided in the 2021 Budget Act that enables displaced workers to receive grants for education and training programs to facilitate their ability to reskill or upskill into new careers; as well as \$907 million one-time federal and special funds for retaining and building the network of home and community-based service providers.
- **Community Investment**—\$600 million to foster strategic planning for communities to map out the development of sustainable and equitable regional economic and workforce strategies. The 2021 Budget Act also provided \$250 million to support collaboration among regional workforce partners and K-12 and higher education systems to streamline occupational pathways that address regional needs and lead to high-paying, in-demand careers.
- **Expanded Training Capacity**—Targeted investments in High Road Training Partnerships in emerging sectors, housing apprenticeships, new community health and primary care programs, and a total of \$2.9 billion supporting educator initiatives to recruit and train teachers and expand pipelines toward the state's most pressing workforce needs.

The Budget continues to build on this foundation and includes over \$2 billion over three years, with a focus on three sectors: climate, the care economy, and education.

CLIMATE AND CLEAN ENERGY ECONOMY

The state's efforts to tackle the climate crisis will create economic and workforce development opportunities in the clean energy economy in communities across the state. The Budget directs investments to expand opportunities and create high-quality jobs, while advancing a healthy and more equitable California. Importantly, the Budget acknowledges the challenges facing workers in industries most affected by the state's response to climate change—especially those in the fossil fuel industry. The Budget provides near-term opportunity pathways and support, and supports longer-term initiatives like the Community Economic Resilience Fund that will develop sustainable regional economic strategies. The Budget includes \$550 million over three years to expand climate workforce strategies.

- **Oil and Gas Well Capping**—\$200 million General Fund over two years for the Department of Conservation to plug orphan or idle wells, decommission attendant facilities, and complete associated environmental remediation. There are more than 100,000 oil wells in California, thousands of which have not produced oil in decades. These wells contribute harmful emissions that affect nearby communities, and an estimated 5,000 wells have no solvent owner to hold responsible for remediation costs. Properly sealing these wells (called “plugging and abandoning”) is critical to protecting the health of Californians, and will be increasingly important as more wells cease production in the coming years as the state reduces its dependency on fossil fuels.
- **Well-Capping Workforce Pilot for Displaced Oil and Gas Workers**—\$15 million one-time General Fund to support a workforce training pilot to train displaced oil and gas workers in remediating legacy oil infrastructure. Through both the \$200 million for well capping described above and by taking aggressive efforts to secure the maximum allowable funding from the federal infrastructure bill, the state aims to establish California as the leader in both well remediation activity and workforce training to provide these workers with a way to transition into quality jobs.
- **Displaced Oil and Gas Worker Pilot Fund**—\$50 million one-time General Fund for a pilot support fund to address the needs of oil and gas workers facing displacement. This proposed pilot investment is designed to provide financial stipends that complement the state’s existing unemployment services to minimize disruptions to the livelihoods of impacted workers and their families.
- **Low Carbon Economy Program**—\$60 million General Fund in total over three years, to restart the California Workforce Development Board’s Low Carbon Economy Workforce grant program. This High Road Training Partnership model is designed to: 1) address the critical needs emerging as that industry or sector faces the challenges of climate change and environmental sustainability; 2) increase the capacity of firms and workers to adapt and compete in a carbon-constrained economy; and 3) help California communities prosper by creating accessible local pathways into safer, healthier, and more highly skilled jobs.
- **Wildfire and Forest Resilience Workforce Development**—\$30 million one-time General Fund over two years to support grants to community colleges to train, develop, and certify forestry professionals and expand the workforce available to support the implementation of forest health and fuel reduction projects.
- **University of California Climate-Focused Incubators and Workforce Development and Training Hubs**—As part of a total investment of \$185 million one-time General

Fund for UC climate initiatives, the Budget includes \$50 million to support regional climate-focused incubators and competitive grants to incentivize and expand climate innovation and entrepreneurship, and \$35 million to support establishment of regional climate-focused workforce development and training hubs to reskill, upskill, and expand California's climate resiliency workforce.

- **Goods Movement Workforce Training Facility**—\$110 million General Fund in total over three years for a Goods Movement Training Center in southern California, to support workforce resilience in the face of supply chain disruption and accelerate the deployment of zero emission equipment and technologies. For more information, see the Transportation Chapter.

EXPANDING THE CARE ECONOMY WORKFORCE

The Budget includes a one-time \$1.7 billion investment over three years in care economy workforce development—across both the Labor and Workforce Development Agency (Labor Agency) and California Health and Human Services Agency (CalHHS)—that will create more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce, with improved diversity, wages, and health equity outcomes.

The Care Economy investments will be jointly coordinated by the Labor Agency and CalHHS through the CalHHS/Health Care Access and Information (HCAI) Health Workforce Education and Training Council. These specific investments include:

- **Community Health Workers**—\$350 million General Fund to recruit, train, and certify 25,000 new community health workers by 2025, in partnership with the Department of Health Care Access and Information and the Department of Health Care Services, with specialty certifications in areas that include climate health, homelessness, and dementia.
- **High Road Training Partnerships**—\$340 million General Fund for training and career advancement programs for people with barriers to employment, in alignment with the Workforce Council for Healthcare Training priorities. Funding supports collaborations and training programs among community-based organizations, local workforce boards, labor unions, educational institutions, and employers to build partnerships and pathways into family-sustaining healthcare jobs.
- **Comprehensive Nursing Initiative**—\$270 million General Fund to increase the number of registered nurses, licensed vocational nurses, certified nursing assistants,

certified nurse midwives, certified medical assistants, family nurse practitioners, and other health professions.

- **Expanding Social Workers**—\$210 million General Fund to support social work training programs and provide stipends and scholarships to create a new pipeline for diverse social workers who cannot otherwise afford the financial or time investment required to complete full-time programs.
- **English Language Learners Health Careers**—\$130 million one-time Proposition 98 General Fund through the Adult Education program to support, healthcare-focused vocational pathways for English language learners at multiple levels of English proficiency, to increase language and cultural diversity in these settings.
- **Psychiatric Resident Program**—\$120 million General Fund to create training positions for psychiatric residents, psychiatric mental health nurse practitioners, psychology interns/fellows, and psychiatric nurses. Increasing on-site training programs will assist in building the workforce while also serving as an active recruitment pool for advancement within the health and human services workforce, leading to promotional pathways and increased salaries.
- **Healthcare Workforce Advancement Fund**—\$90 million General Fund for the Employment Training Panel to support job entry and career advancement for entry-level and other workers in health and human service settings, with \$40 million intended for social worker training.
- **Multilingual Health Initiatives**—\$60 million General Fund to expand scholarships and loan repayment programs in healthcare and social work for multilingual applicants, with the goal of increasing language and cultural competencies throughout the care workforce.
- **Emergency Medical Services Corps**—\$60 million General Fund to expand Emergency Medical Technicians, in partnership with local public health systems and their contracted emergency medical providers.
- **Opioid Treatment**—\$26 million to train providers to build out the substance use disorder (SUD) workforce with a focus on opioid treatment. Funding will be used to increase the number of licensed clinicians, including providers focused on addiction. Funding will also provide supportive employment services to people with SUD issues to transition them into ongoing employment.
- **Clinical Infrastructure: Reproductive Health**—\$20 million one-time General Fund to support clinical infrastructure for reproductive health care services by providing scholarships and loan repayments, administered by the Department of Health Care

Access and Information, to a variety of health care providers who commit to providing reproductive health care services.

- **Indian Health Program Grant Restoration**—The Budget includes \$12 million one-time General Fund for Tribal Health Programs. This funding will promote the retention of the health care workforce that serves these programs and decrease the health disparities experienced by Native Americans. Please see the Health and Human Services Chapter for more details.
- **Workforce Council for Healthcare Training**—\$3 million General Fund to leverage the Department of Health Care Access and Information's Health Workforce Education and Training Council to research healthcare shortages and support research on best practices and strategies to build a diverse, culturally competent workforce to build the health care workforce.

EXPANDING EDUCATION WORKFORCE TRAINING

The Budget includes \$54.4 million in combined Proposition 98 General Fund and General Fund to build upon multi-year investments in the 2021 Budget Act to support immediate efforts to enhance schools' ability to hire qualified teachers and substitutes. This investment builds upon significant multi-year teacher pipeline investments included in the 2021 Budget Act, including investments available over a five-year period that total more than \$2.9 billion. See the K-12 Education Chapter for more information on the Educator Workforce.

IMMIGRANT WORKFORCE

Immigrants bolster California's workforce across industries and are essential to a competitive and diverse labor force that meets existing and future needs. A California for All approach recognizes the skills and expertise of immigrants and creates pathways into good jobs.

The Budget invests in innovative and evidence-based practices that increase immigrant participation in the labor market and in quality jobs, which in turn supports more stable communities, increased income and business tax revenue, and increased educational attainment and employment success for immigrant families and their children. These investments will work alongside other investments to utilize the talent and innovation of immigrant Californians to meet critical gaps for the states' economy and further equity,

including for the care economy and more. See the General Government and Statewide Issues Chapter for more information on Immigration: Innovation and Inclusion.

The Budget includes \$60 million one-time General Fund under the Labor Agency for these purposes, including:

- **Integrated Education and Training**—\$30 million to the Employment Development Department's Workforce Services Branch to expand the English Language Learner pilots in the Integrated Education and Training programs to 15 sites across the state. These programs will combine contextualized English language instruction with vocational skills training for in-demand occupations.
- **Workforce Literacy**—\$20 million for the Employment Training Panel to expand workplace literacy training in contextualized English, digital skills, and technical skills training for incumbent workers. This will enable employers to build skilled workforces and increase employee retention and provide pathways to higher wages and better jobs for immigrants.
- **California Youth Leadership Program Language Justice Pathway**—\$10 million to expand earn-and-learn community change career pathways for community college students through the California Youth Leadership Corps, a new statewide partnership between the Labor Agency, the Community Learning Partnership, selected California community colleges, local nonprofit organizations, and community partners.

PAY EQUITY AND WORKFORCE RIGHTS

Workforce equity, including pay equity, is strengthened by initiatives that make laws and protections more accessible to workers. The Budget includes \$1.4 million in ongoing General Fund investments to improve awareness of workplace rights and enforcement against those that violate labor laws.

- **Pay Equity Data**—\$716,000 ongoing General Fund and 4 positions for the Department of Fair Employment and Housing to focus on collecting and analyzing pay data.
- **Reaching Every Californian Outreach Campaign**—\$650,000 ongoing General Fund for the Department of Industrial Relations to provide outreach and education to expand the Reaching Every Californian outreach campaign to inform workers of their rights.

In addition, state government is strengthening its efforts to attract and retain a world-class workforce that reflects all of California's diversity, through an initiative to advance equity and inclusion, led by the California Department of Human Resources.

THE PANDEMIC'S IMPACT ON UNEMPLOYMENT INSURANCE

The Employment Development Department (EDD) faced extraordinary challenges during the COVID-19 Pandemic—with the state's unemployment rate rising from 4.3 percent in February 2020, to 16 percent by April 2020. To help address the processing of unemployment claims and improve customer service, the 2021 Budget Act invested \$387.3 million General Fund over two years towards acute challenges and long-term planning to improve EDD. In the near term, EDD acquired contracts to address deferred workloads and hired staff for in-person Unemployment Insurance (UI) assistance. These resources allowed EDD to begin longer-term planning to implement direct deposit options for UI benefits and to incorporate the lessons of the pandemic and findings of the EDD Strike Team and California State Auditor into the Benefits System Modernization Project. EDD anticipates an update to its Benefits Systems Modernization plans in the spring of 2022.

ADDRESSING CHALLENGES

The Budget includes \$133.9 million (\$121.2 million General Fund) in limited-term resources to continue supporting the Department's development of IT systems, improve service for claimants, and protect the state from fraud, while EDD identifies longer-term plans. These funds are necessary as federal funding to support the administration of benefits will decline as the claims decline. These investments include:

- **Continuing Vendor Contracts**—\$96.3 million (\$86 million General Fund) in 2022-23 and \$45.1 million (\$36.8 million General Fund) for 2023-24 and 2024-25 to continue benefit service contracts that include essential document upload services, claims review, testing consultants for EDD products, as well as fraud prevention services.
- **Information Technology Branch Technology Modernization**—\$23.5 million General Fund and 122 positions for three years to maintain and improve benefit system usability to better serve claimants and remain hardened against fraud.
- **Cybersecurity Resources**—\$9.4 million General Fund for three years to support cybersecurity and prevention efforts to improve the security and integrity of EDD IT systems, which hold tax data and other personal information.

- **Unemployment Insurance Command Center**—\$2.1 million General Fund and 10 positions for three years for a UI Command Center that centralizes UI branch management, supports UI data analytics, and enhances training to improve customer service.

UNEMPLOYMENT INSURANCE DEBT

In 2020, the federal government allowed states to borrow federal funds to pay regular UI benefits. The state's UI Trust Fund, which went insolvent in March 2020, borrowed significant sums of money to pay benefits and now owes over \$19.4 billion to the federal government. The debt is anticipated to have substantial costs to the state and the state's employers over the coming years. To assist the state and employers with this out-year pressure, the Budget proposes:

- **UI Debt Payment**—\$3 billion General Fund over two years (\$1 billion in 2022-23, and \$2 billion General Fund in 2023-24) to pay down a portion of the UI debt. So long as the UI trust fund is insolvent, state employers, beginning in 2023, will begin to see federal tax credit reductions of 0.3 percent per year until the fund returns to solvency. To reduce this debt and defray future liabilities owed by the state and employers, these payments will accelerate the timeline for the debt's payoff and, in doing so, reduce future taxes paid against the state's employers and reduce the amount the state pays on the debt's interest payments.
- **UI Interest**—\$470.1 million one-time General Fund to pay the forecasted UI interest payment, which will accrue over the full federal fiscal year and come due in September 2022.