SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 301	**Hearing Date:**	April 30, 2025
Author:	Grayson		
Version:	March 24, 2025		
Urgency:	No	**Fiscal:**	No
Consultant:	Glenn Miles		

SUBJECT: County Employees Retirement Law of 1937: employees

KEY ISSUE

This bill would prohibit, beginning on or after January 1, 2026, a city or district that contracts with a County Employees Retirement Law (CERL) retirement system from amending its contract with the retirement system in a manner that provides for the exclusion of some, but not all, employees.

ANALYSIS

Existing law:

1) Establishes the County Employees Retirement Law of 1937 Act (referred to as "37 Act" or "CERL") consisting of twenty county retirement systems, also referred to as associations, to provide defined benefit pension benefits to public county or district employees, as specified. (Government Code §31450 et seq.)

2) Provides that CERL retirement system members are entitled, upon retirement for service, to receive a retirement allowance consisting of their service retirement annuity, their current service pension, and their prior service pension, as specified. (Government Code §31673)

3) Establishes benefit provisions for the general defined benefit plan that each member county can adopt by resolution. Existing law also provides specific plan elements by statute to particular systems, as specified. Thus, while CERL retirement systems have similar characteristics each has its own particular benefit structure and requirements. (e.g., Government Code §31461.1)

4) Provides that all officers and employees of any district become members of the association on the first day of the calendar month after the appropriate governing board approves a resolution to that effect, as specified. (Government Code §31557)

This bill:

1) Prohibits, beginning on or after January 1, 2026, a city or district that contracts with a CERL retirement system from amending its contract with the retirement system in a manner that provides for the exclusion of some, but not all, employees.

COMMENTS

1. Need for this bill?

According to the California Professional Firefighters:

"Under Government Code Section 31557, when a city or district joins a CERL retirement system, all of its employees are required to become members. However, in 2019, the City of Placentia exploited a loophole when it ended its contract with the Orange County Fire Authority, a 37 Act agency, to create the Placentia Fire and Life Safety Department as a cost-cutting measure. Later that year, the city petitioned CalPERS to amend its contract, excluding pension membership for all firefighters hired by the new department. Resulting in, Placentia Fire and Life Safety Department firefighters not included in the pension plan. This prompted the passage of AB 2967 (O'Donnell, 2020), which closed this loophole under CalPERS. Unfortunately, similar protections were not extended to employees under CERL, leaving a gap in the law. This remaining loophole created the risk that cities and districts contracting with CERL retirement systems could selectively exclude certain categories of workers from pension participation."

2. Proponent Arguments

According to the author:

"SB 301 closes a loophole by prohibiting cities and districts participating in CERL retirement systems from excluding class or groups of employees. This will ensure parity between the two public retirement systems and guarantee that all public employees are provided with a secure retirement."

3. Opponent Arguments:

None received.

4. Prior Legislation:

AB 2967 (O'Donnell, Chapter 223, Statutes of 2020) prohibited a contracting public agency from amending its contract with CalPERS to exclude groups of its employees from coverage, as specified.

SUPPORT

California Professional Firefighters

OPPOSITION

None received.

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SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 487	**Hearing Date:**	April 30, 2025
Author:	Grayson		
Version:	April 21, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Jazmin Marroquin		

SUBJECT: Workers' compensation

KEY ISSUE

This bill specifies, that when the injured employee is a peace officer, as defined, or a firefighter, they are entitled to receive no less than two-thirds of the third-party defendant's liability insurance policy if 1) the employee establishes that their total damages exceed the net recovery available after satisfaction of the employer's claim and, 2) the total liability insurance limits available are insufficient to fully compensate the employer and employee's proven damages; and this bill limits an employer's right to reimbursement, subrogation, or lien to the minimum recovery threshold, as specified.

ANALYSIS

Existing law:

1) Establishes a comprehensive system of workers' compensation, administered by the Administrative Director of the Division of Workers' Compensation, that provides a range of benefits for an employee who suffers from an injury or illness that arises out of and in the course of employment, regardless of fault. This system requires all employers to insure payment of benefits by either securing the consent of the Department of Industrial Relations to self-insure or by obtaining insurance from a company authorized by the state. (Labor Code §§3200-6002)

2) Requires an employer to provide all medical services reasonably required to cure or relieve the injured worker from the effects of the injury. (Labor Code §§4600-4615)

3) Establishes a Workers' Compensation Appeals Board and sets forth various proceedings that are required to be brought forth before the board (Labor Code §§3200-3219)

4) Authorizes an employer who pays or becomes obligated to pay compensation, salary in lieu of compensation, or an amount to the Department of Industrial Relations to make a claim or bring an action against a third person who caused the injury or death of an employee that gave rise to the employer's obligations. (Labor Code §3852)

5) Relieves the employer from an obligation to pay further compensation to or on behalf of the employee if the employer has paid litigation expenses, attorney's fees, and the employer's lien. (Labor Code §3858)

6) Requires any release or settlement of a claim to include notice to both the employer and employee, as specified, and the written consent of both the employer and employee, in order for the release or settlement to be valid. (Labor Code §§3859-3860)

7) Authorizes the appeals board to credit the employer with an amount equal to the recovery by the employee that has not been applied to certain expenses, to be applied against the employer's liability for compensation, as specified. (Labor Code §3861)

8) Authorizes an employer to enforce payment of a lien against a third party, or against the employee, if damages have been paid to the employee, in the manner provided for enforcement of money judgments. (Labor Code §3862)

This bill:

1) Specifies, that when the injured employee is a peace officer, as defined, or a firefighter, they are entitled to receive no less than two-thirds of the third-party defendant's liability insurance policy if:

    a. The employee establishes that their total damages exceed the net recovery available after satisfaction of the employer's claim and,
    b. The total liability insurance limits available are insufficient to full compensate the employer and employee's proven damages.

2) Limits an employer's right to reimbursement, subrogation, or lien to the minimum recovery threshold, as specified.

3) Prohibits an employer from asserting any recovery by one of these injured employees as a credit or offset against future workers' compensation benefits, as specified.

4) Requires a settlement or release to limit an employer's claim for reimbursement to the portion of the settlement not allocated to the employee, pursuant to these provisions.

COMMENTS

1. Background:

Workers' Compensation

Workers' compensation temporary disability (TD) indemnity benefits are payments injured employees get if they lose wages due to a work-related injury that prevents them from doing their usual job while recovering. Injured employees are entitled to TD benefits equal to two-thirds of their average weekly wages. Certain public safety classifications, such as peace officers and firefighters, receive workers' compensation benefits that other employees do not receive, including "4850 leave," which grants up to one year of full salary instead of the regular method for calculating temporary disability benefits. Once 4850 leave benefits are exhausted, if the employee is still temporarily disabled, they are eligible to receive workers' compensation TD. In most cases, TD will not be paid beyond 104 weeks.

If an on-duty peace officer or firefighter is injured on the job due to a third party, for instance, a traffic accident, assault, or shooting, they may be entitled to 4850 leave for up to

one year, and after that period of time, can file a workers' compensation claim at two-thirds their salary.

Civil claims against third parties
In addition to a workers' compensation claim, an injured peace officer or firefighter may pursue a civil claim against the third party at fault, such as a negligent driver, to recover additional losses. While workers' compensation covers medical treatment and wage replacement, it does not cover additional losses, such as compensation for pain and suffering or loss of opportunities (promotions, overtime, etc.).

Subrogation
Under a third-party claim, an employer's workers' compensation insurance provider may seek reimbursement for the benefits it paid. This process is called subrogation, which means the employer's workers compensation insurance company can seek reimbursement from the worker for the disability payments, or other benefits, received if the worker also receives financial recovery from a third party (the party at fault).

Public agencies may file subrogation claims on the civil settlements an injured peace officer or firefighter pursues. Currently, the law prioritizes public agencies to recover the costs from any third-party settlement or judgment awarded to an injured peace officer or firefighter. This means that the public agencies' claims may significantly reduce the civil settlement recovery costs awarded to an injured officer or firefighter from the third party. This bill, SB 487, seeks to require that peace officers and firefighters injured in the line of duty retain at least two-thirds of the third-party defendant's liability insurance limits under specified circumstances.

2. Need for this bill?

According to the author:

"Under current law, public agencies have the priority to recover costs from any third-party settlement or judgement awarded to injured officers and firefighters. Even though these individuals may be entitled to substantial damages for additional losses, the agencies' claims can significantly reduce or completely absorb those funds. As a result, injured officers and firefighters often receive insufficient compensation for their broader losses, including lost overtime, missed promotions, and pain and suffering. Additionally, any settlement received may result in a credit against future workers' comp benefits, reducing coverage for medical treatment, disability, salary, and other benefits.

SB 487 would guarantee that peace officers and firefighters injured in the line of duty would be entitled to the compensation they obtain from a settlement after being injured by a third party. Specifically this bill would prohibit public agencies from unfairly collecting on the settlement, leaving injured officers without the financial compensation they earned in the line of duty. After amendments the bill ensures that an injured employee is entitled to at least two-thirds of the third-party defendant's liability insurance limits when both:

1. The employee proves their total damages exceed the net amount available after the employer's claim is satisfied.
2. The available insurance limits are insufficient to fully cover both the employer's and the employee's proven damages.

This two-thirds minimum reflects a fair share of the recovery considering the employee's damages, attorney's fees, and costs, and is not subject to any employer lien or offset.

The employer's right to reimbursement, or subrogation, is subordinate to this minimum allocation, which applies to all settlements and judgments and takes priority over any employer claims. Any remaining proceeds are distributed according to standard lien and subrogation rules."

3. Proponent Arguments

According to the sponsor, the Fraternal Order of the Police:

"This important measure recognizes the sacrifices made by our public safety personnel and protects their right to retain a percentage of their award granted through civil judgments or settlements.

Currently, when peace officers or firefighters are injured by a negligent third party—whether in a traffic collision, assault, or shooting—they may pursue civil claims to recover damages not covered by workers' compensation, including lost overtime, special pay, missed promotion opportunities, pension losses, and pain and suffering. Despite this, existing law allows public agencies to place liens on these civil settlements or judgments to recover the costs of workers' compensation benefits they have already provided. In many cases, this practice leaves injured officers and firefighters with little to no compensation for the devastating personal and financial losses they have endured.

SB 487 addresses this inequity by allowing injured officers and firefighters to recover a percentage of their losses from civil judgement or settlements, while still allowing the public agency to recover for their losses as well. It ensures that these brave men and women—who have risked their lives to protect our communities—retain a portion of the financial settlements they have rightfully earned through civil proceedings.

SB 487 is a commonsense and compassionate solution that acknowledges the hardships these individuals face and honors their service by protecting a percentage of their financial recovery."

4. Opponent Arguments:

None received.

4. Letter of Concern:

The California Coalition on Workers' Compensation submitted a letter of concern to the committee, outlining the following:

"We're reflexively opposed to any action that diminishes an employer's right to recover their costs from third parties that cause workplace injuries, but we want to have a more complete understanding of the perceived problem that the bill seeks to resolve and analyze the late amendments more completely. It can be complicated when a third party is responsible for a workplace injury. The worker has many of their actual damages paid directly by the employer or insurer. And, depending on the circumstances, there can be a limited ability for

all parties to recover from the responsible third party. There is a web of statutes, judicial procedures and practices, and behaviors by the parties that currently exist for a reason, and we are wary of any effort to broadly change the rules to address a rare anecdote. We think there are both constitutional and policy considerations with respect to the April 21, 2025, amendments that need to be more fully evaluated before we can clearly position on the bill."

SUPPORT

California Fraternal Order of Police (Sponsor)
Association of Orange County Deputy Sheriffs
Long Beach Police Officers Association
Sacramento County Deputy Sheriffs Association
Sheriff's Employee Benefits Association (SEBA)

OPPOSITION

None received.

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SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 581	**Hearing Date:**	April 30, 2025
Author:	McGuire		
Version:	April 10, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Glenn Miles		

SUBJECT: Department of Forestry and Fire Protection: employment: firefighters

KEY ISSUE

This bill would require the California Department of Human Resources (CalHR), the State Personnel Board (SPB), and any other relevant state agency to take the necessary actions to transition seasonal firefighters employed by the California Department of Forestry and Fire Protection (CAL FIRE) to a permanent firefighter employment classification.

ANALYSIS

Existing law:

1) Establishes CAL FIRE in the California Natural Resources Agency under the control of the CAL FIRE Director. CAL FIRE is responsible for the fire protection, fire prevention, maintenance, and enhancement of the state's forest, range, and brushland resources, contract fire protection, associated emergency services, and assistance in civil disasters and other non-fire emergencies. (Public Resources Code §701 and §713, respectively.)

2) Declares that it is the policy of the state that the normal workweek of permanent employees in CAL FIRE's fire suppression classes not exceed 84 hours per week, and authorizes compensation in cash or compensating time off, in accordance with specified regulations, for work in excess of the designated workweek. (Government Code §19846)

3) Provides that if the above regarding workweek hours are in conflict with the provisions of a memorandum of understanding, the terms of the memorandum are controlling, as provided. (Government Code §19846)

4) Creates the state civil service that includes every officer and employee of the state except a limited number of specified, exempted officers and employees. Existing law also requires that the state make "permanent appointment and promotion in the civil service under a general system based on merit ascertained by competitive examination." Case law and custom refer to this provision as the merit principle and it governs the administration of the state's civil service system. (CA CONST. art. VII, §1 and §4)

5) Creates SPB to enforce the civil service statutes and prescribe probationary periods and classifications, adopt other rules authorized by statute, and review disciplinary actions. (CA CONST. art. VII, §2 and §3)

6) Establishes the State Civil Service Act to facilitate the operation of the Constitution's merit principle for the state civil service. (Government Code §18500).

7) Creates CalHR and vests it with the powers, duties, and authorities necessary to operate the state civil service system pursuant to Article VII of the California Constitution, the Government Code, the merit principle, and applicable rules duly adopted by SPB. (Government Code §18502)

8) Requires SPB to establish minimum qualifications for determining the fitness and qualifications of employees for each class of position, including education, experience, knowledge, and abilities that each applicant is required to have to be considered eligible for a classification. The Department may require applicants for examination or appointment to provide documentation as it deems necessary to establish the applicants' qualifications. (Government Code §18931)

9) Authorizes temporary appointments to positions where there is no employment list, but prohibits a person from serving in one or more positions under temporary appointment longer than 9 months in 12 consecutive months. (CA CONST. art. VII, §5)

This bill:

1) Requires CalHR, SPB, and any other relevant state agency to take the necessary actions to transition the Firefighter I classification within the CAL FIRE to a permanent firefighter employment classification.

2) Requires the transition of the Firefighter I classification into a permanent employment classification to include meeting and conferring in good faith between the exclusive representative and the state employer.

3) Requires the bargaining process to include wages, hours, and other terms and conditions of employment for affected employees during and after the transition.

COMMENTS

1. Need for this bill?

According to the author:

"California and the entire West are burning at historic rates. Eight of the most destructive wildfires in California history have hit over the past five years, with two of the deadliest wildfires burning over 16,000 structures in Los Angeles County just 13 days after Christmas."

"It is crystal clear, even with the state's historic investments in CAL FIRE—which doubled the number of CAL FIRE Firefighters in the last eight years—they need our help. The Golden State continues to face unprecedented challenges—wildfires burning longer, hotter, faster and more frequently than ever before. The new reality has set in and we're never going back."

"This bill would require the Department of Human Resources, the State Personnel Board, and any other relevant state agency to take the necessary actions to transition seasonal firefighters employed by CAL FIRE to a permanent firefighter employment classification."

2. Proponent Arguments

According to the California Professional Firefighters:

"The men and women of all employment classifications of CAL FIRE are among the most well-trained and highly-skilled firefighters in the world, but the new normal in California means that the older model of employment for seasonal workers must change in order for them to be most effective. Wildfire season is now year-round, with some of the most devastating fires in California's history taking place during the winter months that were previously thought to be 'safe' from this sort of destruction. Instead of losing the valuable resources and skills provided by seasonal firefighters for three months of the year, SB 581 will bring these firefighters on to permanent, full-time status, ensuring that CAL FIRE is always ready to battle the next big wildfire that threatens our communities."

3. Opponent Arguments:

None received.

4. Prior Legislation:

AB 2538 (Grayson, 2024, Vetoed) would have required CalHR, SPB, and any other relevant state agency to take actions to ensure CAL FIRE may employ seasonal firefighters for more than 9 months in a consecutive 12-month period to address emergency fire conditions and personnel shortages. *The Governor vetoed the bill.*

AB 1405 (Flora, 2023) would have required CAL FIRE to implement a 56-hour maximum workweek for employees in state Bargaining Unit (BU) 8 and to make such changes on or before December 1, 2026, and includes legislatives findings and declarations for these purposes. *The author pulled the bill from its hearing in the Assembly Public Employment and Retirement Committee. The bill died without further action.*

SUPPORT

California Professional Firefighters

OPPOSITION

None received.

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SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 617	**Hearing Date:**	April 30, 2025
Author:	Arreguín		
Version:	March 24, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: California Worker Adjustment and Retraining Act

KEY ISSUE

This bill revises the California Worker Adjustment and Retraining (CalWARN) Act to require an employer to include in a CalWARN Act notice whether the employer plans to coordinate services through the local workforce development board, as specified.

ANALYSIS

Existing federal law:

1) Enacts the Workforce Innovation and Opportunity Act (WIOA) of 2014 in order to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with skilled workers. WIOA coordinates employment and training services for adults, dislocated workers, and youth through grants that are implemented at the state and local level. (29 U.S.C. §3101)

Existing state law:

1) Establishes the California Workforce Development Board (CWDB), under the Labor Workforce and Development Agency, as the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce system, including its alignment to the needs of the economy and the workforce. (Unemployment Insurance Code §14010 et seq.)

2) Establishes local workforce development boards (LWDBs) in each local workforce development area of the state to assist the local chief elected official in planning, oversight, and evaluation of local workforce investment. (Unemployment Insurance Code §14201)

3) Requires a LWDB to elect a chairperson for the local board among the business representatives. (Unemployment Insurance Code §14205)

4) Requires LWDBs to, among other things, do the following:

    a. Convene local workforce development system stakeholders to develop and submit a local plan to the Governor that meets the requirements of WIOA.
    b. Promote business representation, particularly representatives with optimal policymaking or hiring authority from employers whose employment opportunities reflect existing and emerging employment opportunities in the region, on the local board.

c. Develop effective linkages, including the use of intermediaries, with employers in the region to support employer utilization of the local workforce development system and to support local workforce investment activities.
d. Ensure that workforce investment activities meet the needs of employers and support economic growth in the region, by enhancing communication, coordination, and collaboration among employers, economic development entities, and service providers.
e. Develop strategies for using technology to maximize the accessibility and effectiveness of the local workforce development system for employers, and workers and jobseekers.

(Unemployment Insurance Code §14206)

5) Under the Worker Adjustment and Retraining Notification (CalWARN) Act, prohibits an employer with 75 or more full and part-time employees from ordering a mass layoff, relocation, or termination at a covered establishment, as defined, unless, 60 days before the order takes effect, the employer gives written notice to all of the following:

a. The employees of the covered establishment affected by the order.
b. The Employment Development Department, the local workforce investment board, and the chief elected official of each city and county government within which the termination, relocation, or mass layoff occurs.

(Labor Code §1400-1413)

6) Defines, for purposes of the CalWARN Act, an "employer" as any person, association, organization, partnership, business trust, limited liability company, or corporation who directly or indirectly owns and operates a covered establishment. A parent corporation is an employer as to any covered establishment directly owned and operated by its corporate subsidiary. (Labor Code §1400.5)

7) Exempts, from the provisions of CalWARN, seasonal employees and employees that are laid off as a result of the completion of a project in specified industries, where the employers are subject to specified wage orders, and the employees were hired with the understanding that their employment was seasonal and temporary. (Labor Code §1400.5.)

8) States that an employer that fails to give the required notice, as required by CalWARN, before ordering a mass layoff, relocation, or termination, is liable to each employee entitled to notice, for specified compensation and benefits, calculated for the period of the employer's violation, up to a maximum of 60 days, or half the number of days that the employee was employed by the employer, whichever period is shorter. (Labor Code §1402)

This bill:

1) Requires an employer to include in a CalWARN Act notice whether the employer plans to coordinate services through the LWDB and to include a functioning email and telephone number of the employer for contact.

2) Requires, if an employer chooses to coordinate with the LWDB, the employer to coordinate with the LWDB within 30 days from the date of the notice.

3) Requires, if an employer chooses not to coordinate with the LWDB, the employer to include in a CalWARN Act notice a description of services offered by the LWDB, a functioning

email and telephone number of the LWDB, and whether the employer plans to use any entity to inform impacted workers of services.

COMMENTS

1. Background:

Local Workforce Development Boards (LWDBs)
The workforce development system is comprised of 40 plus local workforce development areas, each with its own business-led LWDB. These boards work with their local chief elected official to oversee the delivery of workforce services to their local residents and businesses. Each LWDB has its own charter, organization, and unique local context. Members of private sector business, organized labor, community-based organizations, local government agencies, and local education agencies comprise an LWDB's membership. LWDBs oversee One-Stop Career Centers. These Centers, through partnerships with local, state, and federal agencies, as well as education and economic development organizations, provide access to job, skill development, and business services. LWDBs perform the following roles in their communities:

- Convener - Bringing together business, labor, education, and economic development to focus on community workforce issues.
- Workforce Analyst - Developing, disseminating and understanding current labor market and economic information and trends.
- Broker - Bringing together systems to solve common problems, or brokering new relationships with businesses and workers.
- Community Voice - Advocating for the importance of workforce policy, providing perspective about the need for skilled workers.
- Capacity Builder - Enhancing the region's ability to meet the workforce needs of local employers.

Adults and displaced workers receive an initial assessment, job search and placement assistance, and career counseling at LWDBs. The dislocated worker program assists workers displaced by disasters, mass layoffs, or plant closures to regain economic security.

California Worker Adjustment and Retraining (CalWARN) Act Notices
The CalWARN Act protects employees, their families, and communities by requiring employers to give a *60-day notice* to the affected employees and both state and local representatives before a mass layoff, relocation, or termination. Advance notice provides employees and their families time to transition and adjust to the potential loss of employment, time to seek alternative jobs and, if necessary, time to obtain skills training or retraining to successfully compete in the job market.

The federal WARN Act applies to employers with 100 or more full-time employees while the CalWARN Act applies to a "covered establishment" that employs 75 or more full and part-time employees. Under the CalWARN Act, notices are required for mass layoffs of 50 or more employees within a 30-day period, relocations of at least 100 miles affecting any amount of employees, and closures. For purposes of the WARN Act, "employee" is defined as a person employed by an employer for at least 6 months of the 12 months preceding the date on which notice is required. An employer is not required to provide notice if a mass

layoff, relocation, or termination is necessitated by a physical calamity or act of war. Additionally an employer is not required to comply with the notice requirement if the employer was actively seeking capital or business, at the time the notice would have been required.

This bill
SB 617 would require employers to include in Cal/WARN Act notices whether the employer plans to coordinate services through the LWDB and to include a functioning email and telephone number of the employer for contact. Employers that choose not to coordinate services through the LWDB would be instead required to include the LWDB's email and telephone number, a list of services offered by the LWDB, and whether the employer plans to use any entity to inform impacted workers of services.

2. Need for this bill?

According to the author:

"Pursuant to California's Worker Adjustment and Retraining Act or 'Cal/WARN Act' (Labor Code Section 1401), employers are required to provide 60 days written notice of a mass layoff to affected workers, the Employment Development Department, the local workforce investment board, and the chief elected official of each city and county government within which the termination, relocation, or mass layoff occurs. Employers are currently not required to provide information to laid-off workers about services for dislocated worker assistance. Employers can coordinate this work through their Local workforce development board (LWDB) or privately by contracting with a third party. The current notice does not require an employer to include additional information, such as whether they plan to offer these services and if so, if the services will be offered through a LWDB or privately. Dislocated workers are therefore often uninformed about free services that can support them during unemployment and assist them in finding a new job. LWDBs, while aware of the layoffs, are unaware if employers that choose to coordinate services privately provide impacted employees with information about the LWDB.

SB 617 requires employers to provide information on available dislocated worker assistance. Our hope is that expanding the information required in the WARN Letter will promote better communication between employers and their LWDB to ensure better coordination and better information for displaced employees."

3. Proponent Arguments:

The sponsors of the measure, the County of Alameda, state:

"Current law mandates certain employers notify stakeholders of mass layoffs, including local workforce development boards (LWDBs), 60 days before the mass layoff via Worker Adjustment and Retraining Notification (WARN) letters. As proposed in SB 617, the notification would be expanded to ensure that LWDBs are notified if the employer plans to utilize the LWDB or another party to inform impacted employees about potential services. This notifies impacted employees that services are available and helps the LWDBs better anticipate and plan to offer services.

The Alameda County Board of Supervisors adopted a strategic plan for the next decade known as Vision 2036. The goal is to ensure Alameda County continues to enrich the lives of our residents through visionary policies, and accessible, responsive, and effective services, by anticipating the County's greatest challenges in the decade ahead. Vision 2036 has four shared visions including, 'Thriving & Resilient Population' and 'Prosperous & Vibrant Economy'. SB 617 (Arreguin) directly supports these goals by promoting better coordination between employers and local workforce development boards, effectively bridging the gap between dislocated workers and the free resources designed to aid their career transitions."

4. Opponent Arguments:

None received.

5. Prior Legislation:

AB 1356 (Haney, 2023, Vetoed) would have, among other things, made changes to the California WARN Act provisions to increase the notice requirement from 60 to 90 days prior to a mass layoff and revised the definition of "covered establishment." *The Governor vetoed this bill.* In his veto message, Governor Newsom stated:

> "The inclusion of employees of labor contractors, while laudable in its intent, risks imposing liability on client employers who cannot reasonably be expected to know whether their actions will cause job loss for employees of their subcontractors and may not have the information necessary to provide the required notice.
>
> In addition, expanding the definition of 'covered establishment' to include a group of locations anywhere in the state and subjects chain businesses, such as restaurants, to the law's requirements even where layoffs are unrelated and occur in geographically disparate regions of the state. It is not clear that this change is consistent with the purpose of Cal/WARN to protect local communities and enable a rapid response to a potential shock to a local economy and workforce."

SUPPORT

County of Alameda (Sponsor)
Jewish Vocational Services

OPPOSITION

None received.

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SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 703	**Hearing Date:**	April 30, 2025
Author:	Richardson		
Version:	April 21, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: Ports: truck drivers

KEY ISSUE

This bill aims to address employee misclassification by requiring trucking companies and truck drivers to provide specified information to the Port of Long Beach, the Port of Los Angeles, and the Port of Oakland before entering. This bill also requires the three ports to post specified information on their website and provide information to the Labor Commissioner monthly on each truck that entered the port.

ANALYSIS

Existing law:

1) Establishes within the Department of Industrial Relations (DIR), various entities including the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner (LC), and empowers the LC with ensuring a just day's pay in every workplace and promoting economic justice through robust enforcement of labor laws. (Labor Code §79-107)

2) Provides that for purposes of the Labor Code and the Unemployment Insurance Code, where another definition of "employee" is not otherwise specified, and for the wage orders of the Industrial Welfare Commission, a person providing labor or services for remuneration shall be considered an employee unless the hiring entity satisfies the 3-part ABC test (per *Dynamex Operations West, Inc. v. Superior Court* (2018) 4 Cal.5th 903):

   a. The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact.
   b. The person performs work that is outside the usual course of the hiring entity's business.
   c. The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

   (Labor Code §2775)

3) Defines "port drayage motor carrier" as an individual or entity that hires or engages commercial drivers in the port drayage industry. It also means a registered owner, lessee, licensee, or bailee of a commercial motor vehicle, as specified, that operates or directs the operation of a commercial motor vehicle by a commercial driver on a for-hire or not-for-hire basis to perform port drayage services in the port drayage industry. It also means an entity or individual who succeeds in the interest and operation of a predecessor port drayage motor carrier, as specified. (Labor Code §2810.4(a)(5))

4) Defines "port drayage services" as the movement within California of cargo or intermodal equipment by a commercial motor vehicle whose point-to-point movement has either its origin or destination at a port. It does not include employees performing the intra-port or inter-port movement of cargo or cargo handling equipment under the control of their employers. (Labor Code §2810.4(a)(7))

5) Prohibits a person or entity from entering into a contract or agreement for labor or services with a construction, farm labor, garment, janitorial, security guard, port drayage motor carrier, or warehouse contractor, if the person or entity knows or should know that the contract or agreement does not include funds sufficient to allow the contractor to comply with all applicable local, state, and federal laws or regulations governing the labor or services to be provided. (Labor Code §2810(a))

6) Directs the DLSE to post on its internet webpage the names, addresses, and essential information for a port drayage motor carrier with an unsatisfied final court judgment, tax assessment, or tax lien that may be released to the public under federal and state disclosure laws, including any order, decision, or award obtained by a public or private person or entity finding that a port drayage motor carrier has engaged in illegal conduct, as specified. (Labor Code §2810.4(c)(1)(A))

7) Directs DLSE to post on its internet webpage a list consisting of the names, addresses, and essential information for a prior offender with a subsequent judgment, ruling, citation, order, decision, or award finding that the port drayage motor carrier has violated a labor or employment law or regulation, even if all periods for appeals have not expired. (Labor Code §2810.4(c)(1)(B))

8) Requires, on and after January 1, 2025, a customer that, as part of its business, engages uses a port drayage motor carrier to share with the motor carrier or the motor carrier's successor all civil legal responsibility and civil liability owed to a port drayage driver or the state arising out of the motor carrier's misclassification of the driver as an independent contractor, regardless of whether or not the port drayage motor carrier is on the list established pursuant to 6) and 7), above. (Labor Code §2810.4(b))

9) Provides that a customer shall have no liability pursuant to 8), above, under either of the following circumstances:

   a. The motor carrier utilizes its own employee drivers to perform services for the customer.
   b. The motor carrier utilizes bona fide independent contractors to perform services for the customer where each independent contractor possesses their own operating authority and has a business relationship with the motor carrier that meets the California legal standard for being determined an independent contractor.

   (Labor Code §2810.4(b))

10) Provides a series of exemptions for customers from the joint and several liability, including where the carrier's employees are covered by a collective bargaining agreement, as specified. (Labor Code §2810.4(e))

This bill:

1) Defines "port" as any of the following:

a. The Port of Long Beach
b. The Port of Los Angeles
c. The Port of Oakland

2) Defines "SCAC" as a Standard Carrier Alpha Code issued by the National Motor Freight Traffic Association, Inc.

3) Defines "trucking company" as a company who employs, or contracts with, truck drivers to move cargo for the company's customers under the company's state or federal operating authority or using the company's SCAC.

4) Defines "employee" as a truck driver who is an employee of a trucking company or a truck driver who is unable to comply with the reporting requirements in 6), below.

5) Requires a trucking company to provide to a port, and the port to receive, before any employee enters a port, all of the following with respect to that entity's employee truck drivers:

   a. A worker's compensation insurance policy that covers all employee truck drivers.
   b. The number of trucker driver employees covered by the worker's compensation insurance policy.
   c. A sworn affirmation that the trucking company is withholding all required taxes from the wages of any driver who is considered an employee under state law.

6) Requires a truck driver who is not an employee to provide to a port, before entering the port, and the port to receive, all of the following:

   a. Proof of insurance.
   b. The truck driver's federal operating authority, commonly referred to as a Motor Carrier number.
   c. The truck driver's Department of Transportation number issued by the Federal Department of Transportation.
   d. The truck driver's California number issued by the Department of the California Highway Patrol.
   e. The truck driver's California motor carrier permit.
   f. The truck driver's SCAC or the identity of the owner of the SCAC being used.
   g. The truck's registration with the Department of Transportation.

7) Provides that a person who provides false or misleading information for the purpose of representing compliance with 5) and 6), above, be liable for a civil penalty in the amount of one hundred thousand dollars ($100,000).

8) Requires a port to disclose, in a prominent place on its internet website, the information provided to the port by a trucking company pursuant to 5), above.

9) Requires a port, on or before the 15th of each month, to provide to the LC all of the following information regarding each truck that entered the port during the prior month:

   a. The name of the port and gate used for entry.

b. The date and time of entry.
c. The name of the truck driver and the truck driver's authority information.
d. The name of the owner of the truck.
e. The name of the owner of the cargo moved by the truck.
f. The standard SCAC, if any, and the owner of the SCAC.
g. Whose authority was used for entry.
h. The named insured on the insurance policy that covered the truck.
i. The United States Department of Transportation registration number on the truck and the name of the individual who is associated with that registration.

10) Requires, upon request by the LC, a port to provide additional information regarding a truck that entered the port.

COMMENTS

1. Background:

Please see the Senate Transportation Committee's analysis of SB 703 for background on port operations and SCAC codes.

Port Drayage

Port drayage services refer to the movement of cargo or intermodal equipment by a commercial motor vehicle between ports and warehouses for conveyance onto ships, trucks, or retail cars. Simply put, drayage is an essential logistical function that ensures freight moves from its origin point to its destination. California has 12 ports, through which large volumes of goods are both imported and exported internationally. These ports vary in size, operations, and finances, but combined, they process about 40 percent of all containerized imports and 30 percent of all exports in the United States.[1] The two largest ports in the nation, the Port of Los Angeles and the Port of Long Beach, are also located within the state.[2] Port truckers make this movement of goods possible, with approximately 33,500 drayage trucks servicing California's seaports and railyards annually.[3] The port trucking industry is worth upwards of $12 billion per year.[4]

Worker Misclassification

Although California's port truckers are an integral part of the nation's supply chains, many of them are victims of exploitative labor practices and misclassification. Decades-long efforts to undercut port trucker wages, rights, and livelihoods have had serious consequences. Misclassification is particularly harmful because independent contractors do not enjoy the same protections employees do. For example, employees must be paid at least the minimum wage, are due overtime, generally cannot be forced to pay for equipment needed to do the job, must be covered by workers' compensation, and are entitled to unemployment and disability insurance. A 2014 National Employment Law Project (NELP) report found that approximately 49,000 of the 75,000 port truck drivers in the US are misclassified as

[1] Eunice Roh, "Overview of California Ports," LAO, August 23, 2022, https://lao.ca.gov/Publications/Report/4618
[2] Ibid.
[3] Ibid.
[4] Erica Phillips, *Port-Trucking Firms Run Into Labor Dispute* (May 11, 2016) Wall Street Journal, https://www.wsj.com/articles/port-trucking-firms-run-into-labor-dispute-1462959003.

independent contractors.[5] In driver surveys, independent contractors reported an average net income 18 percent lower than that of employee drivers. Independent contractors were also two-and-a-half times less likely than employee drivers to have health insurance and almost three times less likely to have retirement benefits.[6] A 2017 investigative report by USA Today found that port trucking companies in Southern California spent decades forcing drivers to finance their own trucks by taking on debt they could not afford. Companies then used that debt to extract forced labor, even taking steps to physically bar workers from leaving.[7] Port congestion during the Covid-19 pandemic only worsened the conditions described above.

In recent years, the LC's Office has awarded more than $50 million to some 500 truckers who claimed they were deprived of wages through misclassification.[8] One of the world's largest trucking companies, XPO Logistics agreed to pay $30 million in 2021 to settle class-action lawsuits filed by drivers who said they earned less than the minimum wage delivering goods for major retailers from the ports of Los Angeles and Long Beach.

The impact of misclassification has ramifications outside of the workers and their families. When employers misclassify employees, they deprive the state of revenue all while expanding participation in public safety net programs. Additionally, it makes it difficult for the state to meet its green economy goals and to cut down on air pollution related to port activities. Lastly, misclassification hurts law-abiding employers who have to compete with bad actors that avoid obligations to contribute to California safety net programs and comply with labor law.

Legislative Attempts to Curb Misclassification

In response to well-documented labor abuses in the port drayage industry, SB 1402 (Lara, Chapter 702, Statutes of 2018) established a new enforcement mechanism. It required DLSE to list the names and other information of port drayage motor carriers with unsatisfied judgements, assessments, or other awards against it based on illegal conduct, including failure to pay wages and misclassification of employees, as specified. Customers working with such carriers that are placed on the list are subject to joint and several liability with the carrier for relevant liabilities, including unpaid wages and assessed penalties.

SB 338 (Gonzalez, Chapter 333, Statutes of 2021) strengthened the protections enacted under SB 1402 by among other things, designating Cal/OSHA violations as triggers that put trucking companies on the DLSE list, including "prior offenders" on the list, and requiring companies to show they have remedied violations to be removed from the list. Unlike first time offenders, prior offenders can be added to the DLSE list before all periods for appeals expire.

Under both of these measures, customers that use a port drayage motor carrier that is on the DLSE list share with the motor carrier all civil legal responsibility and civil liability owed to

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[5] Smith, Rebecca, Paul Marvy, and Jon Zerolnick. "The Big Rig Overhaul: Restoring Middle-Class Jobs at America's Ports Through Labor Law Enforcement." National Employment Law Project, Change to Win, Los Angeles Alliance for a New Economy, February 2014. https://www.nelp.org/wp-content/uploads/2015/03/Big-Rig-Overhaul-Misclassification-Port-Truck-Drivers-Labor-Law-Enforcement.pdf;

[6] Ibid.

[7] Brett Murphy, "Rigged: Forced Into Debt. Worked Past Exhaustion. Left With Nothing.," USA Today, June 16, 2017, https://www.usatoday.com/pages/interactives/news/rigged-forced-into-debt-worked-past-exhaustion-left-with-nothing/

[8] Margot Roosevelt, "Port Truckers Win $30 Million in Wage Theft Settlement," Los Angeles Times, October 13, 2021, Port truckers win $30 million in wage theft settlements - Los Angeles Times (latimes.com)

a port drayage driver or to the state for port drayage services obtained after the date the motor carrier appeared on the list.

AB 2754 (Rendon, Chapter 739, Statutes of 2024), among other things, required on or after January 1, 2025 a customer that uses a port drayage motor carrier to share all civil legal responsibility and civil liability regardless of whether or not the port drayage motor carrier is on the DLSE list.

Wage Theft and DLSE

Although California leads the nation with some of the strongest workplace protections, wage theft remains rampant. In the 2022-23 fiscal year alone, the LC received about 39,000 wage claims.[9] The majority of these claims are filed by the state's lowest earners and most vulnerable workers. Wage theft encompasses many different violations of the Labor Code, including employee misclassification, which this bill addresses. Filing a wage claim is the start of a long process that can take years. On average, the LC needed 890 days to issue a decision in response to the above-mentioned 39,000 wage claims.[10] Even when a decision is issued, recovering wages can be difficult. In the meantime, victims of wage theft must find ways to survive amidst rising costs for groceries and housing. Without robust implementation and enforcement, the state's workplace protections are hollow.

On May 29, 2024, the California State Auditor released a report summarizing the findings of an audit of DLSE. The State Auditor reviewed the backlog of wage claims submitted by workers from fiscal years 2017-18 through 2022-23, and determined that the LC is not providing timely adjudication of wage claims primarily because of insufficient staffing.[11]

This Bill

The author and sponsors of this bill, SB 703, argue that the above-mentioned enforcement mechanisms are only useful if the LC has access to adequate data on the port drayage industry. SB 703 would require a trucking company and truck drivers to provide specified information to the Port of Long Beach, the Port of Los Angeles, and the Port of Oakland before entering. In turn, the three ports would have to post specified information on their websites and provide information to the LC monthly on each truck that entered the port. Any person who provides false or misleading information would be subject to a $100,000 civil penalty.

2. Committee Comments:

As noted above, misclassification is pervasive in the port drayage industry. However, past legislative efforts have made progress in curtailing the practice. This bill proposes to support those efforts by requiring the collection and distribution of data from trucking companies and nonemployee truck drivers. As conversations on this bill continue, the author may wish to consider the following:

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[9] Auditor of the State of California, "The California Labor Commissioner's Office: Inadequate Staffing and Poor Oversight Have Weakened Protections for Workers," Report 2023-104 , May 2024, https://www.auditor.ca.gov/wp-content/uploads/2024/05/2023-104-Report.pdf

[10] Ibid.

[11] Auditor of the State of California, "The California Labor Commissioner's Office: Inadequate Staffing and Poor Oversight Have Weakened Protections for Workers," Report 2023-104 , May 2024, https://www.auditor.ca.gov/wp-content/uploads/2024/05/2023-104-Report.pdf

- The Port of Long Beach, the Port of Los Angeles, and the Port of Oakland would be required to transmit monthly to the LC information on nine separate topics, including the name of the port and gate used for entry, the name of the owner of the cargo moved by the truck, the standard SCAC, if any, and the owner of the SCAC, whose authority was used for entry, the US Department of Transportation registration number on the truck and the name of the individual who is associated with that registration. *How will this information be transmitted to the LC? Should the LC develop a template form to assist with compliance?*

- The LC's mission is to ensure a just day's pay in every workplace. This includes investigating wage theft and misclassification complaints. *Does the LC need all of the information provided under this bill to pursue a wage theft or misclassification claim in the port drayage industry? Given the LC's staffing challenges, should the transmitted information be narrowed?* The author may wish to consult with the LC to determine what information included in this bill is most useful.

- The three ports specified in the bill would be required to disclose, in a prominent place on their internet websites, the information provided to the port by a trucking company. *How often should ports update this information?*

3. Committee Amendments:

An earlier version of SB 703 applied its provisions to all ports in California. Amendments agreed to in Senate Transportation Committee narrowed the scope of the bill's application to the Port of Long Beach, the Port of Los Angeles, and the Port of Oakland. Committee amendments address a drafting error by deleting a list of ports no longer subject to the bill's provisions.

Additionally, committee amendments narrow the bill's definition of "employee" so that it does not conflict with the definition of employee provided by the ABC Test (AB 5, Gonzalez, Chapter 296, Statutes of 2019).

4. Need for this bill?

According to the author:

"Widespread misclassification of workers as independent contractors deprives them of essential employment protections while giving noncompliant employers an unfair advantage. This issue is particularly pervasive in the commercial trucking and freight industry, where studies show at ports nationwide, approximately 82% of all drivers are labeled 'independent contractors' but over 80% are actually misclassified employees.

Misclassification harms workers by stripping them of wages and protections while forcing them to bear truck-related costs. It also deprives the state of revenue, weakens supply chain efficiency, and undermines climate goals, as misclassified drivers struggle to afford cleaner trucks. This problem is not limited to just port trucking. For-hire trucking includes 'both long-haul trucking and short-haul trucking . . . [and both of these segments are] plagued by significant misclassification problems.'

SB 703 requires ports to collect detailed data on trucking companies accessing their facilities to facilitate the identification of businesses operating in violation of labor laws."

5. Proponent Arguments:

According to the sponsors of the measure, the Teamsters:

"SB 703 would require the ports to collect specific information on trucking companies entering their facilities to help identify which companies are operating illegally. This information would be minimal and collected as part of the existing port concession agreements…

Recognizing the critical role that cargo owners can and must play in ending truck driver misclassification, the Legislature passed SB 1402 and SB 338 as attempts to bring these cargo owners-who contract with trucking companies *in the port trucking industry*-into the fold. SB 1402 created a public 'bad actor' list comprised of port trucking companies who had unpaid final judgments, and any cargo owners who continued to contract with that motor carrier would be jointly liable for any new violations committed by the trucking company. Unfortunately, bad actors were able to circumvent the intent of the law and get themselves off the bad actors list merely by paying the judgment against them, while continuing the misclassification and other practices leading to those violations in the first place. SB 338 then expanded that bad actors list to include not only trucking companies with currently unsatisfied judgments, but also recidivist lawbreakers [who] had been shown on more than one occasion to have misclassified drivers…

Finally, last year the Legislature passed and the Governor signed AB 2754 which ended the loopholes in joint liability and holds cargo owners at the ports responsible for hiring legitimate trucking companies that do not engage in misclassification.

These enforcement tools are only useful if enforcement entities have access to adequate information on the regulated community. In this instance, the ports collect some information on trucking companies accessing their facilities, but do not collect specific information related to how each trucking company is organized. There is no data collection on whether trucking companies utilize employee drivers or independent contractors or if those independent contractors have individual operating authority to actually conduct trucking business. This missing information is not only critical to enforcement, but also necessary for cargo owners so they do not find themselves holding the bag for a trucking company's illegal conduct."

6. Opponent Arguments:

The Intermodal Association of North America opposes the bill, arguing:

"The proposed legislation would require ports, motor carriers, and truck drivers to assume new and costly administrative burdens that do not advance a compelling public interest. For example:

- SB 703 effectively appropriates port websites for the state by requiring California ports to create or modify their websites to house "in a prominent place" a new

repository of information… Creating this brand-new repository of extensive information and the technical infrastructure necessary to keep it updated and operative in real-time on a port's website is highly burdensome on California ports, which are a lynchpin in the intermodal supply chain.

- For a port even to be able to create the website required by SB 703, a port must necessarily first collect all the information described above. As a result, ports will have to use resources and manpower to fulfill nonsensical data collection rather than efficiently serve the port through the loading and unloading of cargo…
- SB 703 imposes an affirmative duty upon every California port to submit to the Labor Commissioner a monthly report containing at least fifteen (15) data points that serve no useful purpose, from the gate that the trucking company used for entry to the 'authority' (undefined) used by the trucking company for entry, and the name of the person 'associated' with the USDOT number. Further, the state reserves the right at any time to require a port to provide 'additional information,' which is undefined. All this amounts to an expensive recordkeeping mandate, with the net impact of creating supply chain dysfunction.
- Finally, trucking companies themselves, whether they use employee drivers or not, will likewise incur substantial burdens providing all this information to the ports. Moreover, the proposed legislation imposes strict liability for non-compliance. A driver who makes one hyper-technical mistake (not subject to a reasonableness standard) when sharing one single item of the voluminous data points described above is subject to a $100,000 civil penalty, compounded by an additional $60,000 civil penalty if that person actually entered the port. The need for such punitive civil penalties for what might otherwise amount to a non-negligent, technical record-keeping oversight is inexplicable."

**Every opposition letter on file for SB 703 was submitted in response to an earlier version of the bill, thus many of the letters reference provisions of the bill that have since been deleted.*

5. Dual Referral:

The Senate Rules Committee referred this bill to the Senate Transportation Committee, where it passed on an 11-3 vote, and to the Senate Labor, Public Employment and Retirement Committee.

6. Prior/ Related Legislation:

SB 826 (Richardson, 2025) would direct the Labor Workforce and Development Agency and the California Workforce Development Board to oversee a stakeholder process to support the development of findings and recommendations on how to best mitigate the national security, cybersecurity, workforce, and economic impacts of automation at California seaports, as specified. *SB 826 is currently pending before the Senate Labor, Public Employment and Retirement Committee*.

AB 2754 (Rendon, Chapter 739, Statutes of 2024) addressed the issue of worker misclassification in the port drayage industry by 1) prohibiting port drayage motor carriers from entering into contracts for services if they knew or should have known that the contract was insufficient to comply with labor laws, as specified; and 2) requiring on or after January 1, 2025, a customer that uses a port drayage motor carrier to share all civil legal

responsibility and civil liability, as specified, regardless of whether or not the port drayage motor carrier is on DLSE's list of carriers that have engaged in illegal conduct.

AB 2057 (Carrillo, Chapter 458, Statutes of 2022) required Caltrans to post on its' internet website links to existing registries and databases related to drayage trucks from certain sources, as specified. It also further required certain high volume seaports to anonymously survey trucking companies every two years on the classification of drivers as employees or contractors and post the survey data on the ports' website. Additionally, the bill required DIR to provide information to Caltrans as specified.

SB 338 (Gonzalez, Chapter 333, Statutes of 2021) expanded the set of violations that can cause port drayage contractors to be placed on a DLSE list that extends joint liability for future violations to customers of that contractor.

SB 1402 (Lara, Chapter 702, Statutes of 2018) required DLSE to list the names and other information of port drayage motor carriers with unsatisfied judgments, assessments, or other awards against it based on illegal conduct, including failure to pay wages and misclassification of employees, as specified. It also required joint and several liability for customers who contract with port drayage services who have unpaid wage, tax and workers' compensation liability.

AB 1897 (Roger Hernández, Chapter 728, Statutes of 2014) required a client employer, as defined, to share with a labor contractor, as defined, all civil legal responsibility and civil liability for 1) payment of wages to workers provided by a labor contractor; 2) failure to report and pay all required employer contributions, worker contributions, and personal income tax withholdings as required by the Unemployment Insurance Code; and 3) failure to secure valid workers' compensation coverage.

SB 459 (Corbett, Chapter 706, Statutes of 2011) prohibited any person or employer from engaging in willful misclassification of an employee as an independent contractor and provided for civil penalties.

SUPPORT

Teamsters (Sponsor)
California Federation of Labor Unions

OPPOSITION

California Chamber of Commerce
California Retailers Association
California Trucking Association
Harbor Trucking Association
Intermodal Association of North America
Intermodal Motor Carriers Conference
Western States Trucking Association
Individuals: 6

-- END --

SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 826	**Hearing Date:**	April 30, 2025
Author:	Richardson		
Version:	February 21, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: California Workforce Development Board: port automation

KEY ISSUE

This bill directs the Labor Workforce and Development Agency (LWDA) and the California Workforce Development Board (CWDB) to oversee a stakeholder process to develop recommendations on how to address the national security, cybersecurity, workforce, and economic impacts of automation at California seaports. This bill also authorizes the CWDB to contract with the UCLA Labor Center to commission research to supplement the stakeholder process.

ANALYSIS

Existing law:

1) Establishes the Labor Workforce and Development Agency (LWDA) under the supervision of an executive officer known as the Secretary. (Government Code §15551)

2) Tasks the LWDA with serving California workers and businesses by improving access to employment and training programs; enforcing California labor laws to protect workers and create an even playing field for employers; and administering benefits that include workers' compensation, unemployment insurance, disability insurance, and paid family leave. (Government Code §15550 et seq.)

3) Establishes the California Workforce Development Board (CWDB), under the LWDA, as the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce system, including its alignment to the needs of the economy and the workforce. (Unemployment Insurance Code §14010 et seq.)

4) Provides that members of the CWDB are appointed by the Governor and are representative of the areas of business, labor, public education, higher education, economic development, youth activities, employment and training, as well as the Legislature (Unemployment Insurance Code §14011)

This bill:

1) Finds and declares that seaports have increasingly come to rely on automated forms of information and operational technology. This digital dependence introduces vulnerabilities that, in the event of a cyberattack, could cause severe consequences and long-term damage. Further, the use of such automated technology leads to negative workforce and economic impacts.

2) Provides that these provisions shall be implemented only upon appropriation by the Legislature for the express purposes of these provisions.

3) Directs the LWDA and the CWDB to oversee a stakeholder process to support the development of findings and recommendations on how to best mitigate the national security, cybersecurity, workforce, and economic impacts of automation at California seaports.

4) Creates an industry panel within the LWDA to help inform the stakeholder process.

5) Requires the industry panel to consist of the following members:

    a. Fifteen members appointed by the Secretary of the LWDA as follows:
        i. Six members from employee unions that represent marine cargo handlers at the Port of Los Angeles, the Port of Long Beach, and the Port of Oakland.
        ii. Six members who are representatives of marine cargo employers operating at the Port of Los Angeles, the Port of Long Beach, and the Port of Oakland.
        iii. The Executive Director of the Port of Los Angeles or the executive director's designee.
        iv. The Executive Director of the Port of Long Beach or the executive director's designee.
        v. The Executive Director of the Port of Oakland or the executive director's designee.
    b. One member appointed by the Speaker of the Assembly with experience in national security, cybersecurity, workforce development, and seaports.
    c. One member appointed by the Senate Committee on Rules with experience in national security, cybersecurity, workforce development, and seaports.

6) Provides that each members shall be appointed to a term of three years.

7) Provides that a member who fails to attend two industry panel meetings in one calendar year shall be deemed removed from the industry panel, and the appointing power for that member shall appoint a new member to fill the vacancy.

8) Prohibits industry panel members from receiving per diem or other similar compensation for serving as an industry panel member.

9) Requires the industry panel to invite stakeholders and subject matter experts to participate in the stakeholder process, including port districts, public agencies, labor organizations, shipping companies, marine-oriented trade associations, nonprofit organizations, and workforce development, economic, national security, and cybersecurity entities.

10) Provides that as appropriate, the costs of the industry panel and the stakeholder process may be reduced by in-kind or other contributions from third parties.

11) Provides that during the process, representatives from the LWDA and the CWDB and members of the industry panel shall consider issues, including, but not limited to, national security and cybersecurity vulnerabilities that result from the use of automated technology at seaports, associated economic consequences, including, but not limited to, workforce and economic impacts that result from the use of automated technology at seaports, short and long-term damage, and recommendations to reduce these risks to seaports.

12) Authorizes the CWDB to contract with the University of California, Los Angeles (UCLA) Labor Center to commission expert research and testimony to supplement the stakeholder process and support the development of findings and recommendations pursuant to these provisions.

13) Requires the first meeting of the stakeholder process to be held on or before 90 days after the funding becomes available for the purposes of these provisions. After the first meeting, the meetings of the stakeholder process shall be held no less than monthly in person or by video conference.

14) Requires the industry panel to provide an annual update of the stakeholder process at a regularly scheduled meeting of the CWDB.

15) Requires, upon completion of the stakeholder process, but by no later than July 1, 2027, the LWDA and CWDB to issue findings and recommendations on the most effective ways to limit the national security cybersecurity vulnerabilities, workforce and economic impacts, and risks to seaports.

16) Requires, on or before December 31, 2027, the CWDB to present at a hearing of the Joint Legislative Committee on Climate Change Policies the findings and recommendations of the report.

17) Provides that these provisions shall only remain in effect only until January 1, 2029, and as of that date are repealed.

COMMENTS

1. Background:

Ports

Ports are facilities where goods are loaded and unloaded from ships, as well as where goods are processed and prepared for further distribution to retailers and consumers. California has 12 ports, through which large volumes of goods are both imported and exported internationally. These ports vary in size, operations, and finances, but combined, they process about 40 percent of all containerized imports and 30 percent of all exports in the United States. The two largest ports in the nation, the Port of Los Angeles and the Port of Long Beach, are also located within the state.[1] Together, the two ports are referred to as the San Pedro Bay Port Complex.

AB 639 (Cervantes, Chapter 116, Statutes of 2020)

In 2020, the Legislature passed AB 639 (Cervantes), which directed the LWDA and the CWDB to oversee a stakeholder process to support the development of findings and recommendations on how to best mitigate the employment impacts of automation at the Port of Los Angeles and the Port of Long Beach. To support the stakeholder process, an industry panel composed of ten members was temporarily created within the LWDA. The CWDB was also authorized to commission expert research and testimony from the UCLA Labor Center.

[1] Eunice Roh, "Overview of California Ports," LAO, August 23, 2022, https://lao.ca.gov/Publications/Report/4618

The LWDA and CWDB were required to issue their findings on or before July 1, 2023. AB 639's provisions were repealed on January 1, 2024.

Over the course of eighteen months, the industry panel convened six times. Among other industry experts, representatives of the International Longshore and Warehouse Union, the Pacific Maritime Association, and the Long Beach and Los Angeles Port authorities, participated in the process. In January 2024, the UCLA Labor Center published a report, *Automation and the Future of Dockwork at the San Pedro Bay Port Complex*, based on expert research and testimony gathered over the course of AB 639's stakeholder process.[2] The report detailed the pressing issues facing the San Pedro Bay Port Complex as well as six recommendations to address those issues. One of the recommendations was to commission further research into key topics identified by industry stakeholders. SB 826 builds upon the work done by AB 639.

SB 826 would task the LWDA and the CWDB with overseeing a stakeholder process to develop recommendations on how to address the national security, cybersecurity, workforce, and economic impacts of automation at California seaports. The industry panel established under this bill would be expanded to seventeen members. Additionally, the panel would focus on all California Sea Ports, not just the San Pedro Bay Port Complex. The LWDA and the CWDB would be required to issue their findings and recommendations by July 1, 2027. Additionally, the CWDB would be required, on or before December 31, 2027, to present the findings and recommendation at a hearing of the Joint Legislative Committee on Climate Change Policies.

2. Need for this bill?

According to the author:

"Senate Bill 826 requires The Labor and Workforce Development Agency and the California Workforce Development Board to oversee a stakeholder process to support the development of findings and recommendations on how to best mitigate the national security, cybersecurity, workforce, and economic impacts of automation at California seaports."

3. Proponent Arguments:

The sponsors of the measure, the International Longshore and Warehouse Union, Locals 13, 63, and 94, argue:

"California's ports, including the Ports of Los Angeles, Long Beach, and Oakland, are vital economic hubs. The Ports of Los Angeles and Long Beach alone sustain nearly 1 million jobs in Southern California, contribute over $48.47 billion in total economic output, and support $2.7 billion dollars in state and local tax revenue. The Port of Oakland generates nearly 100,000 local jobs. California's seaports have increasingly come to rely on automated forms of information and operational technology. This digital dependence introduces vulnerabilities that, in the event of a cyberattack, could cause severe consequences and long-term damage. Further, the use of such automated technology leads to negative workforce and economic impacts.

[2] UCLA Labor Center, "Automation and the Future of Dockwork at the San Pedro Bay Port Complex," January 2024, https://bit.ly/ADSP

In 2020, lawmakers passed AB 639 (Cervantes), which required the Labor and Workforce Development Agency and the California Workforce Development Board to oversee a stakeholder process to develop recommendations on how best to mitigate the employment impacts of automation at the Port of Los Angeles and the Port of Long Beach. However, this process and resulting recommendations did not consider all of California's seaports, nor the national security and cybersecurity impacts of automation. In addition, current law does not address the national security and cybersecurity vulnerabilities that result from the use of automated technology at seaports, nor the associated economic consequences. Worryingly, California's seaports are tempting targets due to their unique position and function within the supply chain. Such a security breach would have drastic consequences for local communities, the State and the Country, be catastrophic to the supply chain, and endanger the lives of the workforce…

We are appreciative that SB 826 requires the Labor and Workforce Development Agency and the California Workforce Development Board to oversee a stakeholder process to support the development of findings and recommendations on how to best mitigate the national security, cybersecurity, workforce, and economic impacts of automation at California seaports."

4. Opponent Arguments:

None received.

5. Prior Legislation:

SB 703 (Richardson, 2025) would address employee misclassification in the port drayage industry by 1) requiring trucking companies and truck drivers to provide specified information to the Port of Long Beach, the Port of Los Angeles, and the Port of Oakland before entering; 2) requiring the ports to post specified information on their website; 3) requiring the ports to provide information to the Labor Commissioner monthly on each truck that enters the port; and 4) imposing a $100,000 civil penalty on a person who provides false or misleading information for purposes of complying with these provisions. *SB 703 is pending hearing in the Senate Labor, Public Employment and Retirement Committee.*

AB 639 (Cervantes, Chapter 116, Statutes of 2020) was nearly identical to SB 826 and directed the LWDA and the CWDB to oversee a stakeholder process to support the development of findings and recommendations on how to best mitigate the employment impacts of automation at the Port of Los Angeles and the Port of Long Beach.

SUPPORT

International Longshore and Warehouse Union, Local 13 (Co-sponsor)
International Longshore and Warehouse Union, Local 63 (Co-sponsor)
International Longshore and Warehouse Union, Local 94 (Co-sponsor)

OPPOSITION

None received.

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SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 801	**Hearing Date:**	April 30, 2025
Author:	Hurtado		
Version:	March 24, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Jazmin Marroquin		

SUBJECT: Agricultural workers: wages, hours, and working conditions: definitions

KEY ISSUE

This bill would create an exemption for sheepherders and goat herders from overtime pay provisions established under the Phase-in Overtime for Agricultural Workers Act of 2016.

ANALYSIS

Existing law:

1) Establishes the Department of Industrial Relations (DIR) in the Labor and Workforce Development Agency (LWDA), and vests it with various powers and duties to foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. (Labor Code §50.5)

2) Sets wage, hour, and meal break requirements, and other working conditions for employees and requires an employer to pay overtime wages to an employee who works in excess of a workday or workweek. (Labor Code §§500-556, 558)

3) Establishes specific labor protections, until July 1, 2026, for sheepherders, as defined, relating to wages, *as specified below*, meals, and rest periods and lodging, and other conditions of employment; and imposes civil penalties for violations of these provisions. (Labor Code §§2695.1, 2695.2)

    a. Authorizes employer to pay no less than the monthly minimum wage adopted by the Industrial Welfare Commission (IWC) on April 24, 2001 as an alternative to paying the minimum wage for all hours worked, for a sheepherder employed on a regularly scheduled 24-hour shift on a seven-day-a-week "on-call" basis.

    b. Defines "sheepherder" as an individual who is employed to do any of the following, including with the use of trained dogs:
        i) Tend herds of sheep grazing or browsing on range or pasture,
        ii) Move sheep to and about an area assigned for grazing or browsing,
        iii) Prevent sheep from wondering or becoming lost,
        iv) Protect sheep against predators and the eating of poisonous plants,
        v) Assist in the lambing, docking, or shearing of sheep,
        vi) Provide water or feed supplementary rations to sheep.

c. Establishes, in addition to any other civil penalties provided by law, that any employer or any other person acting on behalf of the employer who violates these provisions are subject to a civil penalty for the initial violation, $100 for each underpaid employee, as specified, and for any subsequent violation, $250 for each underpaid employee, as specified. Specifies that affected employees must receive payments of all wages recovered.

4) Establishes specific labor protections, until July 1, 2026, for goat herders, as defined, relating to wages, *as specified below*, meals, and rest periods and lodging, and other conditions of employment; and imposes civil penalties for violations of these provisions. (Labor Code §§2695.3, 2695.4)

a. Authorizes employer to pay no less than the monthly minimum wage specified in Section 4(E) of Wage Order No. 14-2001 of the IWC, as an alternative to paying the minimum wage for all hours worked, for a goat herder employed on a regularly scheduled 24-hour shift on a seven-day-a-week "on-call" basis.

b. Defines "goat herder" as an individual who is employed to do any of the following, including with the use of trained dogs:
   i) Tend herds of goats grazing or browsing on range or pasture,
   ii) Move goats to and about an area assigned for grazing or browsing,
   iii) Prevents goats from wandering or becoming lost,
   iv) Protect goats against predators and the earing of poisonous plants,
   v) Assist in the kidding of goats,
   vi) Provide water or feed supplementary rations to goats.

c. Requires DIR, on or before January 1, 2026, in consultation with the Employment Development Department, to issue a report, as specified, to the Legislature on employment of sheepherders and goat herders in California. In preparing the report, the agency must consult with stakeholders, including, but not limited to, sheepherder and goat herder employer and employees. The report must also cover the following information:
   i) The results of the consultations with stakeholders, including sheepherder and goat herder employers and employees.
   ii) Wage, violations, including minimum wage and overtime, and compliance with the labor standards in Sections 2695.2 and 2695.4.
   iii) Demographic information on the employment of sheepherders and goat herders, including the number of employers and number of employees.
   iv) The use of H-2A visas in sheepherding and goat herding.

d. Establishes, in addition to any other civil penalties provided by law, that any employer or any other person acting on behalf of the employer who violates these provisions are subject to a civil penalty for the initial violation, $100 for each underpaid employee, as specified, and for any subsequent violation, $250 for each underpaid employee, as specified. Specifies that affected employees must receive payments of all wages recovered.

5) Establishes, under the Phase in Overtime for Agricultural Workers Act of 2016, an implementation schedule for large employers and small employers that phases in overtime

requirements for persons employed in an agricultural occupation, as defined. (Labor Code §§857-964)

a. Beginning January 1, 2022, requires that any work performed by a person employed in an agricultural occupation in excess of 12 hours per day be compensated at a rate no less than twice the employee's regular rate of pay.
b. Beginning January 1, 2025, for an employer who employs 25 or fewer employees, requires that any work performed by a person employed in an agricultural occupation in excess of 12 hours per day be compensated at a rate no less than twice the employee's regular rate of pay.
c. Requires DIR to update Wage Order No. 14-2001 of the IWC to be consistent with these provisions, except in specified circumstances the wage order provides greater protections or benefits to agricultural employees.
d. Specifies "employed in an agricultural occupation" has the same meaning as in Order No.14-2001 of the Industrial Welfare Commission (revised 07-2014).

This bill:

1) Creates an exemption for sheepherders and goat herders from overtime pay provisions established under the Phase in Overtime for Agricultural Workers Act of 2016.

COMMENTS

1. Background:

Overtime Pay
In 1938, Congress passed the Fair Labor Standards Act (FLSA), which established minimum requirements for labor laws in all states. The FLSA establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting employees in the private sector and in federal, state, and local governments. As with all provisions with the FLSA, states are allowed to exceed the requirements laid out in the federal law.

In California, the general overtime provisions are that a nonexempt employee shall not be employed more than 8 hours in any workday or more than 40 hours in any workweek, unless they receive overtime pay. In California, employees are required to be compensated for overtime at no less than:

- One and half times the employee's regular rate of pay for all hours worked in excess of 8 hours, up to 12 hours, in any workday, and for the first 8 hours worked on the seventh consecutive day of work in a workweek, and
- Double the employee's regular rate of pay for all hours worked in excess of 12 hours in any workday, and for all hours worked in excess of 8 hours on the seventh consecutive day or work in a workweek.

There are a number of exemptions from California's overtime law, meaning that overtime law does not apply to certain employee classifications, and that overtime can be paid to certain employee classifications on different basis.

Agricultural Workers and Overtime Pay

Under the FLSA, agricultural employees are exempt from overtime pay provisions. They do not have to be paid time and one-half their regular rates of pay for hours worked over 40 per week under the FLSA. California law had been silent on issue of overtime for agricultural employees until 1941. In 1941, however, the California Legislature exempted all agricultural employees from the statutory requirements of overtime, similar to the FLSA. This statutory exemption was retained when the eight-hour day was codified in 1999.

This statutory exemption, however, did not prohibit the IWC from legally promulgating overtime provisions beyond the traditional eight-hour standard of California law. Prior to the passage of AB 1066 in 2016 (as described below), the applicable wage order for agricultural employees required the payment of overtime wages when an agricultural employee works longer than 10 hours in a single day, and more than six days during any workweek.

Industrial Welfare Commission (IWC) Wage Orders

The IWC is a commission under DIR made up of five members, appointed by the Governor and approved by the Senate, responsible for setting the wages, hour of work, and working conditions of California employees. The IWC has 17 "Wage Orders."

Wage Order 14, or IWC Order No. 14-2001, applies to agricultural employers and employees.[1] Agricultural workers are defined in Wage Order 14 and includes employees engaged in the preparation, care, and treatment of farmland as well as the care and harvesting of crops. Agricultural workers include employees engaged in sheepherding or goat herding.

Phase in Overtime for Agricultural Workers Act of 2016

In 2016, the Governor signed AB 1066, also known as the Phase-in Overtime for Agricultural Workers Act of 2016. AB 1066 created a phase-in schedule for agricultural workers to receive overtime pay. It created two timelines:

- Larger agricultural employers (with 26 or more employees) will have to start paying their employees overtime (1.5 times the regular rate of pay) after 8 hours per day or 40 hours per week by January 1, 2022.
- Smaller agricultural employers (with 25 or fewer employees) will have to start paying their employees overtime after 8 hours per day or 40 hours per week by January 1, 2025.
- In addition, agricultural employees will begin to receive double the employee's regular rate of pay after 12 hours in any workday beginning January 1, 2022 (for large employers) and January 1, 2025 (for small employers).

AB 1066 ensured that by January 1, 2025, all agricultural employees would receive overtime pay on the same basis as workers in most other industries.

Agricultural employees are also entitled to time and one-half pay for the first 8 hours worked on the seventh consecutive day of work, and double-time pay for all work performed in excess of 8 hours on the seventh consecutive day of work. These protections from *Wage Order 14 (Agricultural Employers)* continue to apply, consistent with Labor Code section 510, regardless of employer size.

[1] IWC 14-2001, https://www.dir.ca.gov/IWC/WageOrders2024/IWCArticle14.pdf

Agricultural workers also became entitled to all statutory protections in the working hours and overtime requirements in Labor Code Sections 500 through 556, and Labor Code Section 558.1, from which they were previously excluded. This includes standards regarding meal periods, alternative workweek schedules, make-up work time, the one day's rest in seven requirement, and the administrative, executive, or professional overtime exemption standard.

Sheepherders and Goat Herders

Goat and sheepherder employers have an exemption from labor law that allows them to choose not to pay herders the minimum wage for all hours worked and can instead pay no less than the monthly minimum wage.

Sheepherders working 24/7 on-call shifts have been eligible for a special monthly minimum wage as an alternative to the generally applicable state hourly minimum wage since 2001. However, goat herders first became eligible for this alternative monthly minimum wage on September 27, 2022 with AB 156 (Chapter 569, Statues of 2022).

Required overtime compensation for all agricultural employees, including herders working 24/7 shifts, is mandated by the Phase-In Overtime for Agricultural Workers Act of 2016.

According to DIR, as a result of AB 1066, the required minimum monthly compensation, including required overtime pay, for sheepherders and goat herders working regularly scheduled 24 hour shifts, seven days a week "on call" is a $2933.51 monthly minimum wage, plus $1,886.91 required overtime pay, for a total of $4,820.42 per month. This applies to all employers, regardless of their size, beginning on January 1, 2025.[2]

2. Committee Comments:

This bill seeks to exempt sheepherders and goat herders from the provisions of AB 1066, and exempt them from overtime pay provisions. As noted above, when the Legislature enacted AB 1066, they created two schedules to allow agricultural employers and other small employers to gradually phase-in this requirement in order for employers to adjust and absorb additional costs. By creating a blanket exemption for sheepherders and goat herders from important labor protections, it sets a troubling precedent. The committee must consider its remit to ensure that California employers appropriately compensate their employees, including agricultural employees such as sheepherders and goat herders, for their labor.

3. Need for this bill?

According to the author:

"On January 22, 2025, KGET published an article and accompanying interview entitled, 'Kern County Sheep and Goat Producers Share Concern on AB 1066' (the 'Article'). Therein, members of the Kern County Wool Growers Association (the "Association") expressed concern regarding its members' ability to perform wildfire mitigation through grazing as a result of Assembly Bill 1066 ('AB 1066'). In short, AB 1066 removed an existing overtime pay exemption for agricultural workers, including sheep and goat herders.

[2] "What amount are Sheepherders owed as a result of AB 1066's Overtime Phase-In?" Department of Industrial Relations, https://www.dir.ca.gov/dlse/Sheepherders-owed-as-a-result-of-AB-1066s-Overtime-Phase-In.html

And, as a result, the Association's members now have to pay their sheep herders an additional $800 per month per employee, on average. According to the Article, the Association says its members are 'being forced to pay their sheep herders overtime for hours they aren't working because on paper, sheep herders work nonstop.'"

4. Proponent Arguments

None received.

5. Opponent Arguments:

According to the California Federation of Labor Unions:

"The California Federation of Labor Unions, AFL-CIO opposes SB 801 (Hurtado), which would roll back the progress the Legislature made with AB 1066 (Gonzalez) in 2016 by exempting sheep and goat herders from the Phase-In Overtime for Agricultural Workers Act, ensuring that this group of workers would not receive the same overtime pay required for any other agricultural worker.

Agricultural workers labor in physically demanding jobs, often risking their health and safety to fulfill roles that most people refuse. Sheep and goat herders provide a perfect example, given that many of those employed in California are foreign workers from South American countries like Peru, who are on temporary work visas. Goat and sheep herder employers have a special exemption from labor law that allows them to choose not to pay herders the minimum wage for all hours worked and can instead pay no less than the monthly minimum wage. That means that goat and sheep herders are already exempted from important labor law protections.

When AB 1066 (Gonzalez) was signed by the Governor in 2016, it included a reasonable timetable to phase in overtime pay for farm workers until 2022, when they would be entitled to the overtime pay after 40 hours a week. It also allowed small employers, those with 25 or fewer employees, an additional 3 years to comply until 2025.

SB 801 would create a dangerous precedent by exempting sheep and goat herders from the Phase-In Overtime for Agricultural Workers Act, so that these essential workers would have to continue to work, often 24/7-hour shifts for less pay. Police officers, firefighters, EMT and emergency hospital workers, utility workers, and transportation workers all meet very unique needs in their professions and industries, including circumstances that require 24/7 shifts. Their employers meet those unique needs and are able to comply. Herders and all agricultural workers are essential workers, and the least we can do is uphold their right to fair pay; pay that all essential workers deserve."

6. Prior/Related Legislation:

SB 143 (Committee on Budget and Fiscal Review, Chapter 196, Statutes of 2023) extended the sunset date, from January 1, 2024, to July 1, 2026, for labor provisions that are applicable to both sheepherders and goat herders. This bill also stated that the Labor Commissioner shall issue a report on the employment of sheepherders and goat herders in California, including minimum wage and overtime, on or before January 1, 2026, instead of on or before January 1, 2024.

AB 1099 (Dahle and Gallagher) would have deleted the sunset language for the specified goat herder provisions relating to wages, meals, and rest periods and lodging, and other conditions of employment, thereby making the provisions operative indefinitely. *This bill was not set for hearing in the Assembly Labor and Employment Committee*.

AB 156 (Committee on Budget, Chapter 569, Statutes of 2022) among other things, a) prohibited an employer from crediting meals or lodging against the minimum wage owed to sheepherders and would require every employer to provide to each sheepherder not less than the minimum monthly meal and lodging benefits required to be provided by employers of sheepherders under the provisions of the H-2A visa program, b) increased the civil penalties for violations, c) applied, until January 1, 2024, the labor provisions specifically applicable to sheepherders to be applicable to goat herders and d) prior to the sunset date, directed the Labor Commissioner to issue a report to the Legislature on wage violations, including minimum wage and overtime, affecting sheepherders and goat herders.

AB 1066 (Gonzalez, Chapter 313, Statutes of 2016), enacted the Phase-In Overtime for Agricultural Workers Act of 2016, which removed the exemption for agricultural employees regarding hours, meal breaks, and other working conditions, including specified wage requirements, and created a schedule that would phase in overtime requirements for agricultural workers, as defined, over the course of 4 years, from 2019 to 2022, inclusive. Beginning January 1, 2022, the bill required any work performed by a person employed in an agricultural occupation in excess of 12 hours in one day to be compensated at the rate of no less than twice the employee's regular rate of pay. The bill provided employers who employ 25 or fewer employees an additional 3 years to comply with the phasing in of these overtime requirements. The bill required DIR to update a specified wage order for consistency with these provisions, as specified.

SUPPORT

None received.

OPPOSITION

California Federation of Labor Unions
California Rural Legal Assistance Foundation
United Farm Workers

-- END --

SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 845	**Hearing Date:**	April 30, 2025
Author:	Pérez		
Version:	April 22, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Jazmin Marroquin		

SUBJECT: Pupil instruction: career technical education, career education, and apprenticeships

KEY ISSUE

This bill makes several changes to the state's framework for career technical education (CTE) and work-based learning, including: (1) revising the process for updating model CTE curriculum standards by requiring consultation with CTE teachers and labor representatives; (2) defining key terms; (3) expanding the authority of local educational agencies (LEAs), including state special schools, to offer and award credit for work-based learning activities beginning in grade 10; and (4) authorizing the California State Department of Education (CDE), in collaboration with the Department of Apprenticeship Standards (DAS) and the Office of the Chancellor of the Community Colleges (Chancellor's Office), to convene an interagency workgroup to develop occupational frameworks for youth apprenticeships.

ANALYSIS

Existing law:

1) Requires the Superintendent of Public Instruction (SPI) to coordinate the development of model curriculum standards for required courses of study for grades 7 to 12, including career technical education (CTE) courses, and to seek the advice of classroom teachers, school administrators, parents, postsecondary educators, and representatives of business and industry in developing these standards. (Education Code §51226)

2) Requires the SPI, upon adoption of the model curriculum standards for grades 7 to 12, to develop a curriculum framework that offers a blueprint for implementing CTE and to work in consultation and coordination with an advisory group that includes CTE teachers, administrators, business and industry representatives, labor organizations, and others. (Education Code §51226.1)

3) Authorizes the governing board of a school district maintaining a high school to establish work-based learning or work experience education programs to provide pupils with instruction in skills, attitudes, and understanding necessary for success in employment; and to approve and supervise such placements, arrange for appropriate credit, and provide or require liability insurance. (Education Code §51760 et seq.)

4) Authorizes work-based learning opportunities to be delivered by partnership academies, regional occupational centers and programs (ROCPs), and local education agencies (LEAs), including work experience education, community classrooms, cooperative CTE programs, and job shadowing. (Education Code §51760.3)

5) Requires school district governing boards to grant credit to pupils in grade 11 or higher for completion of a work experience education program that meets certain criteria, including alignment with CTE model curriculum standards. (Education Code §51760.3)

6) Authorizes the governing board of a high school district, an ROCP established by joint powers agreement, or a county superintendent of schools operating an ROCP to establish cooperative CTE programs or community classrooms as part of a CTE course. (Education Code §52372)

7) Requires the SPI to adopt rules and regulations for cooperative CTE programs and community classrooms offered through ROCPs operated by joint powers agreements or county offices (Education Code §52372)

8) Requires school districts that choose to expend supplemental CTE grant funds or accept other funds for CTE purposes to provide a series of programs offering sequences of courses that lead to specific competencies, and to develop articulation plans with community colleges to extend course sequences through grades 13 and 14. (Education Code §52376)

9) Establishes the Division of Apprenticeship Standards (DAS) within the Department of Industrial Relations to oversee apprenticeship programs, and requires the Chief of the Division to perform various functions to promote the welfare of apprentices. (Labor Code §3070 et seq.)

This bill:

1) Revises the process for developing and updating model curriculum standards and the curriculum framework for CTE by:

    a. Requiring the SPI to coordinate development, on a cyclical basis, of study for CTE,
    b. Requiring the SPI to consult with CTE teachers, as applicable, and representatives of labor,
    c. Requiring the SPI to work in consultation and coordinate with the CTE industry sector advisory groups consistent with the Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Public Law 109-270) State Plan,
    d. Requiring CDE to convene CTE industry advisory groups with industry and content expertise for each CTE industry sector-specific subject area to review, as specified,
    e. Authorizing CDE to determine, prioritize, and conduct the review and update of CTE based on specified factors,
    f. Authorizing CDE to include guidance for Ls that support alignment of CTE and youth apprenticeships programs,
    g. Defining "cyclical basis" for the purposes of the development of CTE standards, as a period not to exceed five years.

2) Defines the following:

    a. "Apprenticeship program" means a comprehensive plan containing, among other things, apprenticeship program standards, committee rules and regulations, and related and supplemental instruction outlines and policy statements for the effective administration of the apprenticeable occupations pursuant to Section 3073 of the Labor Code.

b. "Apprenticeship program sponsor" means a joint apprenticeship committee, a unilateral labor or management committee, or an individual employer program.
c. "Apprenticeship program standards" means a written document containing, among other things, all the terms and conditions for the qualification, recruitment, selection, employment and training, working conditions, wages, employee benefits, and other compensation for apprentices and all other provisions and statements, including attachments, as specified, that when approved by the Chief of the Division of Apprenticeship Standards constitute registration and authority to conduct that program of apprenticeship in the state.
d. "Internship" means a supervised, structured, and guided work-based learning activity that takes place in a workplace for a limited period of time that (1) is connected to a school-based program or course, (2) involves supervision of both school and workplace employees, (3) provides career experience and educational benefits to the intern, and (4) is limited to the timeframe during which the work-based learning activity provides the intern with beneficial learning.
e. "Job shadowing experience" means a visit to a workplace for the purpose of career exploration for no less than three hours and no more than 25 hours in one semester, intersession, or summer school session.
f. "Local educational agency" means a school district, county office of education, charter school, or joint powers authority.
g. "Mentorship" means a supervised, structured and guided work-based learning activity involving formal interactions between a youth participant and an adult mentor that (1) is established under the supervision and policies of the governing board or body of the local educational agency, (2) includes activities where the mentor offers career guidance to the mentee, and (3) may include workplace mentoring where the local program matches a youth participant with an employer or employee of a company.
h. "Preapprenticeship program" means a preapprenticeship program registered with the Division of Apprenticeship Standards pursuant to Section 3100 of the Labor Code.
i. "Related and supplemental instruction" has the same meaning as defined in Section 205 of Article 2 of Subchapter 1 of Chapter 2 of Division 1 of Title 8 of the California Code of Regulations.
j. "School-based enterprise program" means a supervised, structured, and guided work-based learning activity involving a pupil-led entrepreneurial program that is part of a CTE or academic program of study and that involves the development and operation of a revenue-generating business, regardless of profit or loss, as specified.
k. "Student apprentice" is a registered apprentice who meets all of the following: (1) is at least 16 years of age, (2) is enrolled full-time in high school in grade 10, 11, or 12, or is enrolled in an adult education program, and (3) is participating in a registered apprenticeship program.
l. "Work-based learning" means sustained interactions with industry or community professionals in real workplace settings, to the extent practicable, or simulated environments at an educational institution that fosters in-depth, firsthand engagement with the tasks required in a given career field that are aligned to curriculum and instruction.
m. "Work experience education" means a course of study that combines an on-the-job component with classroom instruction. "Work experience education" may be established by the governing board or body of a LEA, as specified.
n. "Youth apprenticeship program" means an apprenticeship program registered with the Division of Apprenticeship Standards that fulfills all registered apprenticeship requirements and serves youth between 16 and 24 years of age at the time of enrollment

and that also meets all of the following: (1) offers related and supplemental instruction through career technical education, work experience education, early college credit, or other academic courses, whenever possible; (2) complies with labor laws for minors; (3) offers flexible work hours to allow for pupils to participate in on-the-job training while they are enrolled in high school; and (4) allows for part-time employment and extended completion time to accommodate student apprentices.

3) Expands the authority of LEAs, including state special schools, to establish and operate work-based learning and work experience education programs, and to award academic credit for student participation in these programs.

4) Authorizes local workforce development boards, in conjunction to LEAs and labor, business, and commerce representatives, in addition to community colleges industry representatives, research centers, and parents, to develop principles and guidelines for the establishment of work-based learning activities.

5) Extends eligibility for receiving academic credit for work experience education to pupils beginning in grade 10, rather than only those in grades 11 and 12.

6) Requires CDE, using existing systems and capabilities, to collect and maintain data on work-based learning, work experience education, school-based registered apprenticeships, and work permits issued by LEAs.

7) Requires LEAs offering work-based learning activities to document and maintain records of these activities occurring in work experience education, CTE, early college credit, and academic courses, and authorizes them to include these activities as part of their experience education plans, as specified.

8) Specifies work experience education programs involving preapprenticeship to be consistent with Section 3100 of the Labor Code.

9) Authorizes the governing board or body of an LEA providing work-based learning activities and a work experience education program to provide for employment under the program, as specified.

    a. Specifies payments may not be made to or for private employer with the exception of apprenticeship program sponsors offering direct services and support to school-based youth apprenticeship and preapprenticeship programs registered.

10) Authorizes the governing board or LEA to provide costs associated with the preapprenticeship or youth apprenticeship program registered with the Division of Apprenticeship Standards, including but not limited to, on-the-job training, liability and workers' compensation insurance, and program administration.

11) Authorizes LEAs and regional occupational centers or programs to be considered employers of pupils participating in work-based learning activities, including a school-based youth apprenticeship program that occurs in conjunction with work experience, education, CTE, early college credit, and other academic courses.

12) Authorizes LEAs to provide workers' compensation and liability insurance for student apprentices on behalf of a registered apprenticeship program sponsors, private employer, or an employer that is not administrating school entity, as specified, for work-based learning activities occurring during and outside of the school day when the pupil is earning credit towards graduation from high school and those work-based learning activities occurring outside of the school day are connected to a school-based program and monitored by the school.

13) Requires the school district of residence of the persons receiving the training to be deemed responsible for suspension of the pupil whenever a work-based learning activity is under supervision of a regional occupation center or program operated by two or more school district, as specified.

14) Requires a youth apprenticeship program that begins in high school to allow student apprentices to complete a percentage of their program before graduation from high school.

15) Requires all high school-based youth apprenticeship programs registered with the Division of Apprenticeship Standards pursuant to Section 3073 of the Labor Code to meet all the following requirements:

    a. Submit copies of approved apprenticeship standards and implementation plans to the department.
    b. Allow student apprentices who complete a percentage of their hours before high school graduation to complete a full apprenticeship under the supervision of the approved local educational agency or the apprenticeship program sponsor or transfer to an adjacent apprenticeship program in another region in the state, when possible.
    c. Offer related and supplemental instruction, provided the courses meet all of the following:
        i) Address the required competencies.
        ii) Are approved by the apprenticeship program sponsor, employer, and the Division of Apprenticeship Standards.
        iii) Are offered as part of a CTE, work experience education, early college credit, or other academic course.
    d. Award student apprentices credit for graduation for paid on-the-job training, provided that the training meets both of the following:
        i) Occurs as part of a work experience education program as described in Section 51764
        ii) Is offered in conjunction with related and supplemental instruction
    e. A student apprentice may complete paid on-the-job training with a private employer or apprenticeship program sponsor registered with the Division of Apprenticeship Standards during the schoolday as part of a work experience education course and receive course credit towards graduation pursuant to Section 51760.3.
    f. While attending paid on-the-job training or related and supplemental instruction courses that occur outside of the schoolday and are offered by a registered apprenticeship program sponsor or private employer, the LEA may serve as an employer of record if the student apprentice is receiving credit towards graduation for the on-the-job training and related and supplemental instruction as part of a work experience education, CTE, or academic course.

16) Authorizes the governing board of any school district that maintains a high school to expend targeted instructional improvement block grant, rather than supplemental funding, as specified.

17) Defines the following:

    a. "Industry skills framework" means a guidance document, developed in collaboration with labor, business, and industry, that outlines the classroom skills and competencies required for apprenticeable occupations and supports alignment of career technical education with preapprenticeship and youth apprenticeship.
    b. "Local educational agency" means a school district, county office of education, charter school, or joint powers authority.
    c. "Occupational framework" means guidelines developed in collaboration with labor, business, and industry outlining the competencies and hours required for apprenticeships in specific industries and providing the opportunity for expedited adoption and standardization across programs.
    d. "Youth apprenticeship program" has the same meaning as defined in Section 51759.

18) Authorizes CDE to, in collaboration with the Department of Apprenticeship Standards and the Office of the Chancellor of the Community Colleges, convene an interagency workgroup for the following purposes:

    a. Establishing guidance for school-based youth apprenticeship programs registered with the Division of Apprenticeship Standards pursuant to Section 3073 of the Labor Code.
    b. Identifying priorities for the development of occupational frameworks and industry skills frameworks for the purpose of aligning youth apprenticeship with career education and career technical education, and for advancing youth apprenticeship programs in priority industry sectors.
    c. Adopting uniform program guidelines and program approval processes for school-based youth apprenticeship programs.
    d. Upon appropriation by the Legislature for this purpose, developing occupational frameworks and industry skills frameworks for priority industry sectors.

19) Require representatives for interagency groups to include, but are not limited to representatives from the following entities:

    a. The State Department of Education
    b. The Office of the Chancellor of the California Community Colleges
    c. The Labor and Workforce Development Agency
    d. The Division of Apprenticeship Standards
    e. The Workforce Development Board
        i) Requires the chief administrative officer of each entity described above to select program specialists and subject-matter experts within the agency to serve as entity's representatives, whenever possible
        ii) On or before July 1, 2026, the interagency workgroup to determine aligned CTE, career education, and youth apprenticeship priorities.

20) Authorizes Division of Apprenticeship Standards, in collaboration with CDE, to adopt any policies, rules, or regulations as reasonably necessary to do all of the following:

a. Maintain the educational purpose and character of youth apprenticeship programs for in-school youth.
b. Determine an expedited adoption and approval process for new youth apprenticeship programs.
c. Determine minimum requirements and guidance for high school-based youth apprenticeship programs.

21) Defines "youth apprenticeship program" as an apprenticeship program registered with the Division of Apprenticeship Standards that fulfills all registered apprenticeship requirements and serves youth from 16 to 24 years of age, inclusive, at the time of enrollment and that also meets all of the following:

a. Offers related and supplemental instruction through career technical education, work experience education, early college credit, or other academic courses, whenever possible.
b. Complies with labor laws for minors.
c. Offers flexible work hours to allow for pupils to participate in on-the-job training while they are enrolled in high school.
d. Allows for part-time employment and extended completion time to accommodate student apprentices.

22) Requires, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

COMMENTS

1. Background:

[NOTE: See the Senate Education Committee analysis for detailed background on the current state of CTE, career education, and work-based learning in California for this bill.]

Division of Apprenticeship Standards

The Division of Apprenticeship Standards (DAS) creates opportunities for Californians to obtain skills leading to gainful employment, while also providing employers with highly skilled and experienced workforce. DAS administers California apprenticeship law and enforces the apprenticeship standards regarding wages, hours, working conditions, and the specific skills required for state certification in an occupation that is appropriate for apprenticeship. California's apprenticeship system represents a partnership among industry, labor, education, and government.

Governor Newsom's "Freedom to Succeed" Executive Order

In 2023, the Governor issued an executive order (N-11-23)[1], which launched the development of a new Master Plan on Career Education to tackle fragmentation, and this bill aims to support that effort. Governor Newsom's "Freedom to Succeed" Executive Order charged key state education and workforce leaders to develop a Master Plan on Career Education to "guide the state's efforts to strengthen career pathways, prioritize hands on learning and real-life skills, and advance universal access and affordability for all

[1] Executive Order N-11-23, https://www.gov.ca.gov/wp-content/uploads/2023/08/8.31.23-Career-Education-Executive-Order.pdf

Californians through streamlined collaboration and partnership across government and the private sector."

This bill would support the education and workforce development goals of the Governor's Executive Order by better aligning goals and streamlining communication across the education and workforce system.

California Youth Apprenticeship Committee (CYAC) Report

In 2024, the California Youth Apprenticeship Committee (CYAC) was convened under the direction of SB 191 (Committee on Budget and Fiscal Review, Chapter 67, Statutes of 2022) to develop recommendations for the DAS on how to implement youth apprenticeships for in-school and out-of-school youth in California. The CYAC includes representatives from youth, youth-serving organizations, labor, employers of youth, K–12 schools, community colleges, government, and the public workforce system.

In 2024, the CYAC released a report with a detailed set of recommendations to establish a statewide youth apprenticeship system and proposed a new "Career Apprenticeship Bridge" model that would begin in high school and continue through college, supported by clearer definitions, shared data, and intermediary partnerships.[2]

This bill aligns with many of the priorities identified in both efforts. It clarifies definitions for work-based learning, directs regular updates to CTE standards, expands who can offer credit-bearing programs, and authorizes an interagency workgroup to develop youth apprenticeship frameworks. Although this bill does not fully implement all of the recommendations, it takes several steps in that direction and can help lay the groundwork for future implementation.

2. Need for this bill?

According to the author:

"About three in five Californians enroll in college right after high school, with recent data showing that 62% of the 435,000 students who graduated in spring 2020 enrolled within 12 months. However, enrollment rates vary significantly by income, race, and gender, with low-income, English Learner, Black, and Latino students enrolling at lower rates compared to their peers.

While many students begin their college journey, approximately 34% of Californians hold at least a bachelor's degree. Many others face barriers, such as financial challenges, limited resources, and lack of support that prevent them from completing a four-year degree, despite their aspirations. For these students, career education offers an alternative pathway. Around 30% of California's future jobs will require training beyond high school but less than a four-year degree. Career education provides specialized training for jobs that are essential for upward economic mobility.

However, California's career education system is not sufficiently robust to meet the needs of these students, leaving many to struggle with the transition from education to employment.

[2] "The California Youth Apprenticeship Model." Report of the California Youth Apprenticeship Committee, June 2024. https://www.dir.ca.gov/DAS/DAS_MeetingAgenda/2024/June/2024-6-Report-CAYC.pdf

This pattern perpetuates racial and generational wealth gaps, highlighting the need for more inclusive and equitable opportunities.
Reinforcing this issue, our system fails to address the state's declining population of trade-based workers. This problem will only worsen as more individuals retire, the demand for housing increases, and the transition from fossil fuels to electrification progresses.

In 2023, Governor Newsom signed Executive Order N-11-23 directing state leaders in education, workforce development, and economic development to develop a Master Plan on Career Education. This initiative aims to develop opportunities for hands-on learning and life skills, thereby strengthening career pathways for students.

In 2024, the California Youth Apprenticeship Committee (CYAC) made several policy recommendations to promote the expansion of youth apprenticeships, including: aligning systems between local educational agencies and employers, removing barriers to industry involvement, providing regular program guidance from industry and labor, and introducing a new youth apprenticeship model."

2. Proponent Arguments

According to the co-sponsors, the California Workforce Association (CWA):

"In alignment with Governor Newsom's 2018 Five Point Action Plan to expand California's apprenticeship system by 500,000 apprentices by 2029, SB 845 plays a crucial role in building a cohesive youth apprenticeship framework. This initiative is further supported by Governor Newsom's signed Executive Order N-11-23 in 2023, directing state leaders in education, workforce development, and economic development to develop a Master Plan on Career Education. This is an effort to create opportunities for hands-on learning and life skills to strengthen career pathways for students. The Master Plan on Career Education furthermore emphasizes the need for streamlined collaboration and partnership across agencies to facilitate information sharing. State agencies have historically worked in silos with differing yet overlapping definitions, regulations, and funding mechanisms for work-based learning opportunities which cause barriers for students and employers.

In 2024, the California Youth Apprenticeship Committee (CYAC), of which CWA is a member, made several policy recommendations to promote the expansion of youth apprenticeship, including: systems alignment between local educational agencies and employers, removal of barriers to industry involvement, regular program guidance from industry and labor, and a new youth apprenticeship model.

[…]

SB 845 aims to enhance career technical education and work-based learning across California. By establishing clear definitions for key terms such as work-based learning, youth apprenticeship programs, and student apprentices, the bill provides a framework for implementation. It also requires the updating of career technical education standards every five years to ensure relevance. To bridge the gap between education and industry needs, SB 845 requires active employer engagement and regional collaboration in delivering work-based learning activities. The bill empowers partnerships between schools and businesses by allowing coverage of worker's compensation and liability insurance. Furthermore, it

promotes cross-agency coordination for developing comprehensive guidelines and resources to support the implementation of youth apprenticeship courses at the local level.

Additionally, SB 845 allows for flexible implementation and enables the California Department of Education to collect aggregate data on work-based learning, enhancing the Cradle-to-Career data system. This comprehensive approach ensures that youth apprenticeship becomes an integral part of California's education system and aligns systems in state government to better serve our youth."

According to the co-sponsors, NextGen California:

"SB 845 provides an alternative approach to the current program design. Specifically, the bill provides a framework that will foster collaboration between local education agencies, government, and private sector industries by incorporating the use of more diverse learning opportunities and real-world work experience into the current system. SB 845 expands access to hands-on training and essential life skills as well as strengthens career pathways for students who might otherwise struggle to secure stable careers in California's most in-demand industries."

3. Opponent Arguments:

None received.

4. Prior Legislation:

SB 191 (Committee on Budget and Fiscal Review, Chapter 67, Statutes of 2022) established the Youth Apprenticeship Grant Program, operative and implemented only upon appropriation. Required the Division of Apprenticeship Standards (DAS) to administer the program, which would provide grants for existing apprenticeship and preapprenticeship programs or to develop new apprenticeship and preapprenticeship programs that serve the target population and satisfy the goals and objectives of the grant program, as specified. Defined "target population" as individuals from 16 to 24 years of age who are at risk of disconnection or are disconnected from the education system or employment, unhoused, in the child welfare, juvenile justice, or criminal legal systems, living in concentrated poverty, or are facing barriers to labor market participation. "Target population" includes youth who face chronic opportunity educational achievement gaps, attend schools in communities of concentrated poverty, or attend high schools with a negative school climate.

AB 235 (O'Donnell, Chapter 704, Statutes of 2018) established the Interagency Advisory Committee on Apprenticeship (Committee) within the Division of Apprenticeship Standards, and required that the Committee provide advice and guidance to the Administrator of Apprenticeship and the Chief on apprenticeship programs, standards, and agreements, as well as preapprenticeship, certification, and on-the-job training and retraining programs, in nonbuilding trades industries, among other things, including approved preapprenticeship training programs within the Board of Governors of the California Community Colleges, and the development of approved preapprenticeship training demonstration projects.

SUPPORT

California Workforce Association (Co-sponsors)

Nextgen California (Co-sponsors)
Alameda County Office of Education
Alameda County Workforce Development Board
Apprenticeships for America
County of Kern
Cwusa
Diag USA
Diag USA Foundation
Early Care & Education Pathways to Success (ECEPTS)
Foothill Workforce Development Board
Fresno Regional Workforce Development Board
Golden Sierra Job Training Agency
Goodwill Southern California
Humboldt County Workforce Development Board
Imperial County Workforce Development Board
Kern/inyo/mono Workforce Development
Launch Apprenticeship Network
Long Beach Workforce Innovation Network
Merced Workforce Development Board
Monterey County Workforce Development Board
Mother Lode Job Training
Mother Lode Workforce Development Board
North Central Counties Consortium
Oakland Workforce Development Board
Para Los Ninos
Partnership to Advance Youth Apprenticeship
Pleasanton Unified School District
Propel America
Richmond Workforce Development Board
Riverside County Workforce Development Board
Rx Rs Foundation
Santa Barbara County Workforce Development Board
South Bay Workforce Investment Board
Southeast Los Angeles County Workforce Development Board
The Anaheim Workforce Development Board
Unite-la
Workforce Development Board of Contra Costa County

OPPOSITION

None received.

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SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 850	**Hearing Date:**	April 30, 2025
Author:	Ashby		
Version:	April 21, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Glenn Miles		

SUBJECT: Prisons.

KEY ISSUE

This bill would impose unconstitutional pension forfeiture conditions on current members of public employee retirement systems to eliminate retroactively all accrued vested pension rights and confiscate accumulated employee contributions of any California Department of Corrections and Rehabilitation (CDCR) employee convicted of sexually assaulting an inmate within the state prison system. The bill also requires CDCR to implement several actions related to preventing CDCR staff abuse of incarcerated persons.

ANALYSIS

Existing law:

1) Creates a judicial doctrine known as the California Rule pursuant to seventy years of California Supreme Court ("the Court") case law that prevents the Legislature from unilaterally revising public employee pension plans. The Court has based the California Rule on fundamental state and federal constitutional provisions that prohibit the government from enacting laws effecting a substantial impairment of contract. (Beginning with *Allen v. City of Long Beach* (1955) 45 Cal.2d 128, and explicated most recently in *Cal Fire Local 2881 v. California Public Employees' Retirement System* (2019) 6 Cal.5th 965 ("*Cal Fire")* and *Alameda County Deputy Sheriff's Assn. v. Alameda County Employee Retirement Assn.*, S247095 (Cal. Jul. 30, 2020) ("*Alameda"*.)

2) Provides that pension plan sponsors may make "permissible modifications" to a pension plan if the modifications are "materially related to the theory and successful operation of a pension system." ((*Cal Fire Local 2881 v. California Public Employees Retirement System* (2016) 7 Cal.App.5th 115, 123, 129) affirmed by the Court in *Cal Fire*)

3) Clarifies that public employee pension plans may be modified "for the purpose of keeping [the] pension system flexible to permit adjustments in accord with changing conditions and at the same time maintain the integrity of the system," but to survive contract clause scrutiny, such changes "must bear some material relation to the theory of a pension system and its successful operation" and "provide comparable new advantages to public employees unless to do so would undermine, or would otherwise be inconsistent with, that proper purpose." (*Alameda* at pp. 4-5*)*

4) Provides, under the California Constitution that, "the members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants

and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administrating the system." (Ca. Const., Art XVI, § 17)

5) Provides that the retirement board of a public pension or retirement system has plenary authority and fiduciary responsibility for administration of the system, and among other provisions, consistent with the fiduciary responsibilities vested in it, must have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system. (Ca. Const., Art XVI, § 17)

6) Establishes the California Public Employees' Retirement System (CalPERS), which provides a defined benefit pension to state employees, classified school employees, and employees of contracting public agencies, including several cities, counties, and special districts throughout the state. (Government Code §20000 et seq.)

7) Establishes approximately 80 other public employee retirement plans, including the California State Teachers' Retirement System (CalSTRS), which provides pensions to certificated school employees; 20 affiliated county retirement associations (e.g., the Orange County Employees Retirement System and the Los Angeles County Employees' Retirement Association) under the County Employees Retirement Law of 1937 (CERL), which provide pensions to specified county employees and is represented by the State Association of County Retirement Systems (SACRS); and several other independent California public pension plans established under ordinances and codes authorized by city and county charters and other state or constitutional legal frameworks (e.g., the Los Angeles City Employees' Retirement System, the San Francisco Employees' Retirement System, the San Jose Federated City Employees' Retirement System, the University of California Retirement System, etc.) (Education Code §26000 et seq.; Government Code §31450 et seq.; et al.)

8) Establishes the California Public Employees' Pension Reform Act (PEPRA) of 2013, a comprehensive reform of public pension law designed to stabilize public pension systems while preserving the objective of ensuring that public employees who dedicate a lifetime of service to California receive retirement security in their old age (Government Code §7522 et seq.)

9) Requires specified public employees and public elected officials, following conviction for specified offenses arising out of the person's official duties, to forfeit rights and benefits in any public retirement system in which the person is a member *from the time of the commission of a felony.* (Government Code §§7522.70, 7522.71, 7522.74.)

This bill:

1) Requires a public employee who is a correctional officer or other prison staff member convicted of sexually assaulting an inmate within the state prison system to forfeit *all accrued rights and benefits in any public retirement system* in which that public employee is a member, as specified, and prohibits the employee from accruing further benefits in that system.

2) Requires the public employee to forfeit all of the rights and benefits earned or accrued from the date the employee *was first hired* with the *public retirement system*. [1]

3) Requires that the employee's rights and benefits remain forfeited notwithstanding any reduction in sentence or expungement of the conviction following the date of the member's conviction.

4) Prohibits a public retirement system from returning *any contributions made by a public employee*, as specified.[2]

5) Requires the prosecuting agency and a public employee, as specified, upon conviction, to notify the employee's public employer at the time of the commission of the felony of the following within 60 days of the conviction:

    a. The date of conviction.
    b. The date of the first known commission of the felony.

6) Requires the public employee and the employee's public employer to each notify each public retirement system in which the public employee is a member of the employee's conviction within 90 days of the conviction.

7) Provides that the bill's operation does not depend on its notice obligations.

8) Authorizes a public retirement system to assess a public employer a reasonable amount to reimburse the cost of audit, adjustment, or correction, if it determines that the public employer failed to comply with the bill's provisions.

9) Limits the amount the retirement system may assess to not more than its reasonable regulatory costs.

10) Entitles the employee to do either of the following if the conviction is reversed and that decision is final:

    a. Recover the forfeited rights and benefits.

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[1] For clarification, public employees are hired by their appointing authority (a state agency or department, in this case the California Department of Corrections and Rehabilitation) or their local public agency, not by their public retirement system (unless they work directly for the retirement system). Public employees become members of a public retirement system upon meeting specified eligibility requirements and maintain membership as long as they are employed by a public employer who is covered by that public retirement system for the provision of retirement benefits. While employment and membership are linked, they are not the same thing.

There are over 80 public retirement systems in California (see, https://www.nasra.org/ca). This bill sometimes appears to apply to all of them and sometimes appears to refer only to the largest system, CalPERS. A retirement system member may have a career that spans several different public employers but has membership only in one retirement system. Alternatively, a public employee may become a member in several different public retirement systems depending on the retirement systems that provide retirement benefits to the public employers' employees. Upon retirement, the employee may thus receive pensions from multiple retirement systems. This bill would appear to require forfeiture of benefits from all of them.

[2] While both employer and employee pension fund contributions constitute components of the employee's deferred compensation, the latter are legally employee property, and likely have additional protected status beyond the scope of this analysis.

b. Redeposit any contributions and interest that would have accrued during the forfeiture period, as determined by the system actuary, and then recover the full amount of the forfeited rights and benefits.

11) Requires the public retirement system to implement the bill's provisions in a manner that protects an innocent spouse and is consistent with existing law governing the division of community property, as specified.

12) Requires the bill's provisions to apply to the extent permissible by law.

13) Requires the bill's provisions to apply retroactively and prospectively to any public employee, as specified, regardless of that public employee's date of hire.

14) Includes the following provisions related to the state prison known as the Central California Women's Facility in the City of Chowchilla:[3]

a. Requires CDCR to construct and establish one new building with 100 additional single-cell housing units at the Central California Women's Facility for the confinement of women under CDCR's custody.
b. Requires CDCR do all of the following in all women's state prison facilities:
    i. Install fixed cameras by January 1, 2028, in all designated locations ordered by the court or the Legislature.
    ii. Install thermal sensor cameras that track body movements in inmate bathrooms.
    iii. Eliminate solo shifts for correctional officers.
c. Requires that a correctional lieutenant on the site of a state prison facility have the authority to, upon request by an inmate, transfer that inmate to restrictive housing.

COMMENTS

1. Need for this bill?

According to the Author:

"Under current law, correctional officers convicted of a job-related felony are required to forfeit their pension benefits, losing access to any future accruals from the date of conviction onward. However, because they <u>are allowed to retain</u> any vested pension amounts earned prior to conviction, this creates a concern. This allows individuals convicted of serious offenses to benefit from significant retirement savings accumulated throughout their public service – including tax dollars paid for by California residents, which can amount upwards of hundreds of thousands of dollars. Because of a correctional officer's role as a public servant, and oath to the state of California, this raises serious concerns about whether these vested amounts should be subject to forfeiture. *SB 850 addresses this by retroactively revoking the pension of a correctional officer convicted of sexually assaulting an incarcerated individual, including any vested amounts."*

[3] These provisions are unrelated to this committee's jurisdiction but the Senate Committee on Public Safety will analyze them for its hearing the day prior to this bill's hearing in this committee.

2. Scope of Analysis:

This analysis is limited to the bill's provisions affecting CDCR employees' public pension and employment rights. The committee refers you to the Senate Public Safety Committee's April 29, 2025, policy hearing and analysis of the bill's other provisions that deal with incarceration policy.

3. Committee Comments:

For reasons both understandable and compelling, and grounded in proponents' efforts to effect a consequential end to sexual abuse by CDCR staff against incarcerated persons, this bill seeks to change the terms of CDCR employees' existing defined benefit pension plan. However, as drafted, this bill constitutes a prima facie example of an unconstitutional impairment of contract because it would strip away the accrued pension benefits of a convicted CDCR sex abuser *retroactively to their first day of employment with any employer that provides a public pension*, as specified.

The California Supreme Court, as discussed above in the *Existing Law* section, has protected vested pension rights for approximately seventy years. Under the California Rule interpreting the California Constitution's contract clause, a public employee vests in their right to their pension upon beginning employment because a pension is deferred compensation for services rendered. It would be an ineffective recruitment policy and possibly a fraudulent inducement if the employer could simply take away the employee's promised pension before retirement and after the employee provided a lifetime of service. Thus, the Court has generally disallowed retroactive changes to a public pension plan, like the one this bill would require.

The bill's proponents have suggested that although the Court reaffirmed in its *Cal Fire* and *Alameda* decisions that vested pension rights are protected, it also clarified that modifications may be permissible if they are reasonable and serve a legitimate public purpose; that not all pension changes are off-limits; and that courts will scrutinize, if needed, whether any proposed changes are justified and have clear legislative intent.

This description does not reflect the Court's position, which is that a reasonable modification of vested pension rights must have a material relation to the theory of the pension system or to its successful operation, by which it means that the modification must aid the retirement system in fulfilling its mission to provide promised pension benefits.

> "Public employee pension plans may be modified 'for the purpose of keeping [the] pension system flexible to permit adjustments in accord with changing conditions and at the same time maintain the integrity of the system,' but to survive contract clause scrutiny, such changes 'must bear some material relation to the theory of a pension system and its successful operation.'" *Alameda* at pp 4-5.

Furthermore, the Court clarified that modifications of vested pension rights face a steep hill in overcoming their disfavored treatment.

> "'Such modifications must be reasonable . . . . To be sustained as reasonable, alterations of employees' pension rights must bear some material relation to the theory of a pension system and its successful operation, and changes in a pension plan which result in

> disadvantage to employees should be accompanied by comparable new advantages.' (*Allen I, supra*, 45 Cal.2d at p. 131; see also *Betts v. Board of Administration* (1978) 21 Cal.3d 859, 866 (*Betts*) [contract clause protects not only pension rights available at commencement of employment but also those 'which are thereafter conferred during the employee's subsequent tenure'].) This quotation from *Allen I* is the foundation of the California Rule. " (*Alameda* at p. 45)

The Court also reprised in *Alameda* its seventy years of jurisprudence prohibiting retroactive modifications that are motivated by principles other than those designed to improve a retirement system's ability to fulfill its mission, stating that such modifications are unreasonable and impermissible. Especially relevant here, the Court cited approvingly its decision from 1955:

> "As we framed the question, we were required to 'determine whether the changes made come within the bounds of a reasonable modification or whether their effect is to impair his vested contractual rights.' (Wallace, at pp. 183–184.) We again recognized that modification of a pension plan is permitted to cope with changing times, but we balanced this principle against 'the facts that pension payments are deferred compensation to which a pensioner becomes entitled upon performing all services required under the contract and that his retirement because of age ordinarily shows that he has done everything necessary to entitle him to payment of the pension.' (Id. at pp. 184–185.) We concluded that the amendment was not a reasonable modification. As we explained, *'[t]he termination of all pension rights upon conviction of a felony after retirement does not appear to have any material relation to the theory of the pension system or to its successful operation. Rather, the change was designed to benefit the city and, as stated in the city's brief, to meet the objections of taxpayers who would be opposed to contributing funds for the maintenance of a pensioner who had been convicted of a felony.'* [4] (*Alameda* at pp 49-50, citing *Wallace v. City of Fresno* (1954) 42 Cal.2d 180)

In any case, the committee agrees with the proponents' desire to see the Legislature force CDCR employees to end sexual abuse in California prisons.

To that end, it may be possible to implement the proponents' objective if the bill specifically, and separately, applies to public employees who first become a member of a public pension system after the legislation's effective date. Segregating current members and future members and including a severability clause will help ensure that if the Court strikes down the provisions from applying to current members, those provisions will still apply to future members.

According to the Court, "(t)o effect a pension modification that is prospective in practice, the Legislature would be required to enact a law that applies only to pension rights accrued after its effective date, while preserving unchanged the law applicable to pension rights accrued prior to that date." (Alameda at p. 72). The committee has proposed substantive amendments, which could achieve this change for new pension system members going forward (see below, *Committee Amendments*).

This prospective approach would provide notice to any future CDCR employee that their acceptance of employment with CDCR entails the risk of total loss of all pension benefits if

[4] Emphasis added.

convicted of censorious behavior. In short, the prospective employee would know before accepting the job that their employment contract includes the possibility that they could forfeit years of deferred compensation if at some future time they commit the opprobrious crimes specified in the bill.

The committee amendments recognize the Court's imperative that public employees' pension rights vest upon beginning employment. Therefore, any change to those rights must be initiated prior to the person's employment.

> "In evaluating the proper scope of contract clause protection for pension rights, it is important to recognize the unusual nature of such rights as compensation. Public employees begin earning pension benefits from their first day of work. As a result, we have consistently held that pension rights become vested at that time. (*Alameda* at p. 70)

The Court bases its view in no small part on the fact that the State is dealing with its own employees, so the Court maintains a healthy suspicion as to whether the State is motivated by legitimate public policy or impermissible self-interest in its contractual dealings.

> "This rule is consistent with our past constitutional rulings on the power of the state to impair its own contracts. We have always recognized that such impairments may survive contract clause scrutiny, but we have also held that they are subject to significant constraints. '[A] State is not completely free to consider impairing the obligations of its own contracts on a par with other policy alternatives. Similarly, a State is not free to impose a drastic impairment when an evident and more moderate course would serve its purposes equally well.'" (*Alameda* at p. 87)

The committee amendments represent a meaningful course of action that conforms to the Court's admonition that it disfavors drastic legislative impairments of contracts with the state's own employees where moderate impairments are available.

Unintended Consequences

The committee joins the proponents in its desire to impress upon CDCR that the State must hold CDCR employees accountable for their egregious history of sexual abuse. Several bills are under consideration in this Legislature to do just that. However, the State cannot implement SB 850's provisions under current constitutional law. Rather, the bill will create years of litigation that, given current Supreme Court jurisprudence, will be fruitless.

But what if it succeeds? Proponents may suggest that the Legislature should at least pass this bill to test the Court's resolve to uphold the pension protections it has zealously guarded in the face of the outrageous crimes cited by the author. That is a tempting proposal, but this committee must balance it by weighing the unintended consequences such action could initiate. Below, the committee offers some illustrative examples of possible scenarios that could accompany the debilitation of pension protections if SB 850 were to set a new precedent:

- In the future, if state or federal law criminally prohibits teachers from incorporating Diversity, Equity, and Inclusion (DEI) principles in classroom activities, will those teachers upon a conviction of violating that prohibition have to fear that they will lose a lifetime of savings and pension benefits because of this bill?

- If state or federal law were to punish public employees that help undocumented immigrants evade governmental prosecution, will a conviction of such criminal activity result in the employees' loss of a lifetime of deferred compensation?

- Should the State abolish pensions for convictions of an otherwise dedicated public servant for occupying or destroying public and private property during protests against governmental policy?

- Should the State ensure that criminal convictions for illegal gun or drug possession result in the alteration of the employee's public pension benefits?

Finally, although one may easily dismiss these and other examples as not rising to the severity of the sexual assault crimes at issue, the Constitution exists to protect us from hard cases that create avenues for the slow but eventual elimination of our rights. We chip away at it at our peril.

4. Committee Amendments:

SECTION 1. Section 7522.75 is added to the Government Code, to read:

7522.75. (a) ~~Notwithstanding any other provision, a public employee who is a~~ **If a** correctional officer or other prison staff member **employed by the California Department of Corrections and Rehabilitation, who is a current member of a public retirement system,** ~~that~~ is convicted of sexually assaulting an inmate within the state prison system, **that member** shall, **upon exhaustion of all appeals,** forfeit all accrued rights and benefits in ~~any~~ **the** public retirement system ~~in which that public employee is a member,~~ to the extent provided in subdivision ~~(b)~~ (c)**,** and shall not accrue further benefits in ~~**that**~~ **the** public retirement system.

~~(b) (1) The public employee shall forfeit all of the rights and benefits earned or accrued from the date the employee was first hired with the public retirement system. The rights and benefits shall remain forfeited notwithstanding any reduction in sentence or expungement of the conviction following the date of the member's conviction.~~

(b) Notwithstanding any other provision of law, if a correctional officer or other prison staff member employed by the California Department of Corrections and Rehabilitation, who first becomes a member of a public retirement system on or after January 1, 2026, is convicted of sexually assaulting an inmate within the state prison system, that member shall, upon exhaustion of all appeals, forfeit all accrued rights and benefits in the public retirement system, to the extent provided in subdivision (c), and shall not accrue further benefits in the public retirement system.

~~(b)~~ **(c)** (1) ~~The public employee~~ **A member as described in subdivision (a) or (b)** shall forfeit all of the rights and benefits earned or accrued from the date the ~~**employee was first hired with**~~ ***they first became a member of*** the public retirement system **except as provided in subdivision (f).** The rights and benefits shall remain forfeited notwithstanding any reduction in sentence or expungement of the conviction following the date of the member's conviction.

(2) ~~**Any**~~ **(A) Pursuant to regulations adopted by the public retirement system board, any** contributions to the public retirement system made by **a member,** as described in subdivision (a), shall ~~**not**~~ be returned to the public employee upon the occurrence of a conviction resulting in forfeiture~~, except as provided in subdivision (f)~~.

(B) Pursuant to regulations adopted by the public retirement system board, any contributions to the public retirement system made by a member, as described in subdivision (b), shall not be returned to the public employee upon the occurrence of a conviction resulting in forfeiture.

~~(c)~~ **(d)** (1) Upon conviction, a ~~public employee~~ **member**, as described in subdivision (a) or (b), and the prosecuting agency shall notify the public employer who employed the ~~public employee~~ **member** at the time of the commission of the felony within 60 days of the felony conviction of both of the following:

(A) The date of conviction.

(B) The date of the first known commission of the felony.

(2) The operation of this section is not dependent upon the performance of the notification obligations specified in this subdivision.

(d) The public employer that employs or employed a ~~public employee~~ **a member** described in subdivision (a) **or (b)** and that ~~public employee~~ **member** shall each notify ~~each~~ **the member's** public retirement system ~~in which the public employee is a member~~ of that ~~public employee's~~ **member's** conviction within 90 days of the conviction. The operation of this section is not dependent upon the performance of the notification obligations specified in this subdivision.

(e) A public retirement system may assess a public employer a reasonable amount to reimburse the cost of audit, adjustment, or correction, if it determines that the public employer failed to comply with this section. The amount assessed shall not exceed the reasonable regulatory costs to the retirement system.

(f) If a ~~public employee's~~ **member's** conviction is reversed and that decision is final, the ~~employee~~ **member** shall be entitled to do either of the following:

(1) Recover the forfeited rights and benefits.

(2) Redeposit any contributions and interest that would have accrued during the forfeiture period, as determined by the system actuary, and then recover the full amount of the forfeited rights and benefits.

(g) The public retirement system shall implement this section in a manner that protects an innocent spouse and is consistent with existing law governing the division of community property, including, but not limited to, Section 2610 of the Family Code.

(h) This section shall apply to the extent permissible by law.

~~(i) This section shall apply retroactively and prospectively to any public employee described in subdivision (a), regardless of that public employee's date of hire.~~

SEC. 2. Article 8 (commencing with Section 2049) is added to Chapter 1 of Title 1 of Part 3 of the Penal Code, to read:

Article 8. Central California Women's Facility

2049. There is and shall continue to be a state prison known as the Central California Women's Facility, which is located in the City of Chowchilla.

2049.1. The Department of Corrections and Rehabilitation shall construct and establish one new building with 100 additional single-cell housing units at the Central California Women's Facility for the confinement of women under the custody of the Secretary of the Department of Corrections and Rehabilitation.

SEC. 3. Section 5030 is added to the Penal Code, to read:

5030. (a) The Department of Corrections and Rehabilitation shall do all of the following in all women's state prison facilities:

(1) Install fixed cameras by January 1, 2028, in all designated locations that have been ordered by the court or the Legislature.

(2) Install thermal sensor cameras that track body movements in inmate bathrooms.

(3) Eliminate solo shifts for correctional officers.

(b) A correctional lieutenant on the site of a state prison facility shall have the authority to, upon request by an inmate, transfer that inmate to restrictive housing.

SEC. 4. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

5. Proponent Arguments:

According to the California Correctional Police Officers Association:

"SB 850 aims to enhance the safety of our correctional facilities by improving departmental procedures, and infrastructure, as well as imposing stricter penalties on CDCR staff found guilty of sexually assaulting an incarcerated person."

According to the Steinberg Institute:

"Recent reports of sexual violence at California's women's state prisons have highlighted the urgent need for comprehensive prison reform and the reevaluation of privileges granted to correctional staff responsible for the care and safety of incarcerated women. One prison that has brought this issue to the forefront is the Central California Women's Facility. As the largest women's correctional facility in California, and the largest women's prison in the world, it highlights the magnitude of the problem and the urgent need for systemic change.

Sexual assault and abuse in women's prisons is a serious issue in California. Correctional staff who sexually assault incarcerated women have committed an unacceptable abuse of power. It is an issue that must be addressed swiftly and unwaveringly."

6. Opponent Arguments:

The committee recognizes that, at the time of this writing, opposition letters received against SB 850 focus on the bill's requirements to increase prison facilities and the use of cameras and other surveillance devices in the prison setting.

In many cases, the opposition letters actually state strong support for the bill's retroactive pension forfeiture provisions, seeking to impose greater punishment on abusive CDCR staff.

The committee does not know at this time whether the opposition would continue to support the bill's pension forfeiture provisions if they were aware that, as written, those provisions are constitutionally unenforceable.

The committee also does not know whether the current opposition would support the committee's recommended amendments to provide a stronger possibility of the courts upholding forfeiture provisions for future CDCR staff.

Regardless, the committee anticipates opposition from the public pension community focused on the provisions that would unconstitutionally eliminate vested pension benefit rights and confiscate employee contributions. However, it has not yet received such opposition letters at the time of this writing, possibly due to the sudden amendments to the bill after traditional legislative deadlines.

In any case, the committee includes the bill's current opposition letters because they illustrate essential background to the bill's genesis and the passion and importance that drives the policy surrounding this bill. The following is a representative sample of that opposition.

According to the California Coalition for Women Prisoners:

"Sexual harassment and assault are a part of everyday life in women's prisons, including in the California Department of Corrections and Rehabilitation (CDCR)'s Central California Women's Facility (CCWF) and the California Institution for Women (CIW). Sexual harassment, abuse, and assaults of incarcerated people in the women's prisons at the hands of correctional officers and other staff have been continuous and relentless in California, with currently and formerly incarcerated women and trans people of all genders reporting and documenting this violence. The Prison Law Office also released a scathing report in 2016 that revealed that the institutional structure and culture of CDCR perpetuates and allows sexual violence to take place. In just the last year, dozens of lawsuits have been filed, addressing the brutal assaults by officers and the serial abuse by a staff gynecologist, now through a class action lawsuit that we have initiated alongside survivors. In January, the trial of a CCWF officer resulted in 64 convictions for rape and sexual battery against nine women, and revealed how easily assaults occur and how officers smuggle in contraband to coerce sexual acts."

"The Sexual Abuse Response and Prevention Working Group's Community Report makes alternative recommendations around cameras and their role in promoting accountability for

staff abuse. Specifically, it recommends ensuring that the mandated body-worn cameras are actually being properly utilized and that improper deactivation is meaningfully addressed by the Department. The report also lays out concerns about the risk of additional cameras being used by CDCR staff to surveil incarcerated people, adding to the ability of abusive staff to retaliate against incarcerated individuals who report staff abuse. *The report also details how CDCR investigations of staff abuse rarely result in sustained findings of employee misconduct despite the presence of verifiable evidence."* [5]

"Currently and formerly incarcerated women and TGI people have been at the forefront of building momentum to demand staff sexual abuse be meaningfully addressed. Expanding the prison system through construction of new units at CCWF is an investment in a failed and abusive system. No carceral system has been able to eliminate staff abuse, but there are concrete steps we can take toward prevention, accountability, and pathways to healing for survivors without growing the root of the problem. The only way to truly protect women and trans people of all genders from abuse by prison staff is for them to remain in their community and not enter the prison population."

7. Dual Referral:

The Senate Rules Committee referred this bill to the Senate Public Safety Committee and the Senate Labor, Public Employment and Retirement Committee.

8. Related Legislation:

SB 337 (Menjivar, 2025) would provide numerous reforms aimed at addressing CDCR staff abuse of prisoners, including a requirement that an employee or officer of a public entity health facility, detention facility, or CDCR, who is convicted of engaging in sexual activity with a consenting adult who is confined in a health facility, detention facility, or subject to supervision, be terminated, and prohibited from being eligible to be hired or reinstated by a public entity health facility. *This bill is set for hearing in the Senate Public Safety Committee.*

AB 464 (Aguiar Curry, 2025) would extend the statute of limitations for a civil claim of sexual assault by a government employee in a detention facility, would prohibit CDCR from re-hiring a terminated employee who was found to have sexually abused an incarcerated person, and would require additional monitoring and notifications by CDCR when an incarcerated person reports they have been sexually assaulted in a CDCR facility. *The Assembly Appropriations Committee referred this bill to its suspense file.*

AB 788 (Quirk Silva, 2025) would reorganize CDCR to create the Division of Female Programs and Services and would require CDCR to undertake specified additional efforts to address the treatment of incarcerated women. *The Assembly Appropriations Committee referred this bill to its suspense file.*

SB 1069 (Menjivar, Chapter 1012, Statutes of 2024) provided that the Office of the Inspector General (OIG) has investigatory authority over all staff misconduct cases that involve sexual misconduct with an incarcerated person, and authorizes the OIG to monitor and investigate a complaint that involves sexual misconduct with an incarcerated person.

[5] Emphasis added.

AB 340 (Furutani, Chapter 296, Statutes of 2012) enacted the Public Employees' Pension Reform Act, which included a provision that persons becoming a member of a retirement system for the first time on or after January 1, 2013, shall forfeit all the rights and benefits earned or accrued from the earliest date of the commission of any felony, as specified, to the forfeiture date, inclusive.

SUPPORT

California Correctional Police Officers Association (Sponsor)
The Steinberg Institute

OPPOSITION

Alliance for Boys and Men of Color
Californians United for a Responsible Budget
Ella Baker Center for Human Rights
Felony Murder Elimination Project
Transitions Clinic Network
Universidad Popular
California Coalition for Women Prisoners
California Public Defenders Association
Center on Juvenile and Criminal Justice
Communities United for Restorative Youth Justice
Critical Resistance, Los Angeles
Flying Over Walls
Human Impact Partners
Immigrant Legal Resource Center
Initiate Justice
Interfaith Movement for Human Integrity
LA Defensa
Sister Warriors Freedom Coalition

-- END --

SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 693	**Hearing Date:**	April 30, 2025
Author:	Cortese		
Version:	February 21, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alma Perez-Schwab		

SUBJECT: Employees: meal periods

KEY ISSUE

This bill would extend an existing exemption from the meal period requirements of existing law to employees of a water corporation that are covered by a valid collective bargaining agreement (CBA) that meets specified conditions.

ANALYSIS

Existing law:

1) Empowers the Labor Commissioner (LC), within the Department of Industrial Relations, with ensuring a just day's pay in every workplace in the State and promotes economic justice through robust enforcement of labor laws. (Labor Code §79-107)

2) Defines a full workday as 8 hours, and 40 hours as a workweek and requires overtime to be paid at the rate of no less than one and one-half times an employee's regular rate of pay for work performed beyond 8 hours in a day or 40 hours in a week. Furthermore, work performed beyond 12 hours in a day is to be compensated at twice the regular rate of pay. (Labor Code §510)

3) Prohibits an employer from employing a worker without providing a meal period as follows:

   a. 30 minutes every 5 hours, except if the total work period is no more than 6 hours, the meal period may be waived by mutual consent.
   b. A second 30 minute meal period if working more than 10 hours a day, except if the work period is no more than 12 hours, the second meal period may be waived by mutual consent, but only if the first was not waived.
   (Labor Code §512)

4) Requires the LC to enforce these provisions and provides that, if an employer fails to provide a meal or rest or recovery period as required by state law or applicable regulation, standard or IWC order, the employer must pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided. (Labor Code §226.7)

5) Exempts, among others, the following employees from the required meal period provisions if they meet specified criteria:

a. An employee employed in a construction occupation.
b. An employee employed as a commercial driver.
c. An employee employed in the security services industry as a security officer, as specified.
d. An employee employed by an *electrical corporation, a gas corporation, or a local publicly owned electric utility*.
(Labor Code §512)

6) Exempts the above employees from the required meal period provisions only if both of the following conditions are satisfied:

a. The employee is covered by a valid CBA.
b. The valid CBA expressly provides for the wages, hours of work, and working conditions of employees, and expressly provides for meal periods for those employees, final and binding arbitration of disputes concerning application of its meal period provisions, premium wage rates for all overtime hours worked, and a regular hourly rate of pay of not less than 30 percent more than the state minimum wage rate.
(Labor Code §512)

This bill:

1) Would extend the above-described exemption from the meal period requirements of existing law to employees of a water corporation if they meet both of the specified conditions:

a. The employee is covered by a valid collective bargaining agreement.
b. The CBA meets the requirements delineated in existing law.

2) Defines a "water corporation" as having the same meaning as provided in Section 241 of the Public Utilities Code.

COMMENTS

1. Background:

As noted above, existing law prohibits an employer from requiring an employee to work during a meal or rest or recovery period (such as a cooldown period required for heat illness prevention) that is mandated pursuant to statute, or applicable regulation, standard, or order of the Industrial Welfare Commission (IWC), the Occupational Safety and Health Board, or the Division of Occupational Safety and Health. If an employer fails to provide a meal or rest or recovery period as required by state law or applicable regulation, standard or IWC order, the employer must pay the employee *one additional hour of pay* at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided.

Additionally, as specified under current IWC wage orders, unless the employee is relieved of all duty during their meal period, the meal period is considered "on duty" that is counted as hours worked which must be compensated at the employee's regular rate of pay. An "on duty" meal period is permitted only when the nature of the work prevents an employee from being relieved of all duty and when by written agreement between the employer and

employee an on-the-job paid meal period is agreed to. Missed meal breaks entitle employees to one hour of pay.

Existing law recognizes the unique nature of some occupations and the need for industry specific provisions for compliance with wage and hour laws. Among a few others, existing law includes provisions for specified commercial drivers, construction workers, security service employees, and motion picture industry employees. Additionally, an exception exists for an employee employed by an *electrical corporation, a gas corporation, or a local publicly owned electric utility* provided they are covered by a valid CBA meeting specified conditions. This bill would add an employee employed by a water corporation to these provisions of existing law.

2. Need for this bill?

According to the author:

"Despite the similarities between them and their CPUC-regulated counterparts, employees of water utilities regulated by the CPUC were not covered by AB 569. This oversight harms California's water customers as standard meal period requirements currently do not account for the nature of water utility operations, which require continuous monitoring and emergency response to maintain public health and safety, and penalize water utilities when workers take meal breaks at different times due to the nature of their jobs.

Preventing service disruptions and avoiding costly staffing adjustments helps contribute to keeping water affordable for California's ratepayers by reducing operational costs and improving efficiency in water system management.

SB 693 simply applies the exemptions provided by AB 569 in Labor Code §512 to regulated water utilities. This will allow their employees workday flexibility to maintain water service, respond to emergencies without delays and ensure public health and safety. This bill would provide water utilities regulated by the CPUC the same exemption from Labor Code §512 as electric and gas utilities regulated by the CPUC, ensuring public safety and providing represented employees with needed flexibility in scheduling meal periods with their represented employees that are covered by a collective bargaining agreement (CBA)."

3. Proponent Arguments:

According to the sponsors of the measure, the California Water Utility Council and the California Water Service:

"Under current law, California's Labor Code §512 grants meal period exemptions to employees of CPUC-regulated electric and gas utilities, as well as other critical industries, provided they are covered by a valid CBA. These exemptions recognize the unique nature of utility operations, which require continuous monitoring and emergency response to ensure public health and safety. However, CPUC-regulated water utility employees were inadvertently excluded from these provisions, despite facing the same operational challenges.

We strongly advocate for policies that protect both employee rights and the public's access to safe, reliable, and affordable water. SB 693 does not eliminate meal periods but allows meal break flexibility in accordance with existing CBAs, ensuring workers receive the wages,

protections, and benefits negotiated through collective bargaining. Our CBAs already provide enhanced compensation for missed meals, premium overtime pay, and binding arbitration for meal disputes—offering stronger protections than the rigid mandates of the current law.

The lack of meal period flexibility imposes unnecessary burdens on both workers and water utilities. Employees who must remain on duty for emergency responses, system monitoring, and fieldwork operations are forced into meal break penalties that result in higher costs passed onto ratepayers. SB 693 simply aligns meal period rules for water utilities with those of other critical infrastructure industries, helping to maintain affordable water rates while ensuring safe and reliable service for Californians."

4. Opponent Arguments:

None received.

5. Prior/Related Legislation:

SB 41 (Cortese, Chapter 2, Statutes of 2023) provided an exemption from meal and rest period requirements for airline cabin crew employees that are covered by a valid CBA meeting specified conditions.

SB 1334 (Chapter 845, Statutes of 2022) extended existing meal and rest period rights and remedies available to private sector employees to those who provide direct patient care or support direct patient care in general acute care hospitals, clinics or public health settings who are directly employed by specified public sector employers.

AB 2610 (Aguiar-Curry, Chapter 148, Statutes of 2018) permits commercial drivers transporting commercial feed to a consumer in a rural area to commence a meal period after six hours when specified conditions are met.

AB 569 (Chapter 662, Statutes of 2010) exempted employees in certain industries, including those of an electrical corporation, a gas corporation, or a local publicly owned electric utility, from meal period laws if the employees are covered by a CBA.

SUPPORT

California Chamber of Commerce
California Water Association
California Water Service
California Water Utility Council, AFL-CIO

OPPOSITION

None received.

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SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 366	**Hearing Date:**	April 30, 2025
Author:	Smallwood-Cuevas		
Version:	April 9, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alma Perez-Schwab		

SUBJECT: Employment: artificial intelligence

KEY ISSUE

This bill would require the Department of General Services (DGS) to contract with the University of California, Los Angeles (UCLA) Labor Center to conduct a study evaluating the impact of artificial intelligence (AI) on worker well-being, job quality, job types, different populations, and state revenues, as specified.

ANALYSIS

Existing law:

1) Defines "artificial intelligence" to mean an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments. (Government Code §11546.45.5)

2) Establishes the Department of Industrial Relations (DIR) in the Labor and Workforce Development Agency (LWDA), and vests it with various powers and duties to foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. (Labor Code §50.5)

3) Establishes the Department of General Services (DGS), within the Government Operations Agency (GovOps), for the purpose of providing centralized services of state government. (Government Code §14600-14638.1)

4) Requires the California Department of Technology (CDT), under the guidance of GovOps, the Office of Data and Innovation (ODI), and the Department of Human Resources (CalHR), to update the State of California Benefits and Risks of Generative Artificial Intelligence (GenAI) report, as needed, to respond to significant developments and requires the consultation with, as appropriate, academia, industry experts, and organizations that represent state exclusive employee representatives. (Government Code §11549.65)

5) Provides that any report required or requested by law be submitted by a state or local agency to a committee of the Legislature or the Members of either house of the Legislature generally, to instead be submitted as a printed copy to the Secretary of the Senate, as an electronic copy to the Chief Clerk of the Assembly, and as an electronic or printed copy to the Legislative Counsel, as specified. (Government Code §9795)

This bill:

1) Requires DGS to contract with the UCLA Labor Center to conduct a study evaluating the impact of AI on worker well-being, job quality, job types, different populations, and state revenues.

2) Requires DGS, on or before June 1, 2027, to submit a report of the findings of the study to the Legislature and file a notice with the Secretary of State indicating the date upon which the study was submitted.

3) Requires that the report be submitted pursuant to existing law, as specified, and repeals the provisions of the bill upon submission of the report to the Legislature.

COMMENTS

1. Background:

Artificial Intelligence (AI)

With technological advancements happening faster than humans can react, we often miss opportunities to pause and evaluate its impact. Until recently, advancements in technology often automated physical tasks, such as those performed on factory floors or self-checkouts, but artificial intelligence (AI) functions more like human brainpower. AI can use algorithms to accomplish tasks faster and sometimes at a lower cost than human workers can. As this technology develops, so do fears of worker displacement in more areas and industries.

According to the Pew Research Center, in 2022, 19 percent of American workers were in jobs in which the most important activities may be either replaced or assisted by AI.[1] Because technology can be used to either replace or complement the work of employees, it is difficult to identify which industries or occupations will be most impacted. What's worse, recent trends on the use of AI in employment has been reminiscent of a Hollywood movie – both fantastical and horrifying.

Bill Gates himself has warned that over the next decade, advances in artificial intelligence will mean that humans will no longer be needed "for most things" in the world.[2] Given these realities, what does the future of AI and its capabilities mean for workers? As we speak, employers are deploying AI-powered tools that monitor and manage workers, including by tracking their locations, activities, and productivity. Even more alarmingly, we are seeing employers use AI powered systems to make decisions on workers' schedules, tasks, compensation, promotions, and even disciplinary actions.

In February of 2019, Data & Society, an independent non-profit research institute, published a study evaluating the impact of algorithmic management on the workforce. The study highlights several examples where algorithmic management is becoming more common. In the delivery industry, companies from UPS to Amazon to grocery chains are using automated systems to optimize delivery workers' daily routes. In other industries, trends show an increase in remote tracking and managing using AI software. In retail and service jobs,

[1] "Which U.S. Workers Are More Exposed to AI on Their Jobs?" Pew Research Center, Washington, D.C. (July 26, 2023) https://www.pewresearch.org/social-trends/2023/07/26/which-u-s-workers-are-more-exposed-to-ai-on-their-jobs/

[2] Huddleston, T. Jr. "Bill Gates: Within 10 years, AI will replace many doctors and teachers – humans won't be needed 'for most things.''(March 26, 2025) https://www.cnbc.com/2025/03/26/bill-gates-on-ai-humans-wont-be-needed-for-most-things.html

automated scheduling is replacing managers' discretion over employee schedules, while the work of evaluating employees is being transferred to consumer-sourced rating systems.[3]

At least these examples appear to complement the tasks of workers. Below are several other examples highlighted in a 2021 UC Berkeley study that should make us pause[4]:

- Hiring software by the company HireVue generates scores of job applicants based on their tone of voice and word choices captured during video interviews.
- Algorithms are being used to predict whether workers will quit, become pregnant, or try to organize a union, which influence employers' decisions about job assignment and promotion.
- Call center technologies are analyzing customer calls and nudging workers in real time to adjust their behavior, like coaching them to express more empathy, pace the call more efficiently, or exude more confidence and professionalism.
- Grocery platforms like Instacart are monitoring workers and calculating metrics on their speed as they fill shopping lists.
- Robots, like, for example, "smart cart" service robots in health care, are being used to transport materials (e.g., linens, meals, lab specimens) to other workers. Meanwhile, floor cleaning robots vacuum or scrub floors along a preset route programmed by workers, who also monitor and support their operation.
- In remote workers' homes, AI software is being used to track computer keystrokes.

The growing use of these AI tools raises several questions:

- Can AI tools ensure worker safety or do they push workers to work at a dangerous pace?
- Should workers know about AI powered tools monitoring their work?
- Do these AI tools protect against bias and discrimination?
- Should these AI tools be allowed to manage and fire a worker?
- Who should monitor and evaluate AI decisions and how?
- Do our current regulatory and legal structures protect workers exposed to decisions made by AI tools?
- How much should government regulate the use of these tools?

Now is the time to ensure that as AI enters our workforce, it is used to complement the tasks of a worker – rather than replacing them – without sacrificing worker safety, living wages, and protections against discrimination and abuse.

As noted in the UC Berkeley report:

"Technology is not inherently bad, but neither is it neutral: the role of workplace regulation is to ensure that technologies serve and respond to workers' interests and to prevent negative impacts. Regulation is all the more important because employers themselves often do not understand the systems they are using. What we need, then, is a new set of 21st century labor

[3] Alexandra Mateescu, Aiha Nguyen, 2019. Data & Society. "Explainer: Algorithmic Management in the Workplace." https://datasociety.net/wp-content/uploads/2019/02/DS_Algorithmic_Management_Explainer.pdf

[4] Annette Bernhardt, Lisa Kresge, Reem Suleiman, 2021. UC Berkeley Labor Center. "Data and Algorithms at Work: The Case for Worker Technology Rights." https://laborcenter.berkeley.edu/data-algorithms-at-work/

standards establishing worker rights and employer responsibilities for the data-driven workplace."[5]

Executive Order N-12-23
As noted by the Senate Governmental Organization Committee:

"In September of 2023, Governor Newsom issued Executive Order (EO) N-12-23 on generative AI (GenAI), identifying the need to deploy GenAI ethically and responsibly throughout state government and to protect and prepare for potential harms. The EO requires, among other things, state agencies and departments to support California's state government workforce and prepare for the next generation of skills needed to thrive in the GenAI economy. Specifically, the EO requires GovOps, CDT, CalHR, and the Labor and Workforce Development Agency (LWDA) to make available trainings for state government worker use of state-approved GenAI tools to achieve equitable outcomes, and to identify and mitigate potential output inaccuracies, fabricated text, hallucinations, and biases of GenAI. The 'Building a GenAI-Ready State Workforce' report is available at www.genai.ca.gov.

Additionally, the EO requires GovOps, CalHR, and LWDA, in consultation with the state government workforce or organizations that represent state government employees, to establish criteria to evaluate the impact of GenAI to the state government workforce, and provide guidelines on how state agencies and departments can support state government employees to use these tools effectively and respond to technological advancements. Release of that report is still pending."

2. Need for this bill?

According to the author:

"Some companies are already replacing employees with AI systems. Studies from MIT and Boston University estimate AI could replace two million manufacturing jobs by the end of 2025. Goldman Sachs projects AI could displace up to 300 million full-time jobs globally by 2030.

While some occupations are less vulnerable, widespread job displacement could have serious consequences for California's economy. Fewer jobs mean less income tax revenue, which in turn reduces funding for critical services such as Medicare, Social Security, safety net programs, and transportation infrastructure like road maintenance and repairs.

The economic impact AI could have on California needs to studied and understood in order to ensure the technology grows with the communities it reaches, rather than leaving them behind. This bill will direct the UCLA Labor Center to conduct a comprehensive study on the impact of artificial intelligence (AI) on worker well-being, job quality, and state revenues. The study will examine which job sectors are most vulnerable and what those impacts could mean for communities across California."

3. Proponent Arguments:

None received.

[5] Ibid.

4. Opponent Arguments:

None received.

5. Double Referral:

This bill has been double referred and was previously heard in the Senate Governmental Organization Committee.

6. Prior/Related Legislation:

SB 7 (McNerney, 2025) would, among other things, require an employer to provide a written notice that an ADS, for the purpose of making employment-related decisions, is in use at the workplace to all workers that will be directly or indirectly affected by the ADS, as specified. *SB 7 is pending in the Senate Judiciary Committee.*

SB 53 (Wiener, 2025) would establish a consortium tasked with developing a framework for a public cloud computing cluster that advances the ethical development and deployment of AI that is safe, ethical, equitable, and sustainable. This bill would also create protections for whistleblowers working with specified AI models when reporting on "critical risks" and would require developers to provide processes for anonymous reporting of activities posing such risks. *SB 53 is pending in the Senate Appropriations Committee.*

SB 238 (Smallwood-Cuevas, 2025) would require an employer to annually provide a notice, containing specified information, to DIR, of all workplace surveillance tools the employer is using in the workplace. DIR is then required to make the employer-provided notice publicly available on the Department's internet website. *SB 238 is pending in the Senate Judiciary Committee.*

SB 503 (Weber Pierson, 2025) would require the Department of Health Care Access and Information and the Department of Technology to establish an advisory board related to the use of AI in health care services. Specifically, the bill would require the advisory board to perform specified duties, including, but not limited to, developing a standardized testing system with criteria for developers to test AI models or AI systems for biased impacts. *SB 503 is pending in the Senate Judiciary Committee.*

SB 579 (Padilla, 2025) would require the Secretary of GovOps to appoint a mental health and AI working group to evaluate identified issues and determine the role of AI in mental health settings, as specified. *SB 579 is pending in the Senate Appropriations Committee.*

AB 1018 (Bauer-Kahan, 2025) would, among other things, regulate the development and deployment of an ADS used to make consequential decisions, as defined. Among other things, this bill would require a developer of a covered ADS to conduct performance evaluations of the ADS, require a deployer to provide certain disclosures to a subject of a consequential decision made or facilitated by the ADS, provide the subject an opportunity to opt out of the use of the ADS, provide the subject with an opportunity to appeal the outcome of the consequential decision, and submit the covered ADS to third-party audits, as prescribed. *AB 1018 is pending in the Assembly Judiciary Committee.*

AB 1221 (Bryan, 2025) would require an employer, at least 30 days before introducing a workplace surveillance tool, as defined, to provide a worker who will be affected with a written notice that includes, among other things, a description of the data to be collected, the intended purpose, and how this form of worker surveillance is necessary to meet that purpose. The bill would prohibit an employer from using certain workplace surveillance tools, including one that incorporates facial, gait, or emotion recognition technology. The bill would require the Labor Commissioner to enforce these provisions, authorize an employee to bring a civil action for violations, and authorize a public prosecutor to enforce the provisions. *AB 1221 is pending in the Assembly Privacy and Consumer Protection Committee.*

AB 1331 (Elhawary, 2025) would limit the use of workplace surveillance tools, as defined, by employers, including by prohibiting an employer from monitoring or surveilling workers in private, off-duty areas, as specified, and requiring workplace surveillance tools to be disabled during off-duty hours, as specified, and subjects violators to specified penalties. *AB 1331 is pending in the Assembly Judiciary Committee.*

SB 442 (Smallwood-Cuevas, 2025) would prohibit a grocery retail store or retail drug establishment from providing a self-service checkout option for customers unless specified conditions are met, including that at least one manual checkout station be staffed by an employee. This bill includes specified civil penalties for violations of these provisions and authorizes enforcement by the Division of Labor Standards Enforcement and public prosecutors. *SB 442 is pending in the Senate Appropriations Committee.*

AB 2885 (Bauer-Kahan, Chapter 843, Statutes of 2024) established a uniform definition for "artificial intelligence," "automated decision system," and "high-risk automated decision system" in California law.

AB 2930 (Bauer-Kahan, 2024) would have regulated the use of ADSs in order to prevent "algorithmic discrimination." This would have included requirements on developers and deployers that make and use these tools to make "consequential decisions" to perform impact assessments on ADSs. This bill also sought to establish the right of individuals to know when an ADS is being used, the right to opt out of its use, and an explanation of how it is used. *AB 2930 died on the Senate inactive file.*

SB 1446 (Smallwood-Cuevas, 2024) would have prohibited a grocery or retail drug establishment from providing a self-service checkout option for customers unless specified conditions are met. SB 1446 also included a requirement that a grocery retail store or retail drug establishment that intended to implement a consequential workplace technology, as defined, must notify workers, their collective bargaining representatives, and the public at least 60 days in advance of the implementation of the technology with a general description of the technology and the intended purpose of the technology, as specified. SB 1446 also included remedies and penalties for a violation of the bill's provisions, including a civil penalty of $100 for each day in violation, not to exceed an aggregate penalty of $10,000. *SB 1446 was held in the Assembly Rules Committee*.

Several other bills in 2024 addressed related AI issues including: SB 892 (Padilla), SB 893 (Padilla), SB 896 (Dodd), SB 942 (Becker), SB 1047 (Wiener), and AB 2013 (Irwin).

AB 331 (Bauer-Kahan, 2023) would have prohibited "algorithmic discrimination," that is, use of an automated decision tool to contribute to unjustified differential treatment or

outcomes that may have a significant effect on a person's life. *AB 331 was held under submission in the Assembly Appropriations Committee.*

AB 302 (Ward, Chapter 800, Statutes of 2023) required the California Department of Technology (CDT), in coordination with other interagency bodies, to conduct a comprehensive inventory of all high-risk automated decision systems (ADS) used by state agencies on or before September 1, 2024, and report the findings to the Legislature by January 1, 2025, and annually thereafter, as specified.

AB 701 (Gonzalez, Chapter 197, Statutes of 2021) proposed a series of provisions designed to ensure that the use of job performance quotas at large warehouse facilities do not penalize workers for complying with health and safety standards or taking meal and rest breaks. Among other things, this bill (1) required warehouse employers to disclose quotas and pace-of-work standards to workers, (2) prohibited employers from counting time that workers spend complying with health and safety laws as "time off task," and (3) required the Labor Commissioner to enforce these provisions.

AB 13 (Chau, 2021) would have established the Automated Decision Systems Accountability Act, which would have promoted oversight over ADS that pose a high risk of adverse impacts on individual rights. *This bill was eventually gutted and amended to address a different topic.*

AB 1576 (Calderon, 2019) would have required the Secretary of Government Operations to appoint participants to an AI working group to evaluate the uses, risks, benefits, and legal implications associated with the development and deployment of AI by California-based businesses. *The bill was held under submission in the Senate Appropriations Committee.*

SUPPORT

None received.

OPPOSITION

None received.

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SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	SB 469	**Hearing Date:**	April 30, 2025
Author:	Smallwood-Cuevas		
Version:	February 19, 2025		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: Department of Industrial Relations: task force: public infrastructure: employment: underrepresented communities

KEY ISSUE

This bill directs the Department of Industrial Relations (DIR) to establish the California Public Infrastructure Task Force (Task Force) and tasks it with, among other things, making recommendations for increasing the participation of underrepresented communities in public infrastructure projects.

ANALYSIS

Existing law:

1) Establishes the Labor and Workforce Development Agency (LWDA) to serve California workers and businesses by improving access to employment and training programs; enforcing California labor laws to protect workers and create an even playing field for employers; and administering benefits that include workers' compensation, unemployment insurance, disability insurance, and paid family leave. (Government Code §15550 et seq.)

2) Establishes DIR in the LWDA and vests it with various powers and duties to foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. (Labor Code §50.5)

3) Establishes procedures for state agencies to enter into contracts for goods and services, including generally requiring that certain contracts by a state agency to construct, alter, improve, repair, or maintain public property be approved by the Department of General Services (DGS). (Government Code §10300 et seq.)

4) Requires the Director of General Services and the heads of other state agencies that enter into contracts for the acquisition of services, goods, information technology, and for the construction of state facilities to among other things, establish a minimum goal of 25 percent participation for small businesses and microbusinesses and give special consideration and assistance to small businesses, as specified. (Government Code §14838)

5) Requires DGS to contract for a statewide procurement and contracting disparity study, in order to guide outreach strategies, state government program development, and improvements to contracting policies. (Government Code §14844)

6) Requires specified state agencies, including the LWDA, to convene relevant stakeholders to develop and provide contractual and procurement model recommendations that maximize

benefits to disadvantaged communities to the Governor and Legislature by March 30, 2024. (Public Contract Code §6990.1)

7) Provides that it is the intent of the Legislature in enacting the provisions described in 6) to develop procurement models in alignment with initiatives that enhance the state's training and access pipeline for quality jobs and the application of community benefits on infrastructure and manufacturing investments funded by specified federal law. (Public Contract Code §6999)

This bill:

1) Directs DIR to establish the California Public Infrastructure Task Force (Task Force), composed of representatives of all of the following:

   a. The Labor and Workforce Development Agency.
   b. The Transportation Agency.
   c. The Department of Transportation.
   d. The Department of General Services.
   e. The Civil Rights Department.
   f. The California Workforce Development Board.
   g. Local workforce development boards.
   h. Unions.
   i. Contractors and subcontractors.
   j. Nonprofit organizations.

2) Directs the Task Force to do all of the following:

   a. Conduct regular meetings to make recommendations regarding recruiting from underrepresented communities and removing barriers to employment in public infrastructure projects for underrepresented communities.

   b. Conduct outreach and engagement activities with contractors and subcontractors to promote employment in public infrastructure projects for underrepresented communities.

   c. Provide ongoing compliance assistance at the prebid and postbid stages to contractors and subcontractors in public infrastructure projects regarding their nondiscrimination obligations.

   d. Evaluate the efforts of contractors and subcontractors to recruit and utilize talent from underrepresented communities in public infrastructure projects.

COMMENTS

1. Background:

Federal Investments and SB 150 (Durazo, Statutes of 2023)
Over the course of 2021 and 2022, the federal government made significant investments in infrastructure and the green economy through the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the CHIPS and Science Act. Combined, the

money from these three pieces of legislation amounts to over a trillion dollars.[1] Former President Biden also issued Executive Order 14008, Tackling the Climate Crisis at Home and Abroad, to direct 40 percent of the overall benefits of certain federal climate, clean energy, affordable and sustainable housing, and other investments to disadvantaged communities.

In response, the Legislature passed and the Governor signed a slate of bills aimed at maximizing the above federal investments. One of these bills, SB 150 (2023) directed the LWDA, Government Operations Agency, and Transportation Agency to convene stakeholders to provide input on recommendations to develop procurement models for investments funded by the IIJA, IRA, and CHIPS and Science Act. The recommendations developed through the SB 150 process were finalized in an April 2, 2024 report titled "SB 150 Stakeholder Workshops Update & Recommendations: Report to the Governor and Legislature." Among other policies, the report recommended increasing project apprenticeship ratios, shifting bidding policies to "best value" or "most qualified," establishing local hire goals, incentivizing contractors to hire disadvantaged workers, and improving data collection to increase accountability.

On President Trump's first day of his second term, he issued an executive order commanding federal agencies to immediately pause the disbursement of funds under the IIJA and IRA. In doing so, the President blocked congressionally approved spending and refused to honor contracts in which the federal government promised funding for states, cities, and other recipients.[2] Furthermore, in the President's March 4, 2025 joint address to Congress, he called for the repeal of the CHIPS Act. Although these actions are the subject of several lawsuits aimed at unfreezing the money, currently, the funding pause remains in place.

The background sheet provided by the author presents SB 469 as a way to further SB 150's efforts to ensure federal investments reach disadvantaged workers. Currently, there is no guarantee that the state will receive any more money from the IIJA, IRA, and CHIPS and Science Act. However, this bill would still apply to state investments in public infrastructure.

Procurement and Contracting Disparity Study

California spends $10-12 billion annually on contracts for goods and services.[3] Recently, the state has taken steps to advance the equitable inclusion of small and diverse businesses in procurement and contracting opportunities. State agencies must establish a minimum goal of 25 percent participation for small businesses, including microbusinesses, in the provision of goods, IT, and services to the state, and in the construction of state facilities. DGS also operates a Minority-Owned Small Business Task Force to provide a forum for diverse small businesses and affiliate organizations to identify ways to improve the state's procurement process for state-certified small and micro businesses.

In 2022, AB 2019 (Petrie-Norris) authorized a disparity study to assess whether the state has engaged in any exclusionary practices in the procurement of goods and services. Specifically, it will examine the state's contracting processes to determine if minority-owned, woman-owned, LGBTQ-owned, certified small businesses, and disabled veteran-owned businesses

[1] UC Berkeley Labor Center, "Research Update on Federal Investments" https://slper.senate.ca.gov/sites/slper.senate.ca.gov/files/UCB%20Labor%20Center%20Research%20Update.pdf

[2] Timothy Cama, "Trump kicks off potentially messy fight over Biden's infrastructure money" https://www.politico.com/news/2025/01/21/trump-fight-biden-infrastructure-money-00199796

[3] About – CADGS Disparity Study

have equitable access to state contracting opportunities. The study will also recommend equitable contracting practices. DGS expects the study to be completed in December 2025.

The Task Force proposed by this bill is in line with existing efforts to diversify public contractors.

2. Committee Comment:

DIR's mission is to improve working conditions for California's wage earners and to advance opportunities for profitable employment. DIR administers and enforces laws governing wages, hours and breaks, overtime, retaliation, workplace safety and health, apprenticeship training programs, and medical care and other benefits for injured workers. DGS serves as the business manager for the state and provides a variety of services to state agencies, including procurement, real estate management, printing, web design, and more. The procurement division within DGS sets state procurement policies and provides purchasing services. The division also certifies small and/or disabled veteran businesses and sponsors the Small Business Council.

This bill directs the Task Force to provide ongoing compliance assistance at the prebid and postbid stages to contractors and subcontractors in public infrastructure projects regarding their nondiscrimination obligations. Unlike the other directives, which include making recommendations to increase the participation of underrepresented communities and conducting outreach, it is unclear what compliance assistance at the prebid and postbid stages looks like. *What sort of technical support could the Task Force provide? Furthermore, is it appropriate for a Task Force housed within DIR to provide this sort of support when DGS is the procurement policy expert?*

3) **Need for this bill?**

According to the author:

"When SB 150 (Durazo, 2023) was signed in to law, the Labor and Workforce Development Agency, the Government Operations Agency, and the Transportation Agency were required to convene stakeholders to provide input and recommendations for establishing terms to be included as a material part of a contract, including measurable results to ensure that investments maximize benefits to marginalized and disadvantaged communities. These recommendations were required to be catalogued and listed in a report to the governor in Spring of 2024.

According to the report, stakeholders had a wide variety of recommendations such as: expanding the skilled and trained workforce, development of community benefit plans (CBP's), incentives to private companies for more equitable CBP's, inclusion of union and non-union contractors, a need for greater interagency collaboration and capacity to design and administer workforce standards, more robust tracking and reporting on hiring, and many other recommendations…

Since SB 150's passage, it is still unclear to what degree, if any, the state's departments are following the stakeholder recommendations to ensure public infrastructure community plans are achieving their maximum benefit.

Under the current federal administration, as more Diversity, Equity, & Inclusion (DEI) efforts are shut down every day across the country, it is critical, now more than ever to protect and expand all resources and forms of DEI the state of California has to offer…

SB 469 will ensure the vision and intention of SB 150 and help ensure California's workforce development in public infrastructure and construction is diverse, equitable, and inclusionary."

4. Proponent Arguments:

According to the California Electric Transportation Coalition:

"As California accelerates its investment in infrastructure—particularly in clean transportation, electrification, and climate-resilient projects—it is essential that this economic opportunity extends to underrepresented communities across the state. SB 469 creates a comprehensive and collaborative structure to advance that goal.

The California Public Infrastructure Task Force would be composed of representatives from key state agencies, local workforce development boards, unions, contractors, subcontractors, and nonprofit organizations. This inclusive group would work together to promote equitable hiring practices and provide much-needed compliance assistance to contractors and subcontractors to ensure adherence to nondiscrimination obligations.

By strengthening coordination across agencies and stakeholders, SB 469 will help ensure that California's infrastructure investments not only deliver environmental and mobility benefits but also drive inclusive economic growth and workforce opportunity."

5. Opponent Arguments:

A coalition of opponents, including the California Association of Sheet Metal and Air Conditioning Contractors National Association and the Construction Employers Association, argue:

"As drafted, the measure would require the newly created California Public Infrastructure Task Force to perform certain outreach activities with contractors and subcontractors concerning their hiring practices. For union-signatory contractors and subcontractors, hiring practices are dictated by collective bargaining agreements (CBAs), and as such, your measure should not apply to employers covered by CBAs.

The listed organizations are comprised of union contractors and subcontractors who are subject to collective bargaining agreements. These contractors are bound by CBAs and must hire employees from the local union hall and pay them the collectively bargained rate established for the type of work done in a certain location. Your measure requires the newly created California Public Infrastructure Task Force to a) 'Conduct outreach and engagement activities with contractors and subcontractors to promote employment in public infrastructure projects for underrepresented communities', and b) 'Evaluate the efforts of contractors and subcontractors to recruit and utilize talent from underrepresented communities in public infrastructure projects.' As previously noted, signatory contractors and subcontractors are obligated to utilize workers dispatched from hiring halls and do not have latitude to dictate that workers must come from underutilized communities. Directing the California Public

Infrastructure Task Force to conduct outreach and evaluate hiring practices for employers who do not control hiring practices serves no purpose. Arguably, information gathered by the Task Force would make signatory employers look worse than their non-union counterparts because signatory employers cannot adopt practices that deviate from their CBAs."

6. Prior Legislation:

SB 1340 (Smallwood-Cuevas, Chapter 626, Statutes of 2024) authorized local enforcement of employment discrimination complaints under the Fair Employment and Housing Act, as specified. *An earlier version of this bill included language nearly identical to SB 469 that would have established a California Public Infrastructure Task Force. This language was amended out on August 23, 2024.*

SB 150 (Durazo et al., Chapter 61, Statutes of 2023) required the LWDA, the Government Operations Agency, and the Transportation Agency to convene stakeholders and develop recommendations for procurement models to ensure that federal IIJA, IRA, and CHIPS Act investments include enforceable commitments to job quality and to consult with the Civil Rights Department, other relevant state agencies, and a UC research institution to develop and finalize recommendations by March 30, 2024.

AB 2019 (Petrie-Norris, Chapter 730, Statutes of 2022) codified a 25 percent small business goal for state procurement and directed DGS to conduct a statewide procurement and contracting disparity study.

SUPPORT

California Electric Transportation Coalition

OPPOSITION

California Association of Sheet Metal & Air Conditioning Contractors National Association
California Chapters of the National Electrical Contractors Association
California Legislative Conference of Plumbing, Heating & Piping Industry
Construction Employers Association
Southern California Contractors Association
United Contractors
Wall and Ceiling Alliance
Western Wall and Ceiling Contractors Association

-- END --