

**Governor's Budget Withdrawn or Sustained Issues  
Vote Only**

Issue	Department	BR Title	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
1	Department of Fair Housing and Employment	Paid Family Leave Trailer Bill Language				The Administration proposes trailer bill language to expand the California Family Rights Act to apply to employers with one or more employees. The CFRA provides up to 12 weeks of job protected leave for workers to bond with a new child or care for seriously ill family member. The TBL expands the CFRA to include familial relationships currently covered under the Paid Family Leave wage-replacement program. These relationships include siblings, grandparents, and parent-in-laws. Under this proposal, if both parents work for the same employer, they would now both be eligible to take up to 12 weeks of CFRA protected leave each. The TBL would allow employees to up to eight weeks of paid job protected leave when CFRA and PFL are taken concurrently.	Approve as proposed.
2	Employment Development Department	Implementation of Proposition 64: Cannabis Legalization Initiative	--	3,633,000	7	The January budget proposed \$3.6 million in 2020-21 to 2022-23 and \$1.6 million in 2023-24 and ongoing from the Cannabis Tax Fund to continue administering Proposition 64. The May Revision sustains this proposal.	Approve as proposed.
3	Employment Development Department	Accounting and Business Services Resources	--	3,000,000	--	The January budget proposed \$3 million from the Unemployment Compensation Disability Fund and the EDD Contingent Fund from 2020-21 through 2022-23. This proposal helps transition the legacy accounting systems to FI\$Cal. The resources also allow EDD to comply with statewide accounting and procurement policies. The May Revision sustains this proposal.	Approve as proposed.
4	Employment Development Department	Benefit Systems Modernization	23,000,000	23,000,000	147.5	The January budget provides \$46 million and 147.5 positions funding equally by the General Fund and Unemployment Disability Fund, and a redirection of \$3.14 million and 19 positions in 2020-21 for the Benefit Systems Modernization project. These resources begin the multi-year implementation of an integrated and secure benefits system for unemployment, disability or paid family leave benefits. This proposal starts year one of the design, development and implementation phase of the project. The May Revision sustains the proposal.	Approve as proposed.
5	Employment Development Department	Worker Status: Employees and Independent Contractors (AB 5)	3,359,000	--	--	The January budget proposed \$3.4 million in 2020-21 and \$3.2 million in 2021-22 and \$2 million in 2022-23 from the General Fund to implement AB 5 (Gonzalez), Chapter 296, Statutes of 2019.	Approve as proposed.

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6	Employment Development Department	Paid Family Leave Small Business Grant	1,000,000		--	The January budget proposed \$1 million General Fund ongoing to fund a grant program to assist training needs of small businesses with employees utilizing the Paid Family Leave Program. The proposal would provide \$1 million General Fund ongoing to three business associations to provide grants to small businesses with less than 10 employees, and utilize paid family leave. The small business would receive up to \$500 per person that is trained or temporarily hired to backfill the workload and responsibilities of the person that took paid family leave. The May Revision sustains this proposal.	Approve as proposed.
7	California Workforce Development Board	Entrepreneurship Pathways Grant Program	10,000,000	--	--	The January budget proposed \$10 million General Fund one-time to fund the Social Entrepreneurs for Economic Development (SEED) Initiative to provide micro-grants and entrepreneurial training to immigrants. This funding targets individuals with limited English proficiency, and individuals who are not US citizens or are undocumented.  Under the proposal CWDB will enter into an interagency agreement with UCLA Labor Center. UCLA Labor Center will partner with community based organizations to provide outreach education and training, and the CBOs will select awardees for business microgrants. The BCP notes that CWDB will provide oversight and accountability measures over the program, including an independent evaluation of the program. The May Revision sustains this proposal.	Approve as proposed, and adopt placeholder trailer bill language as necessary, and also include reporting language regarding outcomes.
8	Department of Industrial Relations	Electronic Adjudication Management System Modernization	--	-864,000	--	The January budget proposed \$864,000 in 2020-21 and \$333,000 in 2021-22 from the Workers' Compensation Administration Revolving Fund to upgrade the workers compensation case management system. This would fund phase two of the alternatives analysis phase form the project. The May Revision withdraws this proposal.	Approve May Revision proposal.
9	Department of Industrial Relations	Legal and Public Records Act Resources	--	-1,236,000	-7.0	The January budget proposed seven positions and \$1.2 million in 2020-21, 13 positions and \$2.3 million in 2021-22, and \$2.2 million ongoing from Occupational Safety and Health Fund to the Division of Occupational Safety and Health's (DOSH) Legal Unit. The proposal sought to help the legal unit litigate existing caseloads of appeals and meet statutory deadlines for request for records under the California Public Records Act. The May Revision withdraws this proposal.	Approve May Revision proposal.

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10	Department of Industrial Relations	Division of Workers' Compensation Security Upgrades	--	2,283,000	--	The January budget proposed \$2.3 million ongoing from the Workers' Compensation Administration Revolving Fund to allow the Division to expand full-time California Highway Patrol security at its district offices. Currently DWX has been absorbing the costs of providing full-time CHP for 15 district offices. This proposal will provide CHP security at 7 additional locations, and cover increased costs of DWC's existing CHP contracts, The May Revision sustains the proposal.	Approve as proposed.
11	Department of Industrial Relations	Financial and Administrative Compliance	--	8,670,000	32.5	The January budget proposed \$8.7 million and 32.5 positions in 2020-21, and \$7.5 million in 2021-22 and 2022-23,, and \$4.9 million ongoing for:  (1) 9.5 human resources staff positions to address audit findings from the California State Auditor, State Personnel Board, and CalHR. The positions will provide capacity for labor relations, performance management, process improvement and hiring efforts; (2) 21 Fi\$Cal and financial compliance staff, and 2 business management staff to administer Fi\$Cal workload, and increase financial administrative oversight for departmental operations, and (3) limited term funding for research and legal staff to "right size" the capacity to promulgate its regulator calendar and reduce the backlog of pending regulations.	Approve as proposed.
12	Department of Industrial Relations	Wage Claim Adjudication Support to Decrease Claim Processing Times	--	2,348,000	15.0	The January budget proposed a four year phase in of positions for the wage claim adjudication unit at DIR:  (1) 15 positions and \$2.3 million in 2020-21, (2) 31 positions and \$4.6 million in 2021-22, (3) 63 positions and \$8.8 million in 2023-24, and (4) \$8.6 million ongoing from the Labor Enforcement Compliance Fund.  The proposal seeks to hire settlement and hearing officers to reduce delays for workers seeking unpaid wages. State law requires wage claims to be adjudicated within 120 days. However, in 2018, the average claim takes almost 400 days to adjudicate. The administration estimates that once the positions are fully phased in, the duration of wait time will be reduced by half. The May Revision sustains the proposal.	Approve as proposed, and adopt trailer bill language to require the Labor Commissioner's Office to annually submit a report to the Legislature regarding data and outcomes.

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13	Department of Industrial Relations	Occupational Safety and Health Appeals Board Resources	--	461,000	2.0	The January budget proposed \$461,000 and two positions in 2020-21, and \$436,000 ongoing from the Occupational Safety and Health Fund for the OSH Appeals Board to assist in workload levels that have increased by 41.3 percent over the last four years, and provide timely processing of expedited appeals. Regulations require the board to calendar an expedited appeals hearing within 150 days, however the board has struggled to meet this mandate. and has had to cancel regular/general hearings to meet the expedited appeals. This causes the regular/general appeal to be pushed back seven to eight months. The additional 2 positions will allow the board to resolve an additional 650 appeals each year. The May Revision sustains this proposal.	Approve as proposed.
14	Department of Industrial Relations	Amusement Ride and Tramway Unit Resources	--	571,000	3.0	The January budget provided \$571,000 and three positions in 2020-21 and \$533,000 ongoing from the occupational safety and health fund to address permanent and temporary amusement ride programs and inspection workloads. The May Revision sustains the proposal.	Approve as proposed.
15	Department of Industrial Relations	Worker Status: Employees and Independent Contractors (AB 5)	--	17,538,000	103.5	The January budget proposed \$17.5 million and 103.5 positions in 2020-21, and \$16 million in 2021-22 and 2022-23 from various fund sources for three-year limited term to implement AB 5. The positions will be as follows: (1) Division of workers compensation (DWC) - 63 positions: to adjudicate and manage workers comps claims, (2) Division of Labor Standards Enforcement (DLSE) - 26.5 positions: to investigate violations and conduct outreach, (3) Division of Occupational Safety and Health (DOSH) - 2 positions: inspections, and (4) Division of Administration - 12 support staff positions. The May Revision sustains the proposal	Approve as proposed.
16	Department of Industrial Relations	Enhanced Enforcement Compliance (Various Legislation)	--	3,324,000	15.5	The January budget proposed \$3.3 million and 15.5 positions in 2020-21, and \$26 million ongoing in 2021-22 to implement the following chaptered 2019 legislation:  (1) AB 35 (Karla), Chapter 710 - Reporting of blood lead levels, (2) AB 51 (Gonzalez), Chapter 711 - employment discrimination enforcement, (3) AB 673 (Carrillo), Chapter 716 - penalty for failure to timely pay wages, (4) AB 1400 (Kamlager-Dove), Chapter 717 - Study on exposure to carcinogens, (5) SB 142 (Wiener), Chapter 720 - Employees lactation accommodation, and (6) SB 698 (Leyva), Chapter 508 - Employee wages payment	Approve as proposed.

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17	Department of Human Resources	Creation of Childcare Bargaining Division (AB 378)	1,341,000	--	6.0	The January budget proposed six positions and \$1.34 million General Fund in 2020-21 and \$1.32 million in 2021-22 and ongoing to create a childcare Bargaining Division. This will address workload resulting from the passage of SB 75 (Committee on Budget), Chapter 51, Statutes of 2019, and AB 378 (Limon), Chapter 385, Statutes of 2019.	Approve as proposed.
18	CalSTRS	Organizational Growth	0	-8,696,000	-27.0	The January Budget proposed an increase of \$8.69 million and 27 permanent positions for external contracts costs related to property management services and various software tools and subscriptions. The May Revision withdraws this proposal.	Approve as proposed.
19	CalSTRS	Pension Solution Project Augmentation	0	53,000,000	0.0	<p>The January budget proposed an increase of \$53 million one-time funding authority through June 30, 2023 for internal and external resources to complete the pension solution project. This spending authority will be used as follows: (1) \$34 million of fund contract amendment for CGI Group, Inc. the system integrator on the project and (2) \$19 million for internal staff and external resources for the final two years of the project.</p> <p>In 2007, the Teachers' Retirement Board directed staff to begin the process that eventually became the Pension Solution Project. The Project seeks to replace the CalSTRS aging technology infrastructure. The implementation of the Project began in 2015, and is currently anticipated to finish in 2022. CalSTRS has committed \$304.8 million from the Teachers' Retirement Fund thus far to the project, and is requesting the use of \$53 million to complete the project, which they anticipate will allow for completion of the project without further complications. The technology project seeks to streamline case management, provide automated workflow, user friendly portals, appointment scheduling tools, and improve staff tools and access to information.</p>	Approve as proposed.

**Revised January Budget Issues  
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Issue	Department	BR Title	General Fund BY	Other Funds	Positions	Staff Comments	Staff Recommendation
20	Secretary for Labor and Workforce Development Agency	Department of Better Jobs and Higher Wages	-2,440,000	--	-10.0	<p>The January budget proposed \$2.4 million General Fund, 10 positions, and trailer bill language to create the Department of Better Jobs and Higher Wages. This proposal would consolidate the California Workforce Development Board, the Employment Training Panel, Division of Apprenticeship Standards (from DIR), and employment and training services from the EDD into the new department.</p> <p>The May Revision withdraws the associated funding and positions, while sustaining the trailer bill language to establish and create the new state department.</p> <p>The Administration notes that this consolidation will help create efficiencies and coordination between resources and programs. Creating a new department requires significant staff time and resources that may otherwise be utilized for existing programs and services, such as unemployment insurance administration and claims processing. Creating a new department is a significant proposal that the Legislature and the public needs to further analyze and review.</p>	Approve May Revision propose to withdraw the positions and associated funding. Defer trailer bill language and any associated shifts without prejudice.
21	Department of Industrial Relations	Victims of Wage Theft	--	--	--	<p>The January budget proposed trailer bill language to shift expenditure authority from the Garment Industry Regulation Fund to the Labor Enforcement and Compliance Fund, and remove statutory caps on registration fees among others. The January budget also included a fund shift of \$3.34 million and 20 positions to reflect this change.</p> <p>The May Revision withdraws this proposal. The May Revision retains the budget bill language to authorize the transfer of any remaining unencumbered balance of the Unpaid Wage Fund into the Garment Manufactures Special Account, Farmworker Remedial Account or the Car Wash Worker Restitution fund to help pay back unpaid wages. Currently, there are 276 garment claims totaling \$8.9 million. Currently, there is \$9.2 million in unencumbered balance in the UWF.</p>	Approve as proposed.
22	Department of Human Resources	Administrative Workload and Funding Modifications	-995,000	759,000	-2.0	<p>The January budget proposed four permanent positions and \$1,884,000 (\$1,616,000 General Fund, \$5,000 FlexElect Benefit Fund, \$922,000 Deferred Compensation Fund, -\$745,000 Reimbursement, and \$86,000 Central Service Cost Recovery) in fiscal year 2020-21 to assist with administrative workload in the Accounting and Budget Offices, modify funding sources in the Legal and Workforce Development Divisions, and fund increased contract costs for the Savings Plus and Employee Assistance Programs. The May Revision reduces this proposal to \$130,000 to fund two positions.</p>	Approve May Revision proposal.

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23	Department of Human Resources	Departmental Data Solutions	-2,145,000	-1,846,000	-8.0	The January budget proposed nine permanent positions and \$4,223,000 (\$2,197,000 General Fund, \$809,000 Reimbursements, \$4,000 FlexElect Benefit Fund, \$35,000 Deferred Compensation, and \$1,178,000 Central Service Cost Recovery Fund) for fiscal year 2020-21 to address internal information technology and security workload, continue development and enhancement of a statewide Learning Management System, purchase and implement a case tracking and billing system for the Legal Division, and make enhancements to the CalCareers website. The May Revision reduces funding and number of proposed positions to one.	Approve May Revision proposal.
24	Section 3.60 Rate Adjustments to Employer Contributions to CalPERS Retirement	Updated Control Section 3.60 Retirement Rate Adjustments	-18,692,000	-28,517,000	0.0	Control Section 3.60 specifies the employer contribution rate for state employees who are members of the CalPERS or Judges Retirement System II. The May Revision proposes a decrease of \$18.69 million General Fund and \$28.52 million other funds compared to the Governor's budget. These changes reflect changes in state retirement contribution rates for state members of the Cal PERS as adopted by the CaPERS Board on April 21,2020, which grows at a lower rate than estimated in January.	Approve the May Revision proposal.
25	Section 3.60 Rate Adjustments to Employer Contributions to CalPERS Retirement	No Payroll Growth Adjustment	-77,520,000	-69,080,000	0.0	In addition to the adjustments to the employer contributions rate from the CalPERS Board, the May revision also proposes a decrease of \$77.5 million General Fund and \$69.1 million other funds to reflect the Administration's assumption of pay roll growth. This assumption is associated with the Governor's proposal to suspend pay increases, as reflected in control Section 3.91. Staff recommends to hold open Section 3.91, and as a result, staff recommends to hold this item open.	Hold Open.
26	Section 3.60 Rate Adjustments to Employer Contributions to JRS	Revised Estimates	-1,965,000	0	0.0	The May Revision proposes a reduction of \$1.95 million General Fund to reflect a decrease in the JRS II contribution rate from 24.964 percent to 24.4 percent, which was adopted by the CalPERS Board. This decrease in the retirement contribution is mainly due to investment gains realized in 2018-19.	Approve the May Revision proposal.
27	BU 9800	Augmentation for Employee Compensation	0.0	0	0	The Administration proposes budget bill language to authorize funds be made available for penalties the state may be assessed by other government entities where an individual healthcare mandate has been enacted and the state has a reporting obligation, as it related to the federal Patient Protection and Affordable Care Act.	Approve the May Revision proposal.
28	C.S. 3.61	CS03.61 Contribution to Prefund Other Postemployment Benefits	0.0			The May Revision proposes to amend Bargaining Unit 10's employer contribution rate from 2.8 percent to 2.4 percent. The BU 10 memorandum of understanding contains language to allow for automatic increases or decreases to the contribution rate to maintain a 50/50 normal cost share. Based on the most recent valuation and pensionable compensation information, the rate changed by more than 0.5 percent, which triggers a change in the rate.	Approve the May Revision proposal.

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29	C.S. 31.00	CS 31.00 Budget Act Administrative Procedures for Salaries and Wages	0.0			The May Revision proposes to amend the salary threshold from \$12,116 to \$11,258 for when departments have to submit the "Change in Established Position Form" request to Finance for review before submitting changes to the State Controller's Office. This amendment reflects the Administration's proposal to suspend employee compensation adjustments. Staff recommends to hold open the proposal to suspend employee compensation adjustments, and as a result, staff recommends this item is held open.	Hold Open.
30	Secretary for Labor and Workforce Development Agency, Agricultural Labor Relations Board, Department of Industrial Relations	Labor Agency Strategic Outreach	--	188,000	-5	<p>The January budget proposed \$19.8 million from the Labor and Workforce Development Fund and \$6.4 million in reimbursements for 20221 and 24 positions for strategic outreach. The positions in 2020-21 are as follows: (1) 2 positions at Labor Agency, (2) 5 positions at the ALRB, and (3) 17 positions at DIR. The January budget also proposed \$19 million LWDF and \$5.8 million reimbursements in 2021-22, and \$17.5 million LWDF and \$4.3 million reimbursements in 2022-23. The January proposal planned to use the funds as follows: (1) \$15 million over three years for outreach and education, (2) \$24 million over three years for community based organization grants for outreach and direct services, and (3) \$1.5 million over three years to planning and resources for enforcement.</p> <p>The May Revision modifies this proposal sustaining the \$20 million and 19 positions in 2020-21 only, with this funding to be spent over three years. The outreach efforts are also modified to focus on COVID-19 workplace safety and labor laws. Labor Agency will also target outreach to low-wage immigrant workers, and also support employers as they navigate how to re-open and operate. The May Revision withdraws 5 positions from ALRB. ALRB will utilize the temp help blanket as necessary to provide position authority/make limited term hires to support the outreach program. Departments would work with community based organizations to help with outreach and education, however department staff would be the primary for conducting the outreach. The outreach would cover both urban and rural areas throughout the state. The initiative would prioritize language access, reaching communities with lower literacy levels and cultural barriers accessing Agency's programs and services.</p>	Approve May Revision proposal.



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31	Secretary for Labor and Workforce Development Agency	Labor and Workforce Development Fund Loan to the General Fund	--	107,000,000	<p>The May Revision proposes a \$107 million loan from the Labor and Workforce Development Fund (LWDF) to the General Fund. The LWDF is funded through litigation settlements for labor law violations, primary through the Private Attorneys General Act. The LWDF is used to fund labor law outreach, education and enforcement.</p> <p>In 2019-20, the LWDF balance was \$133 million, with revenue estimates of \$43 million in 2020-21. For 2020-21, the administration proposes \$31 million for programs and operations. After taking into account the loan, approximately \$38 million is the balance.</p>	Approve the May Revision proposal.
32	Secretary for Labor and Workforce Development Agency	Future of Work Appropriation	500,000	--	<p>The 2019-20 budget act established the Future of Work Commission to evaluate the state's economy and how technological developments will impact workforce needs and industries. The 2019-20 budget provided \$2.5 million one-time General Fund and nine positions in 2019-20, \$2 million and nine positions in 2020-21, \$1.5 million and six positions ongoing.</p> <p>The May Revision proposes a appropriation of \$500,000 from 2019-20. The commission is required to report by May 1, 2020 on its progress. Agency needs additional time to enter into contracts for labor market research and industry sector analysis that will help form the commissions final recommendation for the report.</p>	Approve May Revision Proposal.

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33	Employment Development Department	May Revise: Disability Insurance Benefits	--	1,547,402,000	<p>The May Revision proposes an increase of \$1.55 billion from the Disability Insurance Fund in spending authority based on estimates on increased disability insurance benefit claims. Benefit projections are based on historical trends of benefit weeks paid, average weekly benefit amounts, legislative expansions to the program (such as increase in the number of paid family leave benefits from six weeks to eight weeks starting on July 1, 2020) and also the impacts of the COVID-19 pandemic.</p> <p>Additionally, the Administration proposes an increase of \$718.93 million in benefit authority for 2019-20.</p>	Approve the May Revision proposal.
34	Employment Development Department	May Revise: Disability Insurance Program Administration Resources	--	21,576,000	<p>The May Revision requests an increase of \$21.58 million and 169.5 positions (15.7 to administer the Paid Family Leave program) to administer the disability insurance benefits program. The May Revision also proposes for 2019-20 an increase of \$12.16 million and 98.3 positions for disability insurance benefits program administration. These increases are due to an increase in project workload due to disability insurance claims as a result of the COVID-19 pandemic.</p>	Approve May Revision Proposal.
35	Employment Development Department	May Revise: School Employees Fund Benefits	--	116,200,000	<p>The May Revision proposes an increase of \$1.16 million in authority level for benefits in the School Employees Fund (SEF). The SEF is a joint pooled risk fund, which collects contributions based on a percentage of wages paid by local education agencies. The SEF is used to reimburse the Unemployment fund for benefits paid to former employees for schools that have elected this option in lieu of the regular tax-rated method. Currently 1,344 school districts and 72 community college districts participate in the program. These increases in claims are due to school closures responding to the COVID-19 pandemic.</p> <p>Additionally, the May Revision proposes a \$45.48 million increase in benefit authority for 2019-20.</p>	Approve the May Revision proposal.

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36	Employment Development Department	May Revise: Workforce Innovation and Opportunity Act (WIOA)	--	25,440,000	The May Revision proposes a increase of \$25.44 million in federal WIOA funds as follows: \$22.96 million in local assistance funds to local boards, \$293,000 increase in WIOA discretionary administration funds, \$3.56 million in program funds and a decrease of \$1.4 million in rapid response programs. The program funds help fund the Regional Workforce Accelerator program, which will focus on workers who loss work due to COVID - 19, people who are housing insecure, and immigrants. These strategies include programs such as high road training partnerships.	Approve the May Revision proposal.
37	California Workforce Development	May Revise: Workforce Innovation and Opportunity Act (WIOA)	--	1,500,000	The May Revision proposes an increase of \$1.5 million in federal WIOA funds authority for the Cross System Analytics and Assessment for Learning and Skills Attainment (CAAL-Skills) data initiative from the EDD to the CWDB to align the budget with program operations and managerial structure.	Approve the May Revision proposal.
38	Highway Patrol Salary Survey	Suspend the California Highway Patrol Salary Survey			The May Revision proposed trailer bill language to suspend the five percent general salary increase CHP are scheduled to receive on July 1, 2020. This is related to the Administration's proposal to suspend specified salary increases for all bargaining units.  The Administration recently withdrew this proposal, and will be considering it with the union through the collective bargaining process.	No Action. This is for informational purposes.
39	Public Employees' Retirement System	Current Year and Budget Year Adjustments	0	-198,436,000	The May Revision proposes a decrease of \$198.4 million to reflect updated estimates of external investment management fees, salaries, benefits, and third-party fees. This information is to reflect corresponding changes in CalPERS continuous appropriation authority.	Approve May Revision proposal.

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40	State Teachers' Retirement System	Revised Creditable Compensation	5,203,000	0	The May Revision proposes an increase of \$5.2 million to reflect an increase in the state's contribution to the CalSTRS Defined Benefit program and supplemental benefit maintenance account. These changes are based on updated creditable compensation amounts.	Approve May Revision proposal.
41	Supplemental Pension Payments	SB 84 Loan Repayment Adjustments for Other Funds	0	119,101,000	The 2017-18 budget provided a \$6 billion loan from the Surplus Money Investment Fund to make a one-time CalPERS Supplemental pension payment. Statute requires that all funds that make contributions to CalPERS are responsible to repay the loan by June 30, 2030. The may revision proposes an increase of \$119 million from various fund sources to repay the loan.	Approve May Revision proposal.