

Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Tuesday, June 10, 2025
State Capitol – Room 112
8:00 a.m.

Consultant: Diego Emilio J. Lopez
Part B – Labor & Public Employment
Vote-Only Calendar

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Public Comment

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Vote-Only Calendar

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY
7100 EMPLOYMENT DEVELOPMENT DEPARTMENT
7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD
7300 AGRICULTURAL LABOR RELATIONS BOARD
7320 PUBLIC EMPLOYMENT RELATIONS BOARD
7501 DEPARTMENT OF HUMAN RESOURCES (CALHR)
7900 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)
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9901 CONTROL SECTION 3.90
9901 CONTROL SECTION 3.91

Issue 1-47: Various Proposals

Issue	BU	Origin	Dept.	Subject	Description	Staff Recommendation
1	0559 7100 7120 7300 7350	Governor's Budget	Various	New Labor Agency Building Relocation	The Governor's budget requests \$10,359,000 and \$194,000 (reimbursements) in 2025-26, \$15,067,000 and \$93,000 (reimbursements) in 2026-27, \$16,221,000 and \$93,000 (reimbursements) in 2027-28, \$17,486,000 and \$93,000 (reimbursements) in 2028-29, and \$18,463,000 and \$93,000 (reimbursements) in 2029-30 and ongoing for the Labor and Workforce Development Agency, and the departments within it, to support the Workforce Management System,	Approve as budgeted.

					relocation and decommissioning activities, and increased lease costs associated with the move to the New Labor Agency Building (NLAB).	
2	0559	Governor's Budget/May Revision	Labor and Workforce Development Agency	Regional Coordination for Career Education	The Governor's January budget included \$4 million one-time General Fund to evaluate, in collaboration with the Executive Director of the State Board of Education, regional coordination models. The May Revision reduces this amount to \$1 million one-time General Fund.	Reject May Revision and fully reject the \$4 million from the Governor's January budget.
3	0559	Governor's Budget	Labor and Workforce Development Agency	Labor and Workforce Development Fund Loan to the General Fund	The May Revision includes a \$400 million loan from the Labor and Workforce Development Fund to the General Fund.	Approve May Revision.
4	7100	Governor's Budget	Employment Development Department	Continuation of Cybersecurity Staffing, Security Audit Logging and Data Security	The Governor's budget requests \$13.8 million ongoing (\$6.9 million General Fund and \$6.9 million Unemployment Compensation Disability Fund) and 29 positions, for EDD, to continue support for its Cybersecurity Program.	Approve as budgeted.
5	7100	Governor's Budget	Employment Development Department	EDDNext Modernization	The Governor's January budget requests \$124.2 million in 2025-26, funded equally by the General Fund and the Unemployment Compensation Disability Fund, for EDD, to	Approve as budgeted.

					continue the EDDNext customer service improvement effort.	
6	7100	May Revision	Employment Development Department (EDD)	Continuation of Operating System License Agreement	The May Revision includes \$4.1 million ongoing and \$1.5 million ongoing to support the continuation of EDD's Microsoft 365 enterprise license agreement.	Approve May Revision.
7	7100	May Revision	Employment Development Department (EDD)	Workforce Innovation and Opportunity Act Allocations	The May Revision includes \$22.8 million one-time and an increase of \$96.7 million one-time to align Workforce Innovation and Opportunity Act funding authority with estimated federal allocations.	Approve May Revision.
8	7100	May Revision	Employment Development Department (EDD)	Unemployment Insurance Loan Interest Payment	The May Revision includes \$8.5 million one-time to reflect an updated Unemployment Insurance loan interest payment estimate. In conjunction with the amount proposed at Governor's Budget, this will be used to fund the estimated interest payment of \$642.8 million.	Approve May Revision.
9	7100	May Revision	Employment Development Department (EDD)	EDDNext Reappropriation	The May Revision reappropriates \$163.4 million Unemployment Compensation Disability Fund included in the 2024 Budget Act for the EDDNext modernization projects to make funds available for an additional year, through June 30, 2026.	Approve May Revision.
10	7120	May Revision	California Workforce Development Board	Continuing Grant Workload	The May Revision includes \$1.5 million one-time to support the continuation of California Workforce Development Board grant administration and evaluation activities in fiscal year 2025-26.	Approve May Revision.

11	7120	May Revision	California Workforce Development Board	Extensions of Liquidation for Grant Funding	The May Revision includes budget bill language to extend the liquidation periods for various programs with grantees impacted by wildfires and other unanticipated delays to have additional time for program implementation and service delivery.	Approve May Revision.
12	7120	May Revision	California Workforce Development Board	Continuing Grant Workload	The May Revision includes a reversion and new appropriation of \$1.5 million General Fund included in the 2021 Budget Act to continue grant implementation and evaluation workload from one-time grant programs in 2025-26, including \$150 million in local assistance as part of the Job and Economic Resilience grant package funded in the 2021 Budget Act.	Approve May Revision.
13	7120	Legislature	California Workforce Development Board	Helping Justice-Involved Reenter Employment (HIRE) Initiative	The Legislature's plan includes \$23 million one-time to support the Helping Justice-Involved Reenter Employment (HIRE) Initiative.	Approve as proposed.
14	7300	Governor's Budget	Agricultural Labor Relations Board	Increased Workload Related to Chapter 7, Statutes of 2023	The Governor's January budget requests 7 positions and \$1,873,000 in 2025-26 and ongoing from the Labor and Workforce Development Fund, for the Agricultural Labor Relations Board (ALRB),	Approve as budgeted.
15	7320	Governor's Budget/May Revision	Public Employment Relations Board	Attorney Classification Realignment (BCP Withdrawn)	The Governor's January budget included \$115,000 in fiscal year 2025-26 and ongoing to provide funding to improve the organizational structure and supervision of the Office of the General Counsel in line with the 2023 Attorney Class consolidation. The May Revision withdraws this proposal.	Approve May Revision.

16	7320	Legislature	Public Employment Relations Board	Increase Capacity and Funding for Training and Outreach	The Legislature's plan includes \$2 million one-time General Fund to increase case processing capacity and provide training and resources.	Approve this proposal.
17	7350	May Revision	Department of Industrial Relations	California Department of Technology Rate Increases	The May Revision includes \$1 million ongoing to fund additional costs associated with California Department of Technology rates based on the Department of Industrial Relations' (DIR's) current utilization of systems and services.	Approve May Revision.
18	7350	May Revision	Department of Industrial Relations	Public Works Information Technology System Enhancements	The May Revision includes \$19.1 million one-time and provisional language be added to support the continuation of enhancements to DIR's Public Works Information Technology System.	Approve May Revision and adopt placeholder budget bill language.
19	7350	May Revision	Department of Industrial Relations	Apprenticeship Training Grant Augmentation	The May Revision includes \$18.2 million one-time to support the expansion of building and construction trade apprenticeship grants in fiscal year 2025-26. The Governor's January budget included \$3 million Apprenticeship Training Contribution Fund for this purpose. The increase in apprenticeship grant funding proposed will facilitate an increase in building and construction workforce development statewide.	Approve May Revision.
20	7350	Legislature	Department of Industrial Relations	Garment Worker Center Pilot Program	The Legislature's plan includes \$12 million one-time Labor and Workforce Development Fund to support the Garment Worker Center Pilot Project.	Approve as proposed.

21	7350	Legislature	Department of Industrial Relations	California Workplace Outreach Program Expansion (CWOP)	The Legislature's plan includes \$13 million one-time Labor and Workforce Development Fund to support an expansion of the California Workplace Outreach program.	Approve as proposed and adopt placeholder trailer bill language.
22	7350	Governor's Budget	Department of Industrial Relations	Administrative Support	The Governor's January budget includes \$2.4 million various special funds and 17.0 positions in 2025-26 and ongoing to address the growing administrative need within DIR's divisions.	Approve as budgeted.
23	7350	Governor's Budget	Department of Industrial Relations	Audit & Enforcement Unit	The Governor's January budget requests \$3.2 million Workers' Compensation Administration Revolving Fund (WCARF) and 16.5 permanent positions in 2025-26, and \$2.9 million WCARF in 2026-27 and ongoing, for DIR, to enable the Audit and Enforcement Unit within the Division of Workers' Compensation (DWC)	Approve as budgeted.
24	7350	Governor's Budget	Department of Industrial Relations	Cal/OSHA Data Modernization	The Governor's January budget requests \$18.2 million Labor and Workforce Development Fund in 2025-26 to continue the development of the Division of Occupational Safety and Health's information technology system	Approve as budgeted.
25	7350	Governor's Budget	Department of Industrial Relations	Domestic Worker Definitions (SB 1350)	The Governor's January budget included \$1.2 million Occupational Safety and Health Fund (OSHF) and 4.5 positions in 2025-26 and \$1.1 million OSHF and 4.5 positions in 2026-27 and ongoing to provide resources for the Division of Occupational Safety and Health to	Approve as budgeted.

					implement the new requirements of Chapter 895, Statutes of 2024 (SB 1350).	
26	7350	Governor's Budget	Department of Industrial Relations	Electronic Adjudication Management System Modernization	The Governor's budget requests \$25.8 million one-time Labor and Workforce Development Fund, for DIR,	Approve as budgeted.
27	7350	Governor's Budget	Department of Industrial Relations	Occupational Safety and Health Standards Board Rulemaking Support	The Governor's January budget includes \$301,000 Occupational Safety and Health Fund (OSHF) and 1 position in 2025-26, \$588,000 OSHF and 2 positions in 2026-27, \$874,000 OSHF and 3 positions in 2027-28, and \$857,000 OSHF and 3 positions ongoing for the Occupational Safety and Health Standards Board (OSHSB or Standards Board) to assist with the rulemaking backlog and increase workload levels.	Approve as budgeted.
28	7350	Governor's Budget	Department of Industrial Relations	Property Service Worker Protection (AB 2364)	The Governor's budget includes \$900,000 one-time various special funds to commission a study on improving worker safety and safeguarding employment rights in the janitorial industry, and to convene an advisory committee to make recommendations regarding the scope of the study consistent with Chapter 394, Statutes of 2024 (AB 2364).	Approve as budgeted.

29	7350	Governor's Budget	Department of Industrial Relations	Schools' Occupational Injury & Illness Prevention Programs	The Governor's January budget includes \$170,000 Workers' Compensation Administration Revolving Fund (WCARF) annually from 2025-26 through 2027-28 to allow the Commission on Health and Safety and Workers' Compensation to assist schools in establishing effective occupational Injury and Illness Prevention Programs.	Approve as budgeted.
30	7350	Governor's Budget	Department of Industrial Relations	Subsequent Injuries Benefits Trust Fund Workload	The Governor's January budget requests \$2.7 million Workers' Compensation Administration Revolving Fund (WCARF) and 15 permanent positions in 2025-26 and \$2.5 million WCARF in 2026-27 and ongoing,	Approve as budgeted.
31	7350	Governor's Budget	Department of Industrial Relations	Workplace Violence Prevention Plans in Hospitals (AB 2975)	The Governor's January budget includes 0.5 permanent positions and \$125,000 in 2029-30 and ongoing from the Occupational Safety and Health Fund to implement Chapter 749, Statutes of 2024 (AB 2975).	Approve as budgeted.
32	7350	Governor's Budget	Department of Industrial Relations	DIR Employer Assessment Regulatory Alignments	The Governor's January budget includes trailer bill language that combines the statute for all six assessments, streamline fund administration, and other conforming changes.	Adopt placeholder trailer bill language.
33	7501	May Revision	Department of Human Resources	Telework Policy Move - TBL	The May Revision includes trailer bill language that proposes statutory changes to the State Employee Telecommuting Program.	Reject without prejudice.
34	7501	May Revision	Department of Human Resources	Non-Industrial Disability Insurance (NDI) Technical Fix - TBL	The May Revision includes trailer bill language that proposes technical statutory changes related to Non-Industrial Disability Insurance.	Adopt placeholder trailer bill language.

35	7501	Governor's Budget	Department of Human Resources	CalHR Internal Content Management System/Intranet	The Governor's January budget requests \$1.5 million General Fund in 2025-26 and \$500,000 General Fund in 2026-27, for the Department of Human Resources (CalHR) to replace its Internal Content Management System/Intranet.	Approve as budgeted.
36	7501	Governor's Budget/May Revision	Department of Human Resources	Diverse, Ethnic, and Community Media Outreach (AB 1511)	The Governor's January budget included 1.0 position and \$5.2 million various funds in 2025-26 and \$5.2 million various funds in 2026-27, 2027-28, and 2028-29 and \$160,000 various funds ongoing to maximize the use of ethnic and community media outlets for advertising and outreach, expanding the state's ability to reach California's diverse communities in accordance with Assembly Bill 1511. The May Revision withdraws this proposal.	Approve May Revision.
37	7501	Governor's Budget/May Revision	Department of Human Resources	LMS Consolidation with CalHR and DGS	The Governor's January budget requests 1 position and a total of \$399,000 General Fund for 2025-26 and \$392,000 General Fund ongoing, for CalHR, to address the consolidation of three statewide training systems into one Statewide LMS. The May Revision withdraws this proposal.	Approve May Revision.
38	7501	Governor's Budget	Department of Human Resources	Recruitment System Enhancements	The Governor's January budget requests \$300,000 General Fund in 2025-26, \$450,000 General Fund in 2026-27, and \$400,000 General Fund in 2027-28 and ongoing to invest in the State Recruitment platform and Examination and Certification Online System (ECOS) to continue to support Anonymous Hiring.	Approve as budgeted.

39	7501	Governor's Budget	Department of Human Resources	Savings Plus' Education & Outreach Travel Reimbursements	The Governor's January budget requests a \$79,000 augmentation to the Savings Plus' Deferred Compensation (DC) fund for 2025-26 and ongoing to fund travel costs that are currently prefunded by Savings Plus' Third-Party Administrator (TPA) Nationwide Retirement Solutions (Nationwide) and reimbursed by the Program's contracted Investment Managers.	Approve as budgeted.
40	7501	Legislature	Department of Human Resources	In-Home Supportive Services (IHSS) Collective Bargaining	The Legislature's plan includes \$3.3 million one-time General Fund to support IHSS collective bargaining.	Approve this proposal.
41	7900	Governor's Budget	Public Employees Retirement System (CalPERS)	State Employees' Retirement Contributions	The Governor's January budget includes \$9.1 billion (\$4.9 General Fund) for the statutorily required annual contribution to CalPERS for state pension costs in 2025-26	Approve as budgeted.
42	7900	May Revision	Public Employees' Retirement System	Proposition 2 Supplemental Pension Payment - TBL	The May Revision includes trailer bill language for statutory changes related to the Proposition 2 Supplemental Pension Payment.	Adopt placeholder trailer bill language.
43	7920	Governor's Budget	State Teachers' Retirement System (CalSTRS)	Annual Retirement Contributions	The Governor's January budget includes \$4.6 billion General Fund for the statutorily required annual state contributions to CalSTRS in 2025-26.	Approve as budgeted.

44	7920	Governor's Budget	State Teachers' Retirement System (CalSTRS)	Enterprisewide Operational Support	The Governor's January budget requests \$6.3 million Teachers' Retirement Fund ongoing, for the State Teachers Retirement System (CalSTRS), for enterprise-wide operational support. This includes \$2.6 million to establish 15 permanently authorized positions. In addition, this proposal includes \$3.7 million for various information technology (IT) service contracts.	Approve as budgeted.
45	9901	May Revision	Control Section 4.05	State Operations Reductions	The May Revision assumes savings of \$1.6 billion (\$1.175 General Fund) from reductions to state operations achieved pursuant to Control Section 4.05. Control Section 4.05, was adopted as part of the 2024-25 Budget Act, and provided the Department of Finance (DOF) with the authority to reduce departmental General Fund budgets for state operations by up to 7.95 percent to achieve savings through operational efficiencies. The savings will be achieved in 2024-25, 2025-26 and ongoing, across nearly all state agencies and departments.	Approve the General Fund saving achieved pursuant to Control Section 4.05 and reject the non-General Fund savings for 2025-26 excluding specified special funds.

46	9901	May Revision	Control Section 4.12	Vacant Position Elimination	<p>The May Revision assumes saving of \$489.8 million (\$182 General Fund) from the elimination of 6002.4 vacant positions. Control Section 4.12 in the 2024 Budget Act established statewide administrative exercises led by DOF to achieve savings by limiting the ability of departments to fill vacant positions in 2024-25 and permanently eliminating those vacant positions and the related funding in 2025-26. The control section applied to all state entities except the Legislature, Legislative Counsel, universities, and the judicial branch.</p>	<p>Approve the General Fund savings of \$182 million associated with the vacant General Fund positions. Reject the non-General Fund savings excluding the specified special funds. Reject the May Revision proposal to eliminate the General Fund and non-General Fund positions. Adopt control section language suspending the elimination of 6002 vacant positions identified pursuant to Control Section 4.12 in the 2024 Budget Act until the enactment of the Budget Act of 2026.</p>
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47	9901	May Revision	Control Section 3.90 and 3.91	Employee Compensation and Collective Bargaining	<p>The May Revision proposes the addition of two new control sections and a reduction in employee compensation totaling \$767 million (\$283 million General Fund) in 2025-26.</p> <p>Control Section 3.90. This new control section would provide the Director of Finance with the authority to make reductions to employee compensation achieved through collective bargaining. If an agreement is not reached by July 1, 2025, the Director will have the authority to reduce compensation for those bargaining units that have failed to reach an agreement. The new control section applies to all 21 state employee bargaining units - seven bargaining units with contracts that expire on July 1, 2025 and are currently in negotiations and the 14 bargaining units with existing memoranda of understanding that expire in future years.</p> <p>Control Section 3.91. This new control section would suspend collectively bargained salary increases that are scheduled to become effective during fiscal year 2025-26. This will impact 14 bargaining units that have existing contracts that expire in future years and by suspending raises these units are scheduled to receive on July 1, 2025. The \$767 million (\$283 million General Fund) in savings proposed in the May Revision is generated by freezing employee</p>	Reject May Revision.
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					compensation at existing salary and wage levels and not implementing the collectively bargained increases scheduled for July 1, 2025.	
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