

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 STATE ADMINISTRATION****ASSEMBLYMEMBER ADRIN NAZARIAN, CHAIR****TUESDAY, MARCH 17, 2015  
1:30 P.M. - STATE CAPITOL ROOM 447**

| <b>VOTE-ONLY CALENDAR</b> |  |          |
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| <b>ITEM</b>               | <b>DESCRIPTION</b>                                   |          |
| <b>7100</b>               | <b>EMPLOYMENT DEVELOPMENT DEPARTMENT</b>             |          |
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**VOTE-ONLY CALENDAR****7100 EMPLOYMENT DEVELOPMENT DEPARTMENT**

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**VOTE-ONLY ISSUE 1: CAPITAL OUTLAY: CRENSHAW BOULEVARD BUILDING**

This proposal requests the authority to exercise the lease purchase option to acquire the building at 5401 Crenshaw Boulevard. Capital outlay acquisition is required to exercise the lease purchase option because Employment Development Department (EDD) will be acquiring real property on behalf of the state. The cost of the total request is \$1,000.

**BACKGROUND**

Since February 1996, EDD has occupied 5401 Crenshaw Blvd. Under the terms of the current lease agreement, EDD has paid the owner over \$19 million in rent. By purchasing the building for \$1.00 (one dollar), it will allow EDD to save over \$900,000 a year in monthly rent costs. The option can be pursued by utilizing the purchase lease option of EDD's current lease agreement. It has been EDD's plan to exercise the purchase option on the property.

Two EDD programs, the tax collections program and the Workforce Investment Act (WIA) program, will benefit by remaining in the building and continuing to provide services to the community.

**STAFF COMMENT**

The Assembly should grant authority to acquire this building, which will lead to cost savings for the State and continuity in services for EDD.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 2: ELEVATOR PUBLIC SAFETY UNIT**

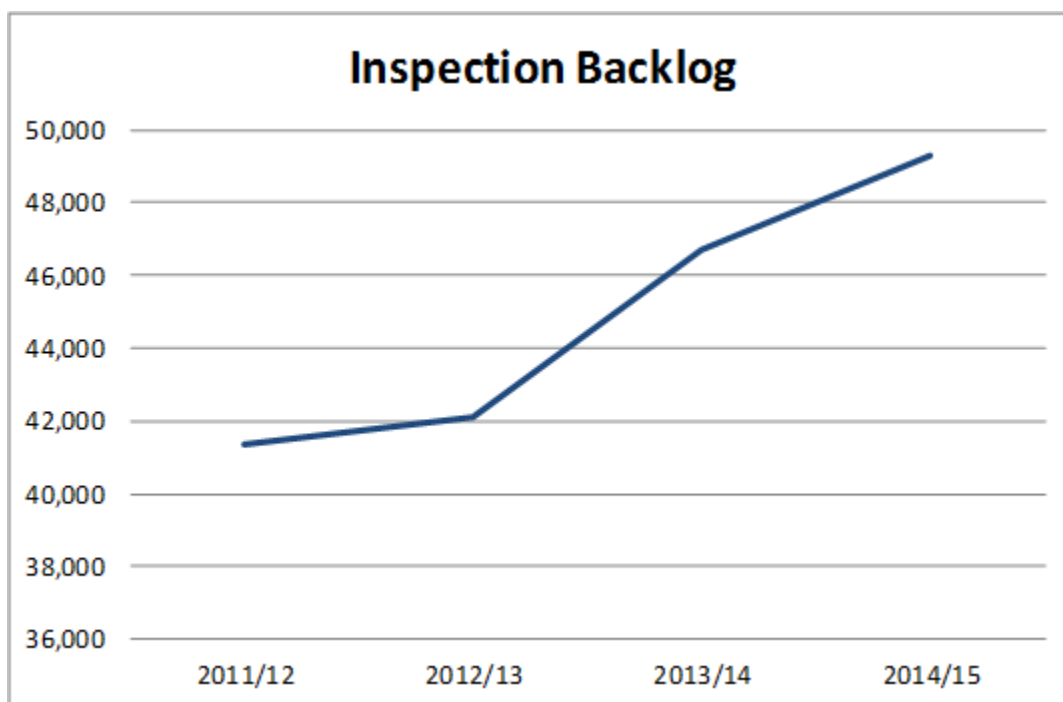
Division of Occupational Safety and Health (DOSH) requests an increase of authority of \$4.4 million (Elevator Safety Account) and 27.5 positions in 2014-15, and \$4.1 million ongoing, to reduce inspection backlogs and help the division meet permitting mandates.

This request also includes trailer bill language to suspend the fee for annual inspections in the 2015-16 fiscal year, and to allow for the fee for annual inspections to be suspended in future years, if necessary, to reduce any surplus fund balance.

**BACKGROUND**

Existing law requires that every conveyance in California may only be operated when a valid permit has been properly issued and displayed. Existing law also states that each conveyance must be permitted and inspected annually in order to meet the minimum safety standard and to be able to be operated lawfully. Additionally, existing law states that plans to construct or modify elevators must be reviewed and approved before new elevator units can be constructed and placed into service.

There are 107,660 conveyances that require permitting in California. It is anticipated that with the improving economy and increased construction activity, new units are expected to continue to grow annually for the next five years. In 2013-14, new construction inspections totaled 2,613 units. Staff resources have remained relatively static over time and the backlog has ranged from 41,000 units to 49,000. This backlog has existed for over a decade.



**SURPLUS FUND BALANCE**

It is projected that the Elevator Safety Account will have a surplus balance of \$37 million in 2015-16. According to the Department of Finance, a prudent balance for a fund similar to the Elevator Safety Account would be a two to three month balance. This balance would hover about \$4.5 million versus the projected \$37 million for the budget year.

To address the surplus fund balance, this proposal includes trailer bill language to suspend the fee for annual inspections in 2015-16, and to allow for the fee for the annual inspections to be suspended in future years, if necessary, to reduce any surplus fund balance.

**STAFF COMMENTS**

Staff has no concerns with the proposal. The proposed budget change proposal will help address and reduce the backlog of inspections over time. It will also help maintain a reasonable balance in the Elevator Safety Account in the current year and future years.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 3: VARIOUS VETERANS BUDGET CHANGE PROPOSALS**

The Subcommittee will consider various California Department of Veteran Affairs budget change proposals.

**BUDGET CHANGE PROPOSALS**

The Governor's Budget includes other Department of Veteran Affairs proposals:

- **Central Coast Veterans Cemetery Operations.** The Governor's Budget includes a request for \$254,000 (\$217,000 California Central Coast State Veterans' Cemetery at Fort Ord Operations Fund [Operations Fund], \$37,000 Federal Trust Fund) and 2.6 positions in 2015-16, and \$452,000 (\$17,000 Operations Fund, \$435,000 Federal Trust Fund) and five positions ongoing to operate the California Central Coast Veterans Cemetery.

The Central Coast Cemetery has the capacity to support burial needs of approximately 177,000 veterans in the following counties: Alameda, Monterey, San Mateo, Santa Cruz, San Benito, and Santa Clara. Construction of the facility began in January 2015, and should be completed in July 2016. The funding from this proposal will help to ramp up staffing and provide limited operational cost support.

***Capital Outlay Projects***

- **Chilled Water Distribution System Renovation.** The Department requests an appropriation of \$2,236,000 for the working drawing and construction phases of the Veterans Home of California – Yountville Chill Water Distribution System Renovation.

The project will correct system deficiencies and increase chiller capacity, which will ensure the facility has the required chiller capacity to maintain a proper temperature throughout the campus to protect the health and safety of the elderly and/or disabled veteran residents. The total estimated project cost is \$6,398,000 and will be funded by these funds as well as the Veterans' Home Bond and Federal Trust Fund.

- **Steam Distribution System Renovation.** The Department requests \$3,387,000 (General Fund) for the preliminary plans, working drawings and construction phases of the Veterans Home of California-Yountville Steam Distribution System Renovation.

The steam system provides heating and hot water to all 120 buildings at the Yountville facility. This project includes replacement of underground lines and valves and removal of badly deteriorated asbestos insulation that is a safety hazard. Renovation of the system will ensure a safer and more energy efficient operation and the uninterrupted availability of steam for the facility's critical daily operations.

- **Igo Cemetery Water System Upgrade.** The Department requests \$525,000 (General Fund) to improve the water pressure system to create an independent and free-standing upgraded fire sprinkler mechanization system. This upgrade will conform to State Fire Marshal requirements and protect the Veterans Memorial Building should a fire or other related emergency occur.

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| <b>STAFF COMMENTS</b> |
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These proposals appear non-controversial. Staff recommends approval.

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**Staff Recommendation: Approve all four proposals as budgeted.**

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## ITEMS TO BE HEARD

### 7350 DEPARTMENT OF INDUSTRIAL RELATIONS

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#### ISSUE 1: 2015-16 LEGISLATIVE PROPOSALS

This proposal includes resources for four legislative proposals for the Department of Industrial Relations (DIR) for 2015-16.

This includes nine positions and \$1.011 million in 2015-16, and \$940,000 ongoing to implement AB 1522 (Gonzalez, Chapter 317, Statutes of 2014), AB 2272 (Gray, Chapter 900, Statutes of 2014), SB 1299 (Padilla, Chapter 842, Statutes of 2014), and SB 1300 (Hancock, Chapter 519, Statutes of 2014).

#### BACKGROUND

**AB 1522.** DIR requests five positions and an augmentation of \$590,000n (Labor Enforcement and Compliance Fund) in 2015-16, and \$551,000 ongoing, to support the Division of Labor Standards Enforcement's (DLSE) legislative mandates related to AB 1522. AB 1522 enacts the Healthy Workplaces, Healthy Families Act of 2014, and provides that an employee who works in California for 30 or more days within a year from the commencement of employment is entitled to paid sick leave to be accrued at a rate of no less than one hour for every 30 hours worked. An employer is prohibited from discriminating or retaliating against an employee who requests paid sick days.

The proposal requests three Deputy Labor Commissioner I, and two Deputy Labor Commissioner II positions to support additional workload created by AB 1522. This request will help ensure DLSE has sufficient staffing to assist the public with filing claims, hold wage claim conferences, hold investigatory hearings, make appropriate decisions on violations of labor laws, enforce order, decision or awards, and investigate retaliation complaints.

**AB 2272.** DIR requests one position and \$114,000 (State Public Works Enforcement Fund) in 2015-16, and \$105,000 ongoing, to support DSLE in efforts to comply with AB 2272. AB 2272 extends coverage under the California Prevailing Wage Law (CPWL) to require that all projects funded by the California Advanced Services Fund (CASF) pay the appropriate prevailing wage to all workers performing labor on these specific projects. AB 2272 extends the reach of the CPWL to include infrastructure projects funded by grants from CASF by including such projects with the definition of public works.

The Senate Labor and Industrial Relations Committee cited that as of December 2013, CASF had committed to funding 56 projects. Each project can have a range of 10-20 contractors. Based on this, DLSE estimates the potential for about 700 new cases for which there could be a complaint. If DLSE receives actual complaints on only 15 percent of these potential cases, there would be 105 additional investigations. DLSE's

Public Works investigation unit requires an additional one Deputy Labor Commissioner to handle the increased workload.

**SB 1299.** DIR requests one position and \$156,000 in 2015-16, and one position and \$148,000 ongoing, to support the Division of Occupational Safety and Health (DOSH) in meeting the requirements of SB 1299. SB 1299 requires the Occupational Safety and Health Standards Board (OSHSB) to adopt standards developed by the DOSH requiring certain hospitals to adopt a workplace violence prevention plan as part of the hospital's Injury and Illness Prevention Plan (IIPP) by July 1, 2016. The Division also is required to post an annual report by January 1, 2017, on its website containing information regarding violent incidents at hospitals.

The additional staff will enable OSHSB to adopt standards developed by the DOSH, which will require certain hospitals to adopt a workplace violence prevention plan by July 1, 2016, as part of the hospital's injury and illness prevention plan.

**SB 1300.** DIR requests two support staff and an augmentation of \$151,000 in 2015-16, and \$136,000 ongoing, to support the new DOSH mandate evaluating the turnaround information provided by refineries on a short time line (at 60 and 30 days prior to on-site inspection) in order to identify expected hazardous work processes to be done at the targeted site and plan an effective and comprehensive inspection.

SB 1300 implements some of the safety recommendation made in the Governor's Interagency Refinery Task Force February 2014 report and will enhance not only worker safety, but the safety of the communities surrounding the refineries. Due to the short timeframes to evaluate and process the documentation, DOSH is requesting two Management Services Technicians to ensure documentation is received, processed, and reviewed and to allow the Process Safety Management Unit to further analyze the data and prioritize turnaround inspections.

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| <b>STAFF COMMENTS</b> |
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Staff has no concerns with the positions requested for the implementation of the four bills.

There have been some concerns about whether additional funding for outreach will help with the implementation of AB 1522. The proposal currently only discusses the enforcement aspects of implementing the provisions of the bill.

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**Staff Recommendation: Hold Open.**

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**ISSUE 2: DIVISION OF OCCUPATIONAL SAFETY AND HEALTH (DOSH) HEALTH AND SAFETY INSPECTORS**

This proposal requests a total of 44 positions and \$4.6 million in 2015-16 and \$7.1 million ongoing, for the Department of Industrial Relations (DIR) and DOSH to increase enforcement inspections in high hazard industries, improve performance in meeting state and federal mandates and inspecting high-risk worksites, and bring California's total rate of enforcement inspections in line with the national average.

The proposal includes trailer bill language to prioritize the inspections of serious accidents over complaints received regarding non-serious hazards, as well as costs to defend and negotiate claims filed against Cal/OSHA related to adequacy of enforcement of the heat illness prevention regulation.

**BACKGROUND**

In 1973, California received initial approval as a state plan to assume responsibility for developing and enforcing occupational safety and health laws in lieu of federal Occupational Safety and Health Administration (OSHA) performing those functions in California. Continued approval and funding is contingent on our performing in a manner that is at least as effective as the federal program.

Federal OSHA has long criticized low staffing levels in DOSH. In a recent evaluation report, federal OSHA found that California is delayed in responding to complaints and in issuing citations after a workplace has been inspected. Understaffing was cited as the cause for both problems.

The budget request would include a total of 44 positions and \$4.6 million in 2015-16 and \$7.1 million ongoing for the following positions:

- 16 Assistant District Managers
- 18 Associate Safety Engineers
- 4 Attorneys (IRC III)
- 2 Legal Secretaries
- 4 Administrative Staff
- Upgrade Office Technicians to Administrative Assistant II

The additional resources would be used to address the following:

- **Increase enforcement inspections in high hazard industries.** Labor Code Section 6314.1 specifies that DOSH shall establish procedures for ensuring that the highest hazardous employers in the most hazardous industries are inspected on a priority basis and employ sufficient personnel to meet minimum federal targeted inspection standards. However, these mandates do not specify the correct number of annual programmed inspections. In the absence of a formal complaint or serious injury or illness, a California employer in a high hazard industry can expect to be visited by a DOSH Inspector once every 83 years. It is

anticipated that with the additional 14 Inspectors, an additional 630 inspections will occur each year in high hazard industries.

- **Improve performance in meeting state and federal mandates and inspecting high-risk worksites.** This would include improving response times for formal and non-formal complaints; lowering the California citation lapse time, currently 72.5 work days for safety inspections and 76.0 work days for health inspections, which is well above the national average of 43.3 and 57.0, respectively; addressing re-inspections, which in 2013 DOSH conducted 49 re-inspections of workplaces but should have completed 231; additional oversight of high-risk activities; additional investigations for non-formal complaints; and additional resources and restructuring of enforcement staffing.
- **Bring California's total rate of enforcement inspections in line with the national average.** Currently, the national average ratio of inspectors to workers is 1 to 59,000, and in California, this ratio is 1 in 69,000. In 2012, the average number of annual inspections conducted by the inspectors in all state plan states was about 50, compared to California average of 43.
- **Prioritize inspection of serious accidents over non-serious complaints.** Trailer bill language would prioritize the inspections of serious accidents over complaints received regarding non-serious hazards in order to focus DOSH's limited resources more appropriately on workplaces with serious hazards.

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| <b>LAO COMMENTS</b> |
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The LAO included several comments on this proposal including the following:

- ***Approve Requested Staffing Levels.***
- ***Require DIR to Testify on the Benefits and Costs of Extending the Assistant District Manager Concept to High-Hazard Unit.***
- ***Require DIR to Testify on Effectiveness of High-Hazard Targeting and Evaluation Methodologies.***
- ***Establish Formal Reporting Process on Proposal Outcomes.***
  - The extent to which Cal/OSHA has improved compliance with requirements in state law and federal expectations.
  - The rate of serious violations from different types of inspections (such as inspections in response to formal and informal complaints of serious and nonserious violations and planned inspections) and how the rate of serious violations from planned inspections compares to the federal OSHA benchmark.

- The extent to which Cal/OSHA's high-hazard targeting methodology results in planned inspections in those industries with the highest likelihood of improved compliance with occupational safety and health standards.
- The extent to which existing requirements in state law may hinder Cal/OSHA's ability to effectively allocate enforcement resources.

**STAFF COMMENTS**

The increase in positions will allow OSHA to meet the requirements in state law that created the need and will likely improve safety and health outcomes in high-hazard industries. Staff recommends that the subcommittee approve the positions as outlined in this proposal.

The Subcommittee may wish to consider adopting the LAO's recommendation to establish a formal reporting process on outcomes in order to continue to look at the needs of this industry.

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**Staff Recommendation: Approve as budgeted.**

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**7100 EMPLOYMENT DEVELOPMENT DEPARTMENT****ISSUE 3: UPDATE ON WORKFORCE INVESTMENT ACT**

The Labor and Workforce Development Agency and California Workforce Investment Board (CWIB) will provide background on the how the Federal Workforce Innovation and Opportunity Act (WIOA) will help frame a statewide approach to strengthen California's workforce through education and training.

**BACKGROUND****Current State Framework.**

CWIB was created to implement the provisions of Workforce Investment Act (WIA), and is responsible for setting statewide policy for workforce development. The CWIB consists of 53 members appointed by the Governor. The members represent a broad group of stakeholders, including the Legislature, business, labor, education, and corrections. CWIB must also prepare a strategic workforce plan every five years. California state law requires the CWIB to collaborate with the CCC, CDE, other appropriate state agencies, and local workforce investment boards to develop the plan.

The plan is intended to serve as a framework for the development of policy, spending, and operation of all workforce development programs in the state—both federally and state funded—including workforce education and training.

Currently WIA offers workforce development activities provided in local communities that benefit job seekers, laid-off workers, youth, incumbent workers, new entrants to the workforce, veterans, persons with disabilities, and employers. California will receive approximately \$391 million from the federal government in Program Year 2014-15, \$356.3 million is allocated to the local investment boards to provide services for adults, laid-off workers, and youth, and \$34.5 million for program oversight and discretionary programs.

Federal law requires each Local Workforce Investment Area (local areas) to have at least one comprehensive center. While the WIA requires these centers to provide specific services, local areas may design programs and provide services that reflect the unique needs of their area. At a minimum, centers are required to provide three general tiers of services. These tiers are divided into categories according to how prepared a person may be for a new job. The three tiers are known as:

- Core Services include labor market information, initial assessment of skill levels, and job search and placement assistance.
- Intensive Services are available to eligible unemployed individuals who have completed at least one core service, but who have not been able to obtain employment, or to employed individuals needing additional services to obtain or keep employment that will lead to personal self-sufficiency.

- Training Services are available to eligible individuals who have met the requirements for intensive services and who have not been able to obtain or keep employment. Individual Training Accounts are established to finance training based upon the individual's choice of selected training programs.

### **Future Vision Under the Workforce Innovation and Opportunity Act.**

The Workforce Innovation and Opportunity Act (WIOA) was signed into law in July of 2014 and supersedes WIA. Under WIOA, federal investments in employment, education, and training services for adults, youth, dislocated workers and individuals with disabilities are authorized. While the detailed regulations and requirements of WIOA are still under development, WIOA places greater emphasis on integration of the state's workforce services to break down silos among providers of workforce services.

Some of the areas of focus under WIOA include the use of evidence-based, data-driven practices, regional collaboration that includes service providers and employers, and increased pathways from systems of education and training to employment. WIOA also requires a 4-year combined state plan for 2016-2020 for all WIOA programs, including adult education, vocational rehabilitation, and employment services. WIOA requires the new combined state plan to be submitted to DOL and DOE in March 2016, and approval is expected by July 1, 2016. The LWDA and CWIB have convened workgroups on WIOA implementation and will begin revising the state's workforce plan to meet the new requirements.

### **Governor's Proposal.**

The Governor's Budget outlines a framework to strengthen the workforce by providing credentials valued by employers and encouraging careers that have opportunities for advancement and self-sufficiency. These proposals aim to accomplish the following:

- Provide high-quality, job-related instruction and connect students with quality career exploration and guidance.
- Produce a workforce and education framework that is highly responsive to labor market demands and focuses on current or emerging high-wage, high-skill, or high-demand jobs.
- Provide increased and more meaningful employer engagement in the workforce development system, including partnering in earn-and-learn programs, on-the-job training, and subsidized employment opportunities.
- Align various programs through coordinated regional planning efforts that can more easily incorporate business-sector input and industry-valued certificates and degrees.
- Improve alignment of workforce programs with post-secondary education, particularly the community colleges, and the continuing development of career pathways programs.

- Emphasize non-traditional apprenticeship programs in high-growth industries in emerging and transitioning occupations.
- Target education and employment services to special populations including veterans, the disabled, CalWORKs recipients, formerly incarcerated individuals, and other disadvantaged groups most in need of assistance.

In the Labor area, the state has encouraged collaboration through regionally targeted programs including Slingshot Regional Grants and Regional Workforce Accelerator Grants.

- The Slingshot Regional Grant program encourages employers and industry, government, workforce and economic development, and education stakeholders within a region to identify and then work to solve employment challenges within the region. The EDD in conjunction with the CWIB, has dedicated \$5.2 million (federal WIA funds in 2014-15) for grants to support the regional alignment of job seekers with labor market demand. A Slingshot coalition must develop an Action Plan and meet certain benchmarks in order to receive initial funding and implementation grants.
- Regional Workforce Accelerator Grant program provides \$3.2 million in 2014-15 to partnerships for job training, support services, and job placement assistance for the long-term unemployed, veterans, low-income individuals seeking jobs (including CalWORKs recipients), disconnected youth, formerly incarcerated individuals, and others with barriers to employment.

Discretionary funding in 2015-16 is expected to increase and will be detailed in the May Revision. The EDD's Workforce Services Branch provides a comprehensive range of employment and training services for adults and laid-off workers, in partnership with state and local agencies, such as CWIB, and organizations through the America's Job Center of California, formerly known as One-Stop Career Center

#### STAFF COMMENTS

Subcommittee staff notes that the Administration has indicated that a May Revision proposal may come out on the WIOA. Staff recommends holding this item open for the additional information.

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**Staff Recommendation: Hold Open**

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**ISSUE 4: UNEMPLOYMENT INSURANCE AUGMENTATION 2015-16**

The Employment Development Department requests \$39.7 million (General Fund) and \$8.2 million (Contingent Fund) to support 594 positions equivalents for 2015-16 to continue to support Unemployment Insurance (UI) Program service levels.

**BACKGROUND**

The UI program is a federal-state program that provides weekly payments to eligible workers who lose their jobs through no fault of their own. Benefits range from \$40 to \$450 per week depending on the earnings during a 12-month base period. To be eligible, an applicant must have received enough wages during the base period to establish a claim, be totally or partially unemployed, be unemployed through no fault of their own, be physically able to work, be seeking work, be immediately available to accept work, and meet eligibility requirements for each week of benefits claimed.

The administration of the UI program is intended to be fully reimbursed through the federal cost recovery model which allocates resources based on states workload counts, processing time, and actual cost rates. However, the federal appropriation for UI administration funding has been set at a level below what is needed nationwide to fully support his program. As a consequence, California continues to recover less funding than it would otherwise be entitled. This has resulted in EDD and the California Unemployment Insurance Appeals Board (CUIAB) utilizing other state funds and unspent federal carryover from prior years to bridge the gap.

Recent UI Program Administration Funding

- 2013-14 – (Finance Letter) one-time augmentation of \$29.7 million from the EDD Contingent Fund to help address the federal funding shortfall within the state’s UI Program administration.
- 2014-15 – (Budget Change Proposal) \$64.0 million augmentation from the EDD Contingent Fund was approved to return UI service levels back to those achieved in 2012-13.
- 2014-15 – (Finance Letter) \$67.6 million (\$46.6 million General Fund) augmentation to support UI Program service levels and additional information technology contract costs to increase the number of telephone calls answered and to reduce call demand by processing Internet and paper claims, Internet inquiries (EDDComm messages), and scheduling eligibility determination interviews more timely.

Updated UI Workload Projections

UI has shown a decrease in several program workload categories, particularly appeals and non-monetary determinations in the past 12 months. The table below compares October 2013 workload projections for the 2014-15 as compared to October 2014 projections for 2015-16.

| Workload Category           | 2014-15<br>October 2013 | 2015-16<br>October 2014 | Variance | Percentage<br>Change |
|-----------------------------|-------------------------|-------------------------|----------|----------------------|
| Initial Claims              | 2,751,190               | 2,750,000               | -1,190   | -0.04%               |
| Weeks Claimed               | 23,708,390              | 23,071,000              | -637,390 | -2.69%               |
| Non-Monetary Determinations | 1,120,020               | 895,900                 | -224,120 | -20.01%              |
| Appeals                     | 344,030                 | 276,190                 | -67,840  | -19.72%              |

As a result of the workload changes, there is a decreased need for staff when compared to the base UI Program established in 2014-15. After reducing ongoing efficiencies as identified in the 2014-15 budget analysis, EDD calculated an overall base UI PE need of 3,438.0 in 2015-16 at a cost of approximately \$476.0 million. This workload update results in a 2015-16 savings of 105.5 PEs.

Funding the Base UI Program Need

The table below summarizes available funding, including any prior year federal dollars that have been carried over, assuming the UI program is not subject to sequestration:

| Source of Funds                        | Dollars (in Millions) |
|--|-----------------------|
| Federal Base Grant and Above-Base*     | \$386.7               |
| State Benefit Audit Fund               | 11.8                  |
| State Electronic Benefit Payment Funds | 5.6                   |
| State EDD Contingent Fund              | 58.3                  |
| Federal UI Carryover                   | 13.6                  |
| <b>Total Available Resources</b>       | <b>\$476.0</b>        |

If sequestration reductions are applied to FY 2016 UI grants, absent any additional funding mechanism, the UI Program service levels would be severely impacted and would need to absorb an estimated \$25.7 million reduction in federal resources.

**STAFF COMMENTS**

The federal underfunding is expected to continue, the subcommittee may wish to ask whether or not the department is developing or starting to develop a long term plan to address this issue?

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**Staff Recommendation: Approve as budgeted.**

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## 7300 AGRICULTURAL LABOR RELATIONS BOARD

### ISSUE 5: BOARD AND GENERAL COUNSEL PROGRAM SUPPORT

This proposal includes \$1.627 million (General Fund) and 13 positions to support and expand the Agricultural Labor Relations Board services to farmworkers, improve the timeliness of hearings, and increase efficiency and accountability.

#### BACKGROUND

The Agricultural Labor Relations Act was signed into law by Governor Jerry Brown in 1975 to "encourage and protect the rights of agricultural employees to full freedom of association, self-organization and to be free from interference, restraint, or coercion." Consistent with this purpose, the ALRB's role is to ensure peace and justice in the fields by providing stability in agricultural labor relations by implementing, protecting, and enforcing the rights and responsibilities of employers, employees, and unions in their relation with each other.

The ALRB operates as two independent bodies: the Office of the General Counsel and the Office of the Board:

- The Office of General Counsel acts as the prosecutorial branch of the agency with the responsibility to process, investigate, and prosecute unfair labor practice charges.
- The Office of the Board acts in a quasi-judicial capacity, reviews on appeal the interlocutory motions in ongoing cases, reviews the record de novo of all cases appealed to the Board, and defends the Board's final decisions when review is sought in the Court of Appeal. The Board also promulgates regulations and policies necessary to implementing the Act and oversees the conduct of representation elections through which farmworkers can choose whether or not to be represented by a union.

#### Workload

|                                       | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---------------------------------------|---------|---------|---------|---------|
| ULP Charges Filed                     | 86      | 108     | 136     | 125     |
| Complaints Issued                     | 5       | 3       | 16      | 20      |
| TRO and Preliminary Injunctions Filed | 0       | 4       | 6       | 5       |
| Administrative Hearings               | 2       | 2       | 6       | 7       |
| Board Decisions Issued                | 4       | 8       | 17      | 19      |
| Admin Orders Issued                   | 15      | 19      | 51      | 46      |
| New Litigation                        | 1       | 1       | 7       | 12      |

### Office of General Counsel

The ALRB requests about \$778,000 and nine positions for the General Counsel Program to staff two new regional offices. The positions will help the ARLB address current workload demands, improve the ARLB's services to underserved areas, reduce travel for investigations, and track workload data and program outcomes.

- **Six Positions to Establish Two New Regional Offices.** The two new offices will be located in Northern California and a Desert Regional Office to expand access for farmworkers and enhance agency efficiency by reducing travel times for investigation of charges by regional attorneys and field examiners. Offices are intended to be co-located within existing state facilities in those areas. The Northern California Office will be supervised and supported by the Salinas Regional office.

ARLB investigations are often conducted in the fields because travel to the regional offices can be cost prohibitive for farmworkers. The use of fleet vehicles (versus personal mileage and/or rental vehicle use) is the most cost-effective method of conducting mission-critical work. This proposal requests one fleet vehicle in each new office. The total one-time costs for two vehicles is \$50,000.

- **Three Positions to Staff Existing Locations.** The ARLB requests two staff services analysts to support the Visalia and Salinas Regional Offices and to track workload data and program outcomes. The analysts will primarily be responsible for collecting and analyzing workload data and will also provide additional administrative support to each regional office.

The ARLB requests one legal secretary to support the Oxnard Regional Office, to format, file, and serve legal pleadings in multiple jurisdictions, perform complex clerical work, and coordinate and scheduled court-related services for the Oxnard regional office.

### Office of the Board

- **Two limited-term Administrative Law Judges (ALJs) to Address Hearing Workload.** The ARLB currently has 1.5 full time equivalent ALJs. One full time judge is currently assigned to a case that is expected to occupy ALJs time through 2014-15 and the majority of 2015-16. The 0.5 ALJ is assigned to a second case that will occupy the rest of the fiscal year.

The General Counsel has requested ten additional hearings, and anticipates that the General Counsel is likely to request another eight hearings in addition to the two cases mentioned above. The two new positions will help to address the current hearing workload.

- **One Limited-Term Attorney IV to Address Litigation Workload.** In recent years, parties before the Board have become increasingly litigious and petitions for review of Board decisions have become increasingly common, significantly

increasingly the Board Counsel's workload. To address the increased state and federal court litigation workload, in January 2014, the Labor and Workforce Development Agency temporarily redirected resources to provide an Attorney IV to the ARLB to oversee, coordinate, and assist Board Counsel and attorneys assigned from the Office of the Attorney General. The ARLB requests position authority and funding to establish this position as a two-year limited-term position.

### **Administrative Oversight**

- **One Chief of Administration to Perform Administrative Oversight.** To support the operational needs of the Board and the General Counsel, the ALRB requires a Chief of Administration to oversee budgeting, accounting, procurement, business services, personnel, and information technology activities.

### **LAO COMMENTS**

- **Approve Governor's Proposal, But Make Staff for New Regional Offices Limited Term.** We find that (1) additional temporary resources are appropriate to enable the Board to address increased hearings and appeals workload, (2) the request for additional administrative staff is reasonable and could result in increased accountability and transparency, and (3) while creating new regional offices may have merit, approving permanent positions is not justified at this time on a workload basis. Accordingly, we recommend that the Legislature approve the Governor's proposal, with the exception that six positions intended to staff proposed new regional offices be approved on a two-year limited-term basis.
- **Require Budget Process.** To better assess the ongoing need for additional resources to staff new regional offices, and to evaluate the effectiveness of recent reforms to General Counsel staffing practices, we recommend that the Legislature require ALRB to report on workload and outcomes at each of the regional offices at the end of the limited term for the new positions (as part of the 2017-18 budget process)

### **STAFF COMMENTS**

Staff would agree with the LAO that the staff need to implement the new offices are appropriate in this proposal. However, staff would disagree about the use of limited-term positions. The need to start up the new offices, need staff on a longer-term basis than what limited-term positions offer.

To address the concerns to continue to monitor the success of the new offices, staff would recommend adopting the LAO proposal to have the ARLB report on workload and administrative efficiency as part of the 2017-18 Budget Process.

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**Staff Recommendation: Approve as budgeted and include LAO proposal for the ALRB to report back to the subcommittee in 2017-18.**

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**8955 CALIFORNIA DEPARTMENT OF VETERAN AFFAIRS****ISSUE 6: DEPARTMENT OVERVIEW**

The Subcommittee will receive an overview of the Department of Veterans Affairs.

**DEPARTMENT OVERVIEW**

California is home to nearly two million veterans, about 8 percent of the nation's veteran population. California anticipates receiving an additional 30,000 discharged members of the armed services each year for the next several years – more than any other state. Historically, the largest demand for benefits and services for veterans occurs immediately after discharge and again as the veteran population ages and requires greater access to medical facilities and long-term care services. With the substantial number of veterans under the age of 30 leaving the military after deployments to the wars in Iraq and Afghanistan, coupled with a considerably large population of Vietnam veterans who are now approaching a period in their lives where they will need greater access to medical and long-term care, California is preparing for a sustained spike in earned services and benefits.

In California, multiple public agencies, ranging from the Employment Development Department to the Department of Motor Vehicles, run veterans' programs and gather data on veterans. The two lead agencies are the California Department of Veterans Affairs (CalVet) and County Veterans Services Officers (CVSOs). The Legislature, the Governor, and state and local agencies all work together in order to meet the needs of all veterans in the state.

The California Department of Veterans Affairs (CDVA) promotes and delivers benefits and services to the state's veterans and their families. The department provides:

1. Home and farm loans through the Cal-Vet Farm and Home Purchase to qualifying veterans using proceeds from the sale of general obligation and revenue bonds;
2. The operation of State Veterans Cemeteries;
3. Assistance for eligible veterans and their dependents to obtain federal and state benefits by providing claims representation, subventions to county veterans service officers, and direct educational assistance to qualifying dependents; and,
4. Operation of veterans' homes in Yountville, Barstow, Chula Vista, Greater Los Angeles and Ventura County with several levels of medical rehabilitation services as well as residential services.

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**Staff Recommendation: This is an informational item.**

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**ISSUE 7: UPDATE ON PREVIOUS VETERAN INITIATIVES**

The Subcommittee will receive an update from the Department on County Veteran Service Officers, Strike Force Teams, and the Enterprise Wide Veteran Home Information System.

**COUNTY VETERAN SERVICES OFFICERS**

The County Veterans Services Officers (CVSOs) are veterans, and county employees who are there to assist the veteran community in applying for and maintaining available benefits and entitlements to which they may be eligible. Allocations for county services aid in the reduction of veterans claims backlog and improve turnaround times, which overall improves the quality of life for Veterans.

As a result of this Subcommittee's actions, an additional \$3 million GF to support County Services Veteran's Organization funding at counties was provided in both 2013-14 and 2014-15. CVSOs link veterans to their federal benefits and assist the veteran community in applying for and maintaining available benefits and entitlements to which they may be eligible. According to the Department, with the additional funding provided to counties for CVSOs, 62.5 full time employees have been hired at the county level.

**STRIKE FORCE TEAMS**

The Budget Act of 2013 included \$3 million and 36 limited-term positions for "strike force" team members to help California veterans and their families receive their benefits more quickly and help reduce the backlog of claims that have kept some veterans waiting for nearly two years. To start the three-year program, a Memorandum of Understanding (MOU) was signed by the California Department of Veterans Affairs and the U.S. Department of Veterans Affairs (USDVA) on September 18, 2013, to solidify this project.

The team members are placed and managed at each of the three CalVet District Offices, which are co-located at the USDVA Regional Offices in San Diego, Los Angeles, and Oakland. The Review Team of veteran claims representatives begin with claims that have been pending the longest and work their way forward. The Support Team at each location reviews new incoming claims to make them fully developed and ready for USDVA rating.

**ENTERPRISE WIDE VETERAN HOME  
INFORMATION SYSTEM (EW-VHIS)**

The Ew-VHIS Project is an information technology project for the Veterans Homes of California that will provide electronic healthcare records and other automated services for the entire system. The project will allow records and other information to be accessed throughout the system, and provide headquarters with the opportunity to improve administrative procedures, business processes, and will provide a greater level of clinical data management capabilities within the network.

**STAFF COMMENTS**

In 2013-14, there was a 23 percent increase in the amount of federal funds allocated to California Veterans due to state investments. Although no ongoing appropriation has been made for CVSOs at this time, given the favorable outcomes demonstrated over the last year and a half, this Subcommittee may want to consider extending this funding for additional years or making this funding permanent.

Since the instatement of the Strike Force teams, the claims backlog has been significantly reduced. However, the authorization and funding for the Strike Force teams is set to expire next year, on June 30, 2016. This Subcommittee may wish to ask the Department to provide further information on the success of the Strike Force teams, and weigh in on whether or not the backlog will increase if this program is not continued.

In previous discussions with the Department, there have been relatively positive reviews of the Ew-VHIS project; however, it seems that there have been many issues with the successful usage of this technology. This Subcommittee may wish to have the Department report on the usage of the technology in each of the homes, the successes and challenges of this project, and provide details as to the next steps for ensuring successful usage.

The Subcommittee may wish to ask the following of the Department:

1. Does the Department believe that it can handle the backlog of veteran federal benefit claims with existing staff after the expiration date of the Strike Force teams?

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**Staff Recommendation: Hold open.**

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**ISSUE 8: VETERANS HOMES**

The Subcommittee will discuss the Veterans Home background and the budget change proposals related to Veterans Homes for 2015-16.

**BACKGROUND**

An overwhelming majority of the department's expenditures – more than 80 percent - go toward operating the Veterans Homes of California (VHC), a system of eight veteran's homes. These facilities are located in Barstow, Chula Vista, Lancaster, Ventura, West Los Angeles, Yountville, Redding, and Fresno. VHC-Yountville was established in 1884 as the first veterans' home in the United States, but the rest of the system was built during the past 20 years. The Lancaster, Ventura, and West Los Angeles homes admitted their first residents in 2010, while Fresno and Redding admitted their first residents in October of 2013.

The VHC are long-term residential care facilities that provide California's aged or disabled veterans with rehabilitative, residential, medical and support services in a home-like environment. Spouses of veterans also are eligible for home membership.

**Greater Los Angeles and Ventura County (GLAVC)**

The GLAVC Veterans Home is composed of three sites in West Los Angeles, Lancaster, and Ventura. As mentioned above the GLAVC sites have recently opened. The Lancaster and Ventura homes ramped up relatively quickly; however, there were many outstanding issues at the West Los Angeles facility. In the last few months, the Home reached residential capacity, and has confirmed dates for the CDPH licensing survey for the new Skilled Nursing Facility (SNF) wing.

The Department plans to be fully staffed prior to the opening of the second SNF, which will happen in the next few months. WLA will hire and train 40 clinical staff in order to provide care in the new unit. WLA did not pass the USDVA recognition survey due to three technical deficiencies found during survey. According to the Department, this does not affect licensing and does not suggest that inadequate care is being provided. A resurvey has been requested, as the Home has already addressed many issues raised by the surveyors.

| Level of Care                  | Licensed Beds | Current Census | Last Month |
|--------------------------------|---------------|----------------|------------|
| Homeless Program               | 84            | 82             | 84         |
| RCFE                           | 84            | 82             | 80         |
| Skilled Nursing Facility (SNF) | 42            | 41             | 41         |
| SNF-Memory Care                | 30            | 28             | 28         |
| <b>Total</b>                   | <b>240</b>    | <b>233</b>     | <b>233</b> |

## West Los Angeles (WLA) Kitchen

Last year's budget provided an additional \$770,000 in Lease Revenue Bond funds to accelerate the WLA home kitchen by six months, which allowed the home to expand the Skilled Nursing bed capacity. On January 29, Department of General Services (DGS) conducted the official bid opening for the WLA Kitchen Facility. Of the 12 qualified bids, offers ranged from \$2,185,000 to \$3,730,000 with the center of the range about the state's construction estimate of \$3,194,000. On February 25, DGS awarded the contract to the winning bidder contingent upon meeting multiple requirements such as bond verification. The Department will work with DGS and the contractor to ensure these requirements are met. Due to the accelerated contract schedule, the contract will be finalized, and construction should begin by April 2015.

### BUDGET CHANGE PROPOSALS

The Governor's Budget includes other Department of Veteran Affairs proposals:

- Residential Care and Clinical Training.** The Governor's Budget includes \$3,599,000 GF for 45 permanent positions in 2015-16 to address the lack of residential care staff which directly impacts the health and welfare of residents at the Veterans Homes. Additionally, one-time funding of \$796,000 GF to provide statewide training for clinical staff.

In order to adequately serve the needs of the new demographic of veterans entering the Homes, the US Department of Veterans Affairs (USDVA) recently updated certification requirements for Residential Care Unit Leaders (RCULs). RCULs provide around-the-clock care to residents of the Domiciliary and Residential Care Facility for the Elderly (RCFE) levels of care. CDVA has requested an additional 45 permanent positions in order to comply with federal mandates, and will be placed at Yountville (30), Barstow (9), and Chula Vista (6). In addition to the positions, one-time funding of \$796,000 is requested for the standardization of training for clinical staff.

- West Los Angeles Food Service.** The Governor's Budget includes \$1,608,000 GF and 65.5 positions in BY and \$3,165,000 GF and 106 positions ongoing for the conversion of contracted food service in the Veterans Home of California-West Los Angeles to civil servants.

### STAFF COMMENTS

When the WLA facility was originally built, a fully-functioning kitchen facility was not included because there was initially a contract with the USDVA for food services. When the federal government backed out, the encumbrance to build a kitchen and fill beds at the Home fell on the State. This Subcommittee may wish to have the Department report on the potential to receive federal reimbursements for state costs incurred for construction of the kitchen.

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**Staff Recommendation: Approve both proposals as budgeted**

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