



May 11, 2018

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, 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

Employment Development Department (EDD) Accounting Resources—It is requested that Item 7100-001-0185 be increased by \$3,475,000 and 8 positions and Item 7100-001-0588 be increased by \$3,475,000 and 7 positions, totaling \$6,950,000 and 15 positions to provide EDD resources to complete accounting transactions in its legacy system to meet federal reporting requirements necessary to provide unemployment benefits without interruption while also transitioning to a more modern accounting platform in the Financial Information System for California. This includes accounting staff and up to \$5 million for vendor services to manage this temporary additional workload and allow for successful transition to the new system.

Additionally, it is requested that provisional language be added to Items 7100-001-0185 and 7100-001-0588 to extend the encumbrance period until June 30, 2020 (see Attachment 1).

Unemployment Insurance (UI) Loan Interest Rate Increase—It is requested that Item 7100-002-0001 be increased by \$300,000 to reflect an increase in interest due to the federal government for borrowing that has occurred to provide unemployment benefits without interruption.

Workforce Innovation Opportunity Act (WIOA) Discretionary Fund Adjustments—It is requested that Items 7100-001-0869 and 7100-021-0890 each be increased by \$1,747,000 to reflect funds carried forward from the prior year and an increase in discretionary funds from the federal allotment. This includes a \$3,114,000 increase in WIOA discretionary administration funds, a \$1,770,000 decrease of WIOA program funds, and a \$403,000 increase in Rapid Response funding. This adjustment also includes increased funding for the Regional Workforce Accelerator Program and High Performing Boards, but reduced funding for the Slingshot 2.0 Program, Model Multiple-Employer Industry Sector Programs, and Services for In-School At-Risk Youth program to align authority with anticipated funding.

Disability Insurance (DI) Benefit Adjustments—It is requested that Item 7100-101-0588 be increased by \$172,066,000 to reflect a projected increase in benefit payments for the DI program as well as the Paid Family Leave program.

Additionally, the DI benefit authority in fiscal year 2017-18 is decreased by \$66,456,000 due to a decrease in the average weekly benefit amount.

WIOA Local Assistance Adjustments—It is requested that Items 7100-101-0869 and 7100-101-0890 each be increased by \$7,326,000 to align budget authority with current federal allotments for local area activities.

It is further requested that Provision 2 of Item 7100-101-0869 be added to allow the EDD to spend federal grant dollars for local youth programs if actual receipts are underestimated (see Attachment 1).

UI Benefit Adjustments—It is requested that Items 7100-101-0871 and 7100-111-0890 each be increased by \$6,114,000 to reflect a projected increase in UI benefit payments due to an increase in the average weekly benefit amount, while the unemployment rate is projected to remain steady.

Additionally, the UI benefit authority in 2017-18 is decreased by \$249,594,000 due to a decrease in unemployment levels.

School Employees Fund Adjustments—It is requested that Item 7100-101-0908 be increased by \$8,864,000 to reflect a projected increase in benefit payments from the School Employees Fund due to updated funding forecasts.

Additionally, the benefit authority in 2017-18 is increased by \$3,526,000 due to technical adjustments to align budget authority for these operations.

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 Danielle Brandon, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment
cc: On following page

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: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez Fletcher, Chair, Assembly Appropriations Committee
Attention: Mr. Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Nancy Skinner, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Jim Cooper, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Cheri West, Deputy Chief of Staff, 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, Fiscal Policy, Labor and Workforce Development Agency
Mr. Tad Allred, Deputy Director, Administration Branch, Employment Development Department
Mr. Caleb Horel, Chief, Fiscal Services, Employment Development Department

Add the following provision to Item 7100-001-0185:

4. Of the amount appropriated in this item, \$3,475,000 shall be available for encumbrance or expenditure until June 30, 2020 to assist with any work necessary for the Department to timely meet Federal quarterly reporting requirements in the legacy system and to successfully transition to solely using the Financial Information System for California (FI\$Cal). The Department of Finance, in consultation with the FI\$Cal Department, will verify quarterly progress to identify the continued need for funding from this item. Upon successful completion of all required federal reporting components from within FI\$Cal, the Department of Finance shall notify the Controller to revert any remaining amounts from this item.

Add the following provision to Item 7100-001-0588:

2. Of the amount appropriated in this item, \$3,475,000 shall be available for encumbrance or expenditure until June 30, 2020 to assist with any work necessary for the Department to timely meet Federal quarterly reporting requirements in the legacy system and to successfully transition to solely using the Financial Information System for California (FI\$Cal). The Department of Finance, in consultation with the FI\$Cal Department, will verify quarterly progress to identify the continued need for funding from this item. Upon successful completion of all required federal reporting components from within FI\$Cal, the Department of Finance shall notify the Controller to revert any remaining amounts from this item.

Add the following provision to Item 7100-101-0869:

2. Provision 3 of Item 7100-101-0588 also applies to this item.