

May 2, 2002

STATUTORY PROVISIONS

An act to amend Sections 12800 and 12803 of, to add Section 12813 to, and to add Part 8.5 (commencing with Section 15550) to Division 3 of Title 2 of, the Government Code, to amend Sections 50 and 1141 of, and to add Sections 18.5 and 19.5 to, the Labor Code, and to amend Section 301 of the Unemployment Insurance Code, relating to governmental reorganization.

LEGISLATIVE COUNSEL'S DIGEST

Governor's Reorganization Plan No. 1 State government reorganization: labor and workforce development.

Existing law establishes in state government the Department of Industrial Relations and the Agricultural Labor Relations Board. Existing law establishes the Employment Development Department in the California Health and Human Services Agency. An executive order of the Governor establishes the California Workforce Investment Board. Existing law does not provide for the establishment of a Labor and Workforce Development Agency in state government.

This bill would create a Labor and Workforce Development Agency in state government consisting of the Department of Industrial Relations, the Employment Development Department, the Agricultural Labor Relations Board, and the California Workforce Investment Board. The agency would be under the supervision of the Secretary of

Labor and Workforce Development who would be appointed by the Governor, subject to confirmation by the Senate.

The bill would make conforming and related changes.

1 SECTION 1. It is in the public interest to create a Labor and
2 Workforce Development Agency, and to appoint a secretary and
3 other officers of this agency, because the creation of this agency,
4 appointment of these officers, and the corresponding
5 reorganization of other agencies, will do all of the following:

6 (a) Simplify, strengthen, and improve the operation and
7 management of programs that protect and provide services to
8 California's workers and employers.

9 (b) Eliminate duplication, achieve cost efficiencies, and
10 promote accountability and program access.

11 (c) Allow the state to marshal its resources to systematically
12 match worker training programs with regional labor market needs
13 to create skilled, middle-class jobs that offer a secure future to
14 Californians.

15 (d) Create a primary point of accountability for the
16 administration and the Legislature to measure the success and the
17 needs of the workforce investment system.

18 (e) Ensure that there is a cabinet-level voice for
19 workforce-related issues raised for the Governor's consideration
20 and decision.

21 (f) More closely coordinate enforcement activities so the
22 Employment Development Department can capture lost revenue
23 from the underground economy while the Department of
24 Industrial Relations protects workers exploited in the underground
25 economy.

26 (g) Coordinate and manage information and data on the
27 workforce and economy with a partnership between the
28 Department of Industrial Relations Division of Labor Statistics
29 and Research and the Employment Development Department
30 Labor Market Information Division.

31 (h) Build on the successful One-Stop Taxpayer Service Centers
32 operated by the Employment Development Department, the
33 Franchise Tax Board, and the Board of Equalization by adding
34 services for employers and workers, including information on



1 workers' compensation, labor standards, safe working conditions,
2 and job training opportunities.

3 (i) Consolidate service points throughout California for the
4 Employment Development Department, Department of Industrial
5 Relations, and the Agricultural Labor Relations Board.

6 (j) Coordinate the apprenticeship programs in the Department
7 of Industrial Relations with the employment and training
8 programs at the Employment Development Department to meet
9 the growing need and demand for skilled trade and craft workers.

10 (k) Strengthen protection for sick or injured California workers
11 by closer cooperation between the disability insurance program at
12 Employment Development Department and the workers'
13 compensation program at Department of Industrial Relations.

14 SEC. 2. (a) It is the intent of this act that the reorganization
15 plan provided for herein does not transfer any functions to or from
16 the Agricultural Labor Relations Board, the California Workforce
17 Investment Board, California Apprenticeship Council, California
18 Occupational Safety and Health Appeals Board, Occupational
19 Safety and Health Standards Board, Commission on Health and
20 Safety and Workers' Compensation, Industrial Medical Council,
21 Industrial Welfare Commission, Workers' Compensation Appeals
22 Board, State Compensation Insurance Fund, Employment
23 Development Department, California Unemployment Insurance
24 Appeals Board, and Employment Training Panel.

25 (b) It is the intent of this act that, in order to effectuate the
26 reorganization plan provided for herein, and pursuant to
27 subdivisions (c), (d), and (e) of Section 12080.3 of the
28 Government Code, all of the following related to any
29 governmental entity that become a part of the Labor and
30 Workforce Development Agency as a result of this plan shall be
31 transferred to, and be under the jurisdiction of, the Labor and
32 Workforce Development Agency:

33 (1) State civil service employees.

34 (2) Personnel records and property.

35 (3) Unexpended balances of appropriations and of other funds
36 available for use.

37 (c) No confidentiality agreement shall be required for sharing
38 information among any governmental entity that becomes a part
39 of the Labor and Workforce Development Agency as a result of the



1 reorganization plan provided for herein when that information is
2 used for research, enforcement, or training.

3 SEC. 3. Section 12800 of the Government Code is amended
4 to read:

5 12800. There are in the state government the following
6 agencies: State and Consumer Services; Business, Transportation
7 and Housing; California Environmental Protection; California
8 Health and Human Services; *Labor and Workforce Development*;
9 Resources; *Technology*, Trade, and Commerce; and Youth and
10 Adult Correctional.

11 Whenever the term “Agriculture and Services Agency”
12 appears in any law, it means the “State and Consumer Services
13 Agency,” and whenever the term “Secretary of Agriculture and
14 Services Agency” appears in any law, it means the “Secretary of
15 State and Consumer ~~Services Agency.~~” *Services.*”

16 Whenever the term “Business and Transportation Agency”
17 appears in any law, it means the “Business, Transportation and
18 Housing Agency,” and whenever the term “Secretary of the
19 Business and Transportation Agency” appears in any law, it means
20 the “Secretary of ~~the~~ Business, Transportation and ~~Housing~~
21 ~~Agency.~~” *Housing.*”

22 Whenever the term “Health and Welfare Agency” appears in
23 any law, it means the “California Health and Human Services
24 Agency,” and whenever the term “Secretary of the Health and
25 Welfare Agency” appears in any law, it means the “Secretary of
26 ~~the~~ California Health and Human Services ~~Agency.~~”

27 SEC. 4. Section 12803 of the Government Code is amended
28 to read:

29 12803. (a) The California Health and Human Services
30 Agency consists of the following departments: Health Services;
31 Mental Health; Developmental Services; Social Services; Alcohol
32 and Drug Abuse; Aging; ~~Employment—Development~~;
33 Rehabilitation; and Community Services and Development.

34 (b) The agency also includes the Office of Statewide Health
35 Planning and Development and the State Council on
36 Developmental Disabilities.

37 (c) The Department of Child Support Services is hereby
38 created within the agency commencing January 1, 2000, and shall
39 be the single organizational unit designated as the state’s Title
40 IV-D agency with the responsibility for administering the state



1 plan and providing services relating to the establishment of
2 paternity or the establishment, modification, or enforcement of
3 child support obligations as required by Section 654 of Title 42 of
4 the United States Code. State plan functions shall be performed by
5 other agencies as required by law, by delegation of the department,
6 or by cooperative agreements.

7 SEC. 5. Section 12813 is added to the Government Code, to
8 read:

9 12813. The Labor and Workforce Development Agency
10 consists of the following:

11 (a) Office of the Secretary of Labor and Workforce
12 Development.

13 (b) Agricultural Labor Relations Board.

14 (c) California Workforce Investment Board.

15 (d) Department of Industrial Relations, including the
16 California Apprenticeship Council, California/OSHA Appeals
17 Board, California/OSHA Standards Board, Commission on
18 Health and Safety and Workers' Compensation, Industrial
19 Medical Council, Industrial Welfare Council, and Workers'
20 Compensation Appeals Board.

21 (e) Employment Development Department, including the
22 California Unemployment Insurance Appeals Board, and the
23 Employment Training Panel.

24 SEC. 6. Part 8.5 (commencing with Section 15550) is added
25 to Division 3 of Title 2 of the Government Code, to read:

26
27 PART 8.5. LABOR AND WORKFORCE DEVELOPMENT
28 AGENCY

29
30 CHAPTER 1. GENERAL PROVISIONS

31
32 15550. As used in this part, "agency" and "secretary" refer
33 to the Labor and Workforce Development Agency and the
34 Secretary of Labor and Workforce Development, respectively,
35 unless the context otherwise requires.

36 15551. The Labor and Workforce Development Agency in
37 state government is under the supervision of an executive officer
38 known as the Secretary of Labor and Workforce Development.
39 The secretary shall be appointed by the Governor, subject to



1 confirmation by the Senate, and shall hold office at the pleasure of
2 the Governor.

3 15552. (a) The Governor shall appoint two other officers to
4 assist the secretary, as determined by the Governor.

5 (b) The two other officers shall serve at the pleasure of the
6 secretary.

7
8
9

CHAPTER 2. POWERS AND DUTIES

10 15554. The secretary has the power of general supervision
11 over, and is directly responsible to the Governor for, the operations
12 of each department, office, and unit within the agency. The
13 secretary may issue those orders as the secretary deems
14 appropriate to exercise any power or jurisdiction, or to assume or
15 discharge any responsibility, or to carry out or effect any of the
16 purposes vested by law in any department in the agency. However,
17 nothing in this part authorizes the secretary to exercise any power
18 or jurisdiction, or assume or discharge any responsibility related
19 to adjudication, rulemaking, or legal representation that is vested
20 by other provisions of law in any board, commission, council, or
21 other appointive multimember body that is organizationally
22 located within the Labor and Workforce Development Agency or
23 within any of its departments.

24 15555. The secretary shall advise the Governor on, and assist
25 the Governor in, establishing major policy and program matters
26 affecting each department, office, or other unit within the agency,
27 and shall serve as the principal communication link for the
28 effective transmission of policy problems and decisions between
29 the Governor and each department, office, or other unit.

30 15556. The secretary shall exercise the authority vested in the
31 Governor in respect to the functions of each department, office, or
32 other unit within the agency, including the adjudication of
33 conflicts between or among the departments, offices, or other
34 units, and shall represent the Governor in coordinating the
35 activities of each department, office, or other unit within the
36 agency with those of other agencies, whether federal, state, or
37 local.

38 15557. The secretary shall be generally responsible for the
39 sound fiscal management of each department, office, or other unit
40 within the agency. The secretary shall review and approve the



1 proposed budget of each department, office, or other unit. The
2 secretary shall hold the head of each department, office, or other
3 unit responsible for management control over the administrative,
4 fiscal, and program performance of his or her department, office,
5 or other unit. The secretary shall review the operations and
6 evaluate the performance at appropriate intervals of each
7 department, office, or other unit, and shall seek continually to
8 improve the organizational structure, the operating policies, and
9 the management information systems of each department, office,
10 or other unit.

11 15558. Other duties of the secretary include, but are not
12 limited to, reviewing personnel management, acting as public
13 advisor and providing public information in connection with all
14 functions of the agency, overseeing the implementation of the
15 workforce investment system to ensure that it better responds to
16 the employment, training, and education needs of its customers,
17 and consolidating service points and One-Stop Taxpayer Service
18 Centers for employers and workers by adding services that are
19 within the agency's authority as of the effective date of this
20 reorganization plan.

21 15559. The secretary shall develop and report to the Governor
22 on legislative, budgetary, and administrative programs to
23 accomplish comprehensive, long-range, coordinated planning and
24 policy formulation in the matters of public interest related to the
25 agency. To accomplish this end, the secretary may hold public
26 hearings, consult with and use the services and cooperation of
27 other state agencies, employ staff and consultants, and appoint
28 advisory and technical committees to assist in the work.

29 15560. For the purpose of administration, the secretary shall
30 review the organization of the agency and report to the Governor
31 on changes necessary to segregate and conduct the work of the
32 agency.

33 15561. The secretary and any other officer or employee
34 within the agency designated in writing by the secretary shall have
35 the power of a head of a department pursuant to Article 2
36 (commencing with Section 11180) of Chapter 2 of Part 1.

37 15562. Whenever a power is granted to the secretary, the
38 power may be exercised by an officer or employee within the
39 agency as designated in writing by the secretary.

40 SEC. 7. Section 18.5 is added to the Labor Code, to read:



1 18.5. “Agency” means the Labor and Workforce
2 Development Agency.

3 SEC. 8. Section 19.5 is added to the Labor Code, to read:

4 19.5. “Secretary” means the Secretary of Labor and
5 Workforce Development.

6 SEC. 9. Section 50 of the Labor Code is amended to read:

7 50. There is in the ~~state government~~ *Labor and Workforce*
8 *Development Agency* the Department of Industrial Relations.

9 SEC. 10. Section 1141 of the Labor Code is amended to read:

10 1141. (a) There is hereby created in ~~state government~~ *the*
11 *Labor and Workforce Development Agency* the Agricultural Labor
12 Relations Board, which shall consist of five members.

13 (b) The members of the board shall be appointed by the
14 Governor with the advice and consent of the Senate. The term of
15 office of the members shall be five years, and the terms shall be
16 staggered at one-year intervals. Upon the initial appointment, one
17 member shall be appointed for a term ending January 1, 1977, one
18 member shall be appointed for a term ending January 1, 1978, one
19 member shall be appointed for a term ending January 1, 1979, one
20 member shall be appointed for a term ending January 1, 1980, and
21 one member shall be appointed for a term ending January 1, 1981.

22 Any individual appointed to fill a vacancy of any member shall be
23 appointed only for the unexpired term of the member to whose
24 term he *or she* is succeeding. The Governor shall designate one
25 member to serve as chairperson of the board. Any member of the
26 board may be removed by the Governor, upon notice and hearing,
27 for neglect of duty or malfeasance in office, but for no other cause.

28 SEC. 11. Section 301 of the Unemployment Insurance Code
29 is amended to read:

30 301. There is in the ~~Health~~ *Labor and Welfare* ~~Workforce~~
31 *Development Agency* the Employment Development
32 Department, which is vested with the duties, purposes,
33 responsibilities, and jurisdiction heretofore exercised by the State
34 Department of Benefit Payments or the *California* Health and
35 ~~Welfare~~ *Human Services Agency* with respect to job creation
36 activities. The Employment Development Department shall be
37 administered by an executive officer known as the Director of
38 Employment Development who is vested with the duties,
39 purposes, responsibilities, and jurisdiction heretofore exercised by



1 the Director of Benefit Payments with respect to the following
2 functions:

3 (a) Job creation activities.

4 (b) Making manual computations and making or denying
5 recomputations of the amount and duration of benefits.

6 (c) Determination of contribution rates and the administration
7 and collection of contributions, penalties and interest, including
8 but not limited to filing and releasing liens.

9 (d) Establishment, administration, and transfer of reserve
10 accounts.

11 (e) Making assessments and the administration of credits and
12 refunds.

13 (f) Approving elections for coverage or for financing
14 unemployment and disability insurance coverage.

O

