



May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support and Local Assistance, Employment Development Department, and Amendment to Item 7120-001-0890, Support, California Workforce Development Board

Unemployment Insurance (UI) Program Administration Adjustment—It is requested that funding for the UI Program be revised to reflect workload reductions due to an improving economy. Additionally, this request includes a fund shift from two special funds, Employment Development Department (EDD) Benefit Audit Fund and Contingent Fund, to the General Fund as a result of lower than expected revenues from participation in the federal Treasury Offset Program. This will provide the EDD the resources required to maintain the current unemployment insurance program service levels.

This request includes changes to the following items:

- Increase Item 7100-001-0001 by \$19,651,000 and 154.1 positions
- Decrease Item 7100-001-0184 by \$23,611,000 and 185.2 positions
- Increase Item 7100-001-0185 by \$3,960,000 and 31.1 positions
- Decrease Item 7100-001-0870 by \$4,513,000 and 46.9 positions
- Decrease Item 7100-011-0890 by \$4,513,000 (non-add item)

UI Loan Interest Rate Reduction—It is requested that Item 7100-002-0001 be decreased by \$13,060,000 to reflect a reduction in interest due to the federal government for borrowing that has occurred to provide unemployment benefits without interruption.

UI Benefit Adjustments—It is requested that Items 7100-101-0871 and 7100-111-0890 both be decreased by \$124,420,000 to reflect a projected decrease in UI benefit payments due to historical trends and benefit payment projections.

Additionally, the UI benefit authority in fiscal year 2015-16 is being decreased by \$358,176,000 due to an overall improvement in the economy and fewer weeks paid per claim.

Disability Insurance (DI) Benefit Adjustments—It is requested that Item 7100-101-0588 be decreased by \$315,038,000 to reflect a projected decrease in DI benefit payments due to lower anticipated average weekly benefit payments.

Additionally, the DI benefit authority in 2015-16 is decreased by \$131,509,000 based on a decrease of current year benefit durations.

School Employees Fund Adjustments—It is requested that Item 7100-101-0908 be increased by \$11 million to reflect a projected increase in benefit payments from the School Employees Fund due to updated funding forecasts.

Additionally, the benefit authority in 2015-16 is increased by \$12,583,000 along with technical adjustments to align budget authority for these operations.

Workforce Innovation Opportunity Act (WIOA) Discretionary Fund Adjustments—It is requested that Items 7100-001-0869 and 7100-021-0890 be increased by \$24,006,000 and 58 positions to reflect an increase in discretionary funds from 10 percent to 15 percent of the federal allotment. This includes a \$1,396,000 increase in Rapid Response funding and a \$22,610,000 increase in Governor's discretionary funding to continue key workforce initiatives such as the Slingshot Program, Regional Workforce Accelerator Grant Program, and the Governor's Award for Veterans' Grants. Additionally, these resources will provide additional enhancements to CalJobs, provide grants to high-performing local workforce development boards, provide technical assistance and training for local boards, increase the UI presence in America's Job Centers of California, as well as increase administrative resources to implement the new requirements of the WIOA.

It is also requested that Item 7120-001-0890 be increased by \$515,000 and 9 positions to augment the California Workforce Development Board's staff to handle the new workload and responsibilities under the WIOA. These staff will provide increased technical assistance to local workforce boards, engage with employers to meet their workforce needs, develop and analyze performance evaluation outcomes, and review the increase in applications for the expansion of the Workforce Accelerator and Slingshot programs.

WIOA Local Assistance Adjustments—It is requested that Items 7100-101-0869 and 7100-101-0890 be decreased by \$3,311,000 to align budget authority with current federal allotments for local area activities. The benefit authority in 2015-16 is also being decreased by \$834,000 to align with the federal youth activities funding.

Implementation of DI and Paid Family Leave Replacement Rate Increase— It is requested that Item 7100-001-0588 be increased by \$5,028,000 and 12.1 positions to provide the resources for the implementation of Chapter 5, Statutes of 2016 (AB 908), which raises the replacement rate for the DI and paid family leave programs. This includes programming changes to two of EDD's major information technology systems: the Single Client Database and State Disability Insurance Online.

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 Mark Tollefson, Principal Program Budget Analyst, at (916) 322-2263.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. David Lanier, Secretary, Labor and Workforce Development Agency
Mr. Jay Sturges, Assistant Secretary for Fiscal Policy, Labor and Workforce Development Agency
Mr. Greg Williams, Deputy Director, Administration Branch, Employment Development Department
Mr. Tad Allred, Chief, Fiscal Programs Division, Administration Branch, Employment Development Department
Mr. Tim Rainey, Executive Director, California Workforce Development Board