

Budget Change Proposal - Cover Sheet

Fiscal Year: 2020-21
Business Unit: 0559
Department: Labor and Workforce Development Agency
Priority Number: 2
Budget Request Name: 0559-010-BCP-2020-GB
Program: 0350
Subprogram:

Budget Request Description: Department of Better Jobs and Higher Wages

Budget Request Summary: The Labor and Workforce Development Agency requests \$2.4 million General Fund and 10 positions in 2020-21. This will provide Agency the necessary resources to establish the directorate for the Department of Better Jobs and Higher Wages that will develop and align programmatic strategies and service delivery models to better meet California's workforce needs and proactively address the state's future of work challenges.

Requires Legislation: Yes No

Code Section(s) to be Added/Amended/Repealed:

Does this BCP contain information technology (IT) components? Yes No

If yes, departmental Chief Information Officer must sign.

Department CIO Name:

Department CIO Signature:

Signed On Date:

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project Number:

Project Approval Document:

Approval Date:

If proposal affects another department, does other department concur with proposal?

Yes No

Attach comments of affected department, signed and dated by the department director or designee.

Prepared By: Danielle Bulmer

Date: 1/2/2020

Reviewed By: Jay Sturges

Date: 1/2/2020

Department Director:

Date:

Agency Secretary: Julie Su

Date: 1/2/2020

Department of Finance Use Only

Additional Reviews: Capital Outlay: ITCU: FSCU: OSAE:

Department of Technology:

PPBA: Danielle Brandon

Date submitted to the Legislature: 1/10/2020

A. Budget Request Summary

The Labor and Workforce Development Agency (Agency) requests \$2.4 million General Fund and 10 positions in 2020-21. This will provide Agency the necessary resources to establish the directorate for the Department of Better Jobs and Higher Wages (Department) that will develop and align programmatic strategies and service delivery models to better meet California's workforce needs and proactively address the state's future of work challenges.

B. Background/History

The Agency, established in 2003, provides leadership to protect and improve the well-being of California's current and future workforce. The Agency oversees seven major departments, boards and panels that serve California businesses and workers, each of which have their own specialized functions and responsibilities.

These entities provide many services including the enforcement of California labor laws to protect workers and create an even playing field for employers, economic development activities that lead to job creation and improved economic competitiveness, and the coordination of workforce development activities with various public and private partners. The Agency plays a critical role in coordinating the state's resources to address our current and future workforce needs.

California's economy is undergoing a fundamental shift as a result of advancements in technology, along with the demands of combatting climate change. Specifically, the automation of jobs and expanded artificial intelligence capability will continue to have an impact on the type, quality, and number of jobs available in the 21st century economy. This presents a unique opportunity for California to shape the future of work in a proactive way.

Recognizing a future of shared prosperity for all Californians requires us to rethink and realign how we deliver our workforce education and training. To respond to the changing needs of our economy, the state must shape an equitable, sustainable and inclusive workforce of the future where people are equipped with the education, skills and abilities to participate in the workforce that aligns with the needs of the new economy. This proposal will provide an improved integrated approach to administering workforce and training programs in order to be responsive to the changing needs of our workforce.

This proposed reorganization plan consolidates the workforce functions within the Agency into a new department under a unified executive leadership with a shared vision, mission and policy objectives. The new department will be comprised of existing employment, training, and data collection services currently provided by the California

Workforce Development Board (CWDB), Employment Development Department (EDD), the Department of Industrial Relations Division of Apprenticeship Standards (DAS), and the Employment Training Panel (ETP). The following is a brief description of the relevant workforce programs of each department.

The Employment Development Department

EDD provides a comprehensive range of employment and training services in partnership with state and local agencies and organizations through numerous America's Job Center of California locations. EDD administers several federal employment and training programs, the largest being the Workforce Innovation and Opportunity Act (WIOA) and the Wagner-Peyser Act, in addition to numerous workforce-related programs.

California Workforce Development Board

CWDB assists the Governor in performing the duties and responsibilities required by the WIOA. CWDB is responsible for the oversight and continuous improvement of the workforce system in California, which encompasses a wide array of work, including policy development; workforce support and innovation; and performance assessment, measurement and reporting.

Department of Industrial Relations Division of Apprenticeship Standards

DAS administers California's apprenticeship law and approves apprenticeship standards for wages, hours, working conditions, and the specific skills required for state certification as a journey person in an occupation appropriate for apprenticeship. DAS creates opportunities for Californians to gain employable lifetime skills and provides employers with a highly skilled and experienced workforce while strengthening California's economy.

Employment Training Panel

ETP provides funding to employers to assist in upgrading the skills of their workers through training that leads to good paying, long-term jobs. ETP's role in the workforce and economy is moving large numbers of unemployed workers quickly into employment and saving the jobs of workers threatened with displacement.

In a related effort, the Governor signed Executive Order N-17-19 to establish a Future of Work Commission to prepare the state's workforce and state government for changes in the economy. The Commission is tasked with evaluating the state's economy and making recommendations to help state leaders think through how to create inclusive, long-term economic growth and ensure workers and their families share in that success.

Resource History

Dollars in thousands

Program Budget	PY-4	PY-3	PY-2	PY-1	PY
Authorized Expenditures	\$2,360,000	\$2,622,000	\$2,743,000	\$2,941,000	\$3,056,000
Actual Expenditures	\$2,294,000	\$2,768,000	\$2,710,000	\$2,831,000	\$2,701,000
Authorized Positions	11.0	12.0	13.0	13.0	13.0
Filled Positions	12.5	12.3	11.2	13.3	10.8

C. State Level Considerations

The Department's executive staff will be guided by the Agency to promote innovation, efficiency and customer service to address California's diverse workforce needs. Additionally, the Department will work with state and federal workforce partners including higher education to promote equity and accessibility to the diverse training programs that will help provide career pathways to job seekers and a skilled workforce to keep employers competitive on California's economy.

D. Justification

The Agency has a critical role in coordinating the state's workforce resources to support an equitable and inclusive economy of the future. The Department will be established within the Agency and will completely integrate policy development and workforce innovation with existing employment, training, and data collection services currently provided by the CWDB, EDD, DAS, and ETP.

Consolidating programs currently contained in four separate entities into a single department allows for additional restructuring of these programs in the future based on our customers' evolving needs. It also creates a better environment for embracing bold ideas for improving the lives of Californians by supporting opportunities to create good jobs with a career pathway to upward mobility.

The Department will benefit job seekers and workers who need good jobs, companies and industries that need talent to compete and grow jobs, and workforce practitioners who need the best possible tools to be effective. Those tools include coordinated and deliberate industry engagement, expanded apprenticeship opportunities; coordinated, intensive, and navigable job seeker services; aligned grant making to drive innovative workforce approaches; and comprehensive data, policy, and program analysis that

makes certain California's workforce investments are high quality and are achieving desired outcomes.

To support the new Department, additional resources are necessary to oversee the workforce programs and enhance the Agency's strategic operations to meet the future of work challenges. The resources will allow for a more strategic approach in the administration and support of those programs. In addition, the resources will provide the integration and alignment of the workforce and training programs across the state, regional, and local workforce partners. Specifically, in support of its statutorily required mission, the Agency requests the following additional staff:

Director – The Director coordinates, organizes, plans and provides operational direction for the Workforce Innovation and Opportunity Act, Employment Services, Apprenticeship Standards, and incumbent worker training programs in alignment with the Governor's vision for providing workforce services to job seekers and employers in California's economy. The Director works closely with the Labor Secretary and the Governor's Office to ensure workforce programs are aligned with federal and state regulations and meet the needs of California's diverse workforce system.

Chief Deputy Director – The Chief Deputy Director develops, reviews, communicates, and implements the Director's policies as well as evaluates and oversees the administration of all the programs within the Department. The Chief Deputy Director represents the Department in meetings or related functions involving other governmental agencies, manpower employment agencies, community based organizations, interest groups and professional associations.

Chief Counsel – The Chief Legal Counsel plans, organizes and directs the work of the legal staff of the Department engaged in representing the department in legal proceedings. The Chief Counsel serves as a key advisor to the Director, provides counsel and policy advice to the directorate on a broad range of legal matters, oversees the promulgation of departmental regulations and provides legal opinions to the administrative staff in the department and to the public. In addition, the chief legal counsel assists the Attorney General's Office in court cases, and ensures the legality of the Department's policies and procedures.

Public Affairs Deputy Director – The Public Affairs Deputy Director provides leadership and policy direction for the communication activities of the Department. In addition, the Deputy Director has full responsibility for the development and implementation of departmental policy in respects to marketing, writing, graphics, translations, standards, media relations, website, social media content, and usability aspects of web-based applications.

CEA C, Deputy Director Policy, Research and Evaluation – The Deputy Director Policy,

Research and Evaluation provides administrative and programmatic direction to branch staff engaged in crafting policy and evaluating program outcomes to ensure services are in alignment with the Governor's vision for providing workforce services. The Deputy Director also identifies critical policy issues and develops policy recommendations and alternatives to facilitate executive decision making and issue resolution.

CEA C, Deputy Director Administration – The Deputy Director Administration provides administrative direction to branch staff engaged in carrying out fiscal, contracting, human resources, labor relations and information technology activities for the department. The Deputy Director also provides fiscal oversight for over workforce grant administration and develops policy recommendations and alternatives to facilitate executive decision making and issue resolution tied to administrative functions.

CEA C, Deputy Director Industry Engagement – The Deputy Director Industry Engagement provides administrative and programmatic direction to branch staff carrying out industry engagement activities. Activities include providing guidance and direction on expanding apprenticeships statewide, building training programs that meet specific industry needs, improving access to incumbent worker training and expanding employer engagement activities in order to ensure employers have trained staff to stay competitive in California's economy.

Staff Services Manager II, Assistant Director – The Assistant Director provides direct support to the Director. The Assistant Director leads workgroups, coordinates and facilitates meetings with internal and external stakeholders for the Department. The assistant director acts as a liaison for the Department on all workforce programs and develops internal communications on behalf of the Director, coordinates policy discussions with executive staff and facilitates and initiates communications between the directorate and stake holders.

Staff Services Manager II, Assistant Chief Deputy Director – The Assistant Chief Deputy Director provides direct support to the Chief Deputy Director and administrative oversight to directorate staff. The Assistant Chief Deputy Director objective, independent advice and recommendations on significant policy issues and/or activities affecting the full range of departmental programs, leads the development and implementation of major departmental initiatives, and implements and monitors controls to ensure the continued efficient operation of the Department.

Executive Secretary II – The executive secretary schedules and coordinates and manages appointments for the director's office and drafts executive correspondence for internal and external stakeholders, Agency and the Governor's office. The executive secretary also provides administrative support to directorate staff and is the gatekeeper for information requests submitted to the directorate.

E. Outcomes and Accountability

The additional staff will bring a strategic approach to California's workforce programs and provide an integrated vision for services delivered to job seekers and employers throughout the state. The new vision will help California enhance and grow apprenticeships and will integrate access to incumbent worker training to create a pipeline of skilled workers for California employers.

Consolidating all the existing workforce and training programs into one department with a dedicated mission will offer the following benefits:

1. It provides equity for all workforce participants to share in the State's prosperity by structuring programs and formulating policies so workers, regardless of race, economic background, and prior education, will have a chance at the reskilling, upskilling, and training needed for a better future.
2. It provides efficiency by bringing current resources, programs, and training together in a well-coordinated system. The plan unifies programs currently operating in four distinct entities and provides one proactive vision and a common mission.
3. It enhances customer service by bringing existing standalone workforce delivery systems together that actively engages employers both large and small, expands apprenticeship opportunities, and creates easy-to-navigate job seeker assistance options. It also streamlines policy development and the acquisition of additional grants.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve the request

Pro

These positions will allow the Agency to hire the executive staff for the Department of Better Jobs and Higher Wages. The executive leadership will provide programmatic and strategic guidance in alignment with the Governor's vision for carrying out workforce services to California's economy.

Con

This will increase General Fund expenditures.

Alternative 2: Maintain status quo

Pro

No additional resources will be required.

Con

Without the funding, the Agency would have to delay the hiring of the Executive staff for the Department of Better Jobs and Higher Wages. The delays would prevent the

Agency from fully implementing the Governor's vision for aligning workforce services in California.

Alternative 3: Fund with reimbursements from Agency departments

Pro

No additional General Fund resources will be required.

Con

Departments will have to redirect funding away from their primary missions (health and safety enforcement, labor law enforcement, revenue collection, benefit payments, etc.) to fund executive staff administering program services in the Department.

G. Implementation Plan

May 2020 Prepare CEA Action Proposals and personnel requests for all authorized positions.

June 2020 Advertise and recruit vacant positions.

July 2020 Interview applicants.

July 2020 Fill vacant positions.

H. Supplemental Information

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I. Recommendation

Approve 10 positions and \$2.4 million General Fund in 2020-2021.

BCP Fiscal Detail Sheet

BCP Title: Department of Better Jobs and Higher Wages

BR Name: 0559-010-BCP-2020-GB

Budget Request Summary

Personal Services

Personal Services	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
Positions - Permanent	0.0	10.0	0.0	0.0	0.0	0.0
Total Positions	0.0	10.0	0.0	0.0	0.0	0.0
Earnings - Permanent	0	1,323	0	0	0	0
Total Salaries and Wages	\$0	\$1,323	\$0	\$0	\$0	\$0
Total Staff Benefits	0	738	0	0	0	0
Total Personal Services	\$0	\$2,061	\$0	\$0	\$0	\$0

Operating Expenses and Equipment

Operating Expenses and Equipment	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5301 - General Expense	0	32	0	0	0	0
5302 - Printing	0	3	0	0	0	0
5304 - Communications	0	17	0	0	0	0
5320 - Travel: In-State	0	16	0	0	0	0
5322 - Training	0	1	0	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	310	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$379	\$0	\$0	\$0	\$0

Total Budget Request

Total Budget Request	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
Total Budget Request	\$0	\$2,440	\$0	\$0	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
State Operations - 0001 - General Fund	0	2,440	0	0	0	0
Total State Operations Expenditures	\$0	\$2,440	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$2,440	\$0	\$0	\$0	\$0

Program Summary

Program Funding

Program Funding	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
0350 - Office of the Secretary of Labor and Workforce Development	0	2,440	0	0	0	0
Total All Programs	\$0	\$2,440	\$0	\$0	\$0	\$0

Personal Services Details

Positions

Positions	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
1245 - Exec Secty II	0.0	1.0	0.0	0.0	0.0	0.0
4969 - Staff Svcs Mgr II (Mgrial)	0.0	2.0	0.0	0.0	0.0	0.0
7500 - C.E.A.	0.0	3.0	0.0	0.0	0.0	0.0
VR00 - Various	0.0	4.0	0.0	0.0	0.0	0.0
Total Positions	0.0	10.0	0.0	0.0	0.0	0.0

Salaries and Wages

Salaries and Wages	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
1245 - Exec Secty II	0	52	0	0	0	0
4969 - Staff Svcs Mgr II (Mgrial)	0	190	0	0	0	0
7500 - C.E.A.	0	435	0	0	0	0
VR00 - Various	0	646	0	0	0	0
Total Salaries and Wages	\$0	\$1,323	\$0	\$0	\$0	\$0

Staff Benefits

Staff Benefits	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5150350 - Health Insurance	0	192	0	0	0	0
5150500 - OASDI	0	82	0	0	0	0
5150600 - Retirement - General	0	411	0	0	0	0
5150900 - Staff Benefits - Other	0	53	0	0	0	0
Total Staff Benefits	\$0	\$738	\$0	\$0	\$0	\$0

Total Personal Services

Total Personal Services	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
Total Personal Services	\$0	\$2,061	\$0	\$0	\$0	\$0