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

Bill No: SB 1054 **Hearing Date:** March 25, 2026
Author: Cabaldon
Version: March 16, 2026
Urgency: No **Fiscal:** Yes
Consultant: Jazmin Marroquin

SUBJECT: Unemployment insurance: reporting requirements

KEY ISSUE

This bill requires every employer with 10 or more employees and every individual or organization that, as an agent, reports wages on a total of 10 or more employees, as specified, to also report total monthly wage, industry, occupation, worker type, and hours worked for each employee, as specified, on or before July 1, 2027.

This bill also requires the Employment Development Department (EDD) to:

- On or before July 1, 2027, 1) work with employers to enhance the reporting of employment and earning data by employers, as specified, 2) adopt and develop appropriate procedures for the sharing of hours worked and other necessary employment data to support employment-related verification for public benefits, as specified, and consult with specified stakeholders; 3) work with the California Statewide Automated Welfare System (CalSAWS) to develop and implement the necessary system changes, as specified; 4) work with the Office of the California Education Interagency Council related to the collection of employment data, as specified; 5) work with the California Workforce Development Board (CWDB) and the Labor and Workforce Development Agency (LWDA) to implement specified workforce program reporting requirements; 6) work with the Office of Cradle-to-Career (C2C) Data, as specified; and 7) use existing federal and state grant funds to the extent available.
- On January 1, 2028, begin the data sharing process to verify hours worked for the public benefits, as specified.

ANALYSIS

Existing law:

- 1) Establishes the EDD within the LWDA. EDD is responsible for, among other duties, the administration of the Unemployment Insurance (UI) and Disability Insurance (DI) programs. (Unemployment Insurance Code §301)
- 2) Establishes the UI program as a joint state/federal program, administered by EDD that provides weekly unemployment insurance payments for workers who lose their job through no fault of their own. Eligibility for benefits requires that the claimant be able to work, available for work, be seeking work, and be willing to accept a suitable job. (Unemployment Insurance Code §§100-144, 301-456)

- 3) Requires, among other things, an employer to file a report of contributions, a quarterly return, and a report of wages paid to the employer's worker, as specified. (Unemployment Insurance Code §1088)
 - a) Requires all employers to file the report of contributions, quarterly return, and report of wage electronically. (Unemployment Insurance Code §1088 (h)(2))
 - b) Authorizes employers to request a waiver from the electronic filing requirements, as specified. (Unemployment Insurance Code §1088(h)(3))
- 4) Requires, in addition to information reported with Unemployment Insurance Code Section 1088, an employer to submit information on new employees, and among other things, a report containing the following:
 - a) The name, address, and social security number of the employees.
 - b) The employer's name, address, state employer identification number (if one has been issued), and identifying number assigned to the employer under Section 61095 of the Internal Revenue Code of 1986.
 - c) The first date the employee worked. (Unemployment Insurance Code §1088.5)
- 5) Authorizes EDD to share wage and employment data, under specified conditions, for a variety of purposes, including the evaluation of workforce programs, as specified, which enumerates the programs for which data can be shared. (Unemployment Insurance Code §1095)

This bill:

- 1) Requires EDD to work with employers to enhance the reporting of employment and earning data by employers, as required, consistent with federal law and regulations.
 - a) Requires EDD, where feasible, to align and streamline definitions and requirements for the quarterly report of wages, deploy user-friendly application programming interfaces, and implement other means to simplify reporting process to minimize employer reporting burdens.
- 2) Beginning July 1, 2027, requires every employer with 10 or more employees and every individual or organization that, as an agent, reports wages on a total of 10 or more employees on behalf of one or more employers, to include in the report of wages required by Section 1088 information on **total monthly wage, industry, occupation, worker type, and hours worked** for each employee, in a format approved by EDD.
 - a) Authorizes the director to require the data on hours worked to be submitted separately from the report of wages and may require the information to be reported more frequently than quarterly, but not more frequently than once a month.
 - b) Requires the information reported to be filed electronically, as specified.
- 3) On or before July 1, 2027, requires EDD to adopt and develop appropriate procedures for the sharing of hours worked and other necessary employment data to support employment-related verifications for initial eligibility for, and ongoing receipt of, public benefits, including, but not limited to, benefits pursuant to the Medi-Cal program and the CalFresh program.
 - a) In adopting and developing the procedures, requires EDD to consult with the State Department of Social Services, the State Department of Health Care Services, and interest holders, including, but not limited to, the Office of Cradle-to-Career Data, the County Welfare Directors Association of California, and the CalSAWS.

- 4) Requires EDD to work with CalSAWS to develop and implement the necessary system changes to implement the data sharing process to verify hours worked, as specified.
- 5) Requires EDD to work with the Office of the California Education Interagency Council related to the collection of employment data for the purposes of supporting the council's agendas, reports, work products, and resources.
- 6) Requires EDD to work with the CWDB and the LWDA to implement the workforce program reporting requirements contained in Section 14017.1.
- 7) Authorizes EDD to work with the C2C Data to support existing state data systems, dashboards, and reports related to the collection of employment data.
- 8) Requires EDD to use existing federal and state grant funds to the extent available.
- 9) Requires EDD to implement this section on or before July 1, 2027, except that EDD must begin the data sharing process to verify hours worked, as specified, on January 1, 2028, or when EDD notifies the Legislature that CalSAWS can perform the necessary automation to implement the data sharing process, whichever is later.
- 10) Defines the following terms:
 - a) "Hours worked" means the total hours worked by each worker each month. The employer may report 40 hours worked for each week any duties were performed by a full-time employee and shall report hours paid or a reasonable estimate of the hours worked for each week duties were performed by a part-time employee.
 - b) "Occupation" means an occupation listed in the United States Bureau of Labor Statistics' Standard Occupational Classification system or the job title of each worker.
 - c) "Worker type" means the salaried or hourly, and full-time, part-time, intern, or apprentice status of each worker.
- 11) Provides that this act is known as Better Data, Better Coverage, Better California Act.
- 12) Makes several findings and declarations.

COMMENTS

1. Background:

EDD Wage Reporting and the Base Wage File

The Employment Development Department (EDD) administers Unemployment Insurance (UI), Disability Insurance (DI), and Paid Family Leave (PFL) programs. EDD also provides employment service programs and collects the state's labor market information and employment data. Employers of all sizes are required to file a report of contributions, quarterly returns, and a report of wages paid to their employees to EDD. As part of the UI, DI, and PFL benefit program administration, EDD is also responsible for gathering and maintaining information in the base wage file. The base wage file assists in determining

benefit program eligibility, distributing benefits, and minimizing fraud in the distribution of benefits.¹

In California, the base wage file includes employee first and last name, social security number, total subject wages, wage plan code, total personal income tax (PIT) wages, and total PIT withheld of each employee in California recorded separately for each employer on a quarterly basis. Base wage file data is reported from employers to EDD's Tax Branch on a quarterly basis and stored securely by EDD to protect confidentiality. The base wage file is also an administrative data source for workforce program performance analysis and evaluation. The base wage file contains employment and earnings data for the time before and after workforce programs, and it allows analysts to compare employment and earnings for participants to individuals who are similar but did not participate in workforce programs.

EDD currently shares base wage file data, but only with specified state agencies and for specific allowable purposes through UI Code Section 1095 that outline what the data can and cannot be used for.² UI Code Section 1095 requires the EDD Director to permit the use of any information in their possession to the extent necessary, for the specified purposes, and allows them to requirement reimbursement for all direct costs incurred.

SB 755 Report

In 2022, SB 755 (Roth, Chapter 815, Statutes of 2022) was signed, which required EDD and CWDB to work collaboratively to create a plan that identifies the costs and implementation timelines to measure, analyze, and report on employment and earnings outcomes for individuals who received job training services through specific programs, including the Workforce Innovation and Opportunity Act (WIOA) Title 1 managed by EDD and all programs managed by CWDB.³

As the SB 755 report points out, there have been discussions at the federal and state level that have identified limitations within existing base wage files if data is used for program evaluation and research. For instance, the report states, "only 'quarterly earnings' are available on employees. Without understanding **hours paid** and total compensation to arrive at an hourly wage, it can be challenging to understand variation in earnings across employees. When earnings are particularly low, it is not clear if this is driven by low wages, low hours worked, or both. It is also not feasible to compare earnings to a regional living wage when the quarterly earnings are not accompanied with location data, such as **employee's region (residence or work site)**. In addition, it is not possible to determine if job training participants are placed in a 'training-related job' when there is no data related to **occupation** in the base wage file and limited information regarding the training services delivered in the participant data system." The report further claims that these limitations

¹SB 755 (2022) *Expanding Workforce Performance Analysis and Employer Quarterly Wage Reports, Final Report to Legislature*. EDD, CWDB, LWDA, https://edd.ca.gov/siteassets/files/about_edd/sb-755-report---expanding-workforce-performance-analysis-and-employer-quarterly-wage-reports.pdf

² For instance, UI Code Section 1095 authorizes CWDB and other stakeholders to access any relevant quarterly wage data necessary for the evaluation and reporting of their respective program performance outcomes.

³ The CWDB assists the Governor in setting and guiding policy in workforce development. Workforce programs include a range of services delivered to Californians, including job training for unemployed and incumbent workers, apprenticeship and pre-apprenticeship, supportive services, and building employer partnerships. These programs aim to build workers' skills and meet industry needs to support workers with entering career pathways where employment and earnings outcomes increase over time.

affect the type of performance analysis and evaluation, as well as broader research, that is feasible when relying on the base wage file.

EDD also reported that a growing number of states have implemented data enhancements to their base wage file systems. The most common data elements collected by other states at the time of the SB 755 report were **hours worked** (eight states, plus the District of Columbia), occupation or job title (seven states, plus the U.S. Virgin Islands), and **job location** (eight states). Some states (Connecticut, Indiana, Nebraska, Mississippi) had recently adopted three or more data elements, which, at the time the report was released, were in various phases of planning or implementation. At least six states (Massachusetts, Minnesota, Nebraska, Oregon, Rhode Island, Washington) in addition to the District of Columbia had collected data on the **hours worked** by their employees. Five states (Alaska, Indiana, Mississippi, Nebraska, Washington) are collecting **employee occupation and/or job title** from the employer's quarterly wage reports.

SB 1054, in part, aims to implement those recommendations to require additional data collected by employers (hours worked and employee occupation/job title) in their base wage file.

H.R. 1

In July 2025, the President signed H.R. 1— also known as the ‘One Big Beautiful Bill Act’ —which introduced significant changes to Medi-Cal and CalFresh.⁴ The changes made by H.R. 1 are being phased in, although some changes are already in effect. The Legislative Analyst's Office (LAO) prepared a report to the Legislature in February 2026 highlighting the impacts of H.R. 1. Currently, Medi-Cal does not require beneficiaries to work in order to be eligible for coverage but beginning January 2027, H.R. 1 requires most able-bodied, childless adults in Medicaid (generally 19-64 year olds who received coverage through the 2014 Affordable Care Act expansion) to complete at least 80 hours per month of work, education, or community service.⁵ This requirement does not apply to certain exempt groups, and states can provide additional exceptions for short-term hardship such as living in high-unemployment counties. According to the LAO, after exemptions, the requirement is estimated to apply to around 3.5 million people and they estimate this policy could result in disenrollments of around 1 to 2 million people, both from insufficient hours of engagement as well as administrative burden.

Additionally, able-bodied adults without dependents generally are limited to three months of CalFresh assistance in a three-year period unless they work or participate in qualifying activities for at least 20 hours per week. According to the LAO, until recently, California has had a statewide waiver exempting all CalFresh enrollees from the requirement based on economic conditions in the state. H.R. 1 expands the work requirement by applying it to adults through age 64, rather than 54; limiting a dependent-child exemption to adults caring for children under 14, rather than under 18; eliminating exemptions for former foster youth,

⁴ Medi-Cal is California's Medicaid program, and it provides health care for more than 14 million low-income people (around one-third of all Californians). CalFresh is California's version of the Supplemental Nutrition Assistance Program (SNAP), and it provides federally funded food assistance to about 5.4 million low-income Californians. The State provides state-funded food assistance to about 60,000 additional low-income legally present noncitizens who do not qualify for federal CalFresh benefits. Most CalFresh enrollees (about 90%) are also enrolled in Medi-Cal.

⁵ *Key Impacts of H.R. 1 on Medi-Cal and CalFresh*. Legislative Analyst's Office. February 11, 2026. <https://lao.ca.gov/handouts/health/2026/H.-R-1-Key-Impacts-021126.pdf>

veterans, and homeless individuals; and tightening rules for waivers based on economic conditions, ending California's statewide waiver.⁶ With these changes, the administration estimates that about 840,000 individuals will become subject to the work requirement beginning June 2026 and will not qualify for an exemption. Of these, about 660,000 are estimated to not meet the requirement, thus becoming at risk of losing food assistance. The changes made to California's essential safety net programs by H.R. 1 are likely to put millions of households and families at risk of losing some or all their Medi-Cal coverage or food assistance.

2. Need for this bill?

According to the author, "The current wage file collected by EDD only includes quarterly earnings and employer ID numbers. As H.R. 1 threatens to reduce Californians' benefit access, the need to collect employees' hours worked is critical to ensure that California residents do not lose access to their Medicaid and SNAP benefits. As of now, the State relies on a shared-services access contract with Equifax where they provide employment and income data to the Department of General Services at an exorbitant cost to verify eligibility.

Additionally, California will soon require more precise data on labor market outcomes to administer the new Workforce Pell program and enable the California Education Interagency Council to conduct analyses that support planning efforts to better align education pathways with workforce outcomes in sectors critical to California's economy. A lack of data on employee's occupation will inhibit these efforts."

3. Committee Comments:

Who reports wages to EDD?

As mentioned earlier, employers of all sizes are required to file a report of contributions, quarterly returns, and a report of wages paid to their employees to EDD. This bill requires *every employer with 10 or more employees and every individual or organization that, as an agent, reports wages on a total of 10 or more employees on behalf of one or more employers*, to include in the base wage file information on total monthly wage, industry, occupation, worker type, and hours worked for each employee, in a format approved by EDD. Under the proposed language in this bill, employers with less than 10 employees would not have to report the additional data. It is also unclear who would be captured under "individual or organizations that, as an agent, reports wages on a total of 10 or more employees" as these individuals or organizations do not currently have to report any wages to EDD, thus creating new reporters. As the bill moves forward, the author may wish to consider whether to limit the bill with the employers that currently do have a requirement to report wages to EDD.

EDD's base wage file data and data sharing requirements

EDD can share base wage file data, but *only* with specified agencies and for limited purposes. UI Code Section 1095 outlines what the data can and cannot be used for.⁷ In fact, the SB 755 report recommends that if policymakers wish to expand access to base wage data

⁶ According to the LAO, the state is seeking waivers under the tighter rules on a county-by-county basis and has obtained waivers in some counties.

⁷ For instance, UI Code §1095 authorizes CWDB and other stakeholders to access any relevant quarterly wage data necessary for the evaluation and reporting of their respective program performance outcomes.

for purposes beyond those stated in UI Code Section 1095, new legislation would be required to update UI Code Section 1095.

This bill seeks to require EDD to share the number of hours worked by each worker and other necessary employment data to support employment-related verification for eligibility for public benefits including Medi-Cal and CalFresh benefits.

The Department of Health Care Services (DHCS), the state entity that administers Medi-Cal, has explicit authorization under UI Code Section 1095 to obtain information from EDD regarding employee wages for the purpose of verifying or determining eligibility of specified state health subsidy programs.⁸ The California Department of Social Services (CDSS), which administers CalFresh, currently also has explicit authorization under UI Code Section 1095 to access specific EDD wage data,⁹ but CDSS is not specifically authorized to access the data to determine eligibility for the purposes proposed under this bill. The Office of the California Education Interagency Council, housed within the Government Operations Agency, which was established to align education and workforce systems, support adult skill development, and address the changing nature of work and the economy, *does not* have express authorization to obtain EDD wage data under UI Code Section 1095. However, the Cradle-to-Career Data System, which provides data-informed tools to help students reach their college and career goals and deliver information on education and workforce outcomes, is authorized to receive employment and earnings data from EDD.¹⁰

For clarity and consistency, the data sharing requirements under this bill should be moved to UI Code Section 1095 where the other EDD data sharing provisions currently exist, therefore *the author has agreed to committee amendments that instead cross reference and add the data sharing provisions to UI code section 1095*. A mock-up is below:

UIC 1088.3 (d) On or before July 1, 2027, the department shall adopt and develop appropriate procedures for the sharing of hours worked and other necessary employment data **pursuant to Section 1095 (as) and Section 1095 (at)**, to support employment-related verifications for initial eligibility for, and ongoing receipt of, public benefits, including, but not limited to, benefits pursuant to the Medi-Cal program and the CalFresh program. In adopting and developing the procedures, the department shall consult with the State Department of Social Services, the State Department of Health Care Services, and interest holders, including, but not limited to, the Office of Cradle-to-Career Data, the County Welfare Directors Association of California, and the California Statewide Automated Welfare System (CalSAWS).

UIC 1088.3 (e) The department shall work with CalSAWS to develop and implement the necessary system changes to implement the data sharing process **pursuant to Section 1095 (as) and Section 1095 (at)** to verify hours worked as described in subdivision (d).

UIC 1088.3 (f) The department shall work with the Office of the California Education Interagency Council related to the collection of employment data **pursuant to Section 1095 (as) and Section 1095 (at)** for the purposes of supporting the council's agendas,

⁸ Unemployment Insurance Code § 1095(ad)

⁹ Unemployment Insurance Code § 1095(aj)

¹⁰ Unemployment Insurance Code § 1095(ap)

reports, work products, and resources. The department shall work with the California Workforce Development Board and the Labor and Workforce Development Agency to implement the workforce program reporting requirements contained in Section 14017.1 **and shall provide any relevant necessary wage data, inclusive of subdivision (C) of this section, pursuant to Section 1095 (aj).**

UIC 1088.3 (g) The department may work with the Office of Cradle-to-Career Data to support existing state data systems, dashboards, and reports related to the collection of employment data **pursuant to Section 1095 (ap).**

UIC 1088.3 (h) The department shall use existing federal and state grant funds to the extent available and shall implement this section on or before July 1, 2027, except that the department shall begin the data sharing process **pursuant to Section 1095 (as) and Section 1095 (at)** to verify hours worked as described in subdivision (d), on January 1, 2028, or when the department notifies the Legislature that CalSAWS can perform the necessary automation to implement the data sharing process, whichever is later.

UIC 1095 (as) (1) On or before January 1, 2028, to enable the State Department of Social Services, the State Department of Health Care Services to access hours worked and other necessary employment data to support employment-related verifications for initial eligibility for, and ongoing receipt of, public benefits, including, but not limited to, benefits pursuant to the Medi-Cal program and the CalFresh program.

(2) The department shall consult with the State Department of Social Services, the State Department of Health Care Services, and stakeholders, including, but not limited to, the Office of Cradle-to-Career Data, the County Welfare Directors Association of California, and the California Statewide Automated Welfare System (CalSAWS).

UIC 1095 (at) (1) On or before January 1, 2028, to enable the Office of the California Education Interagency Council to access any relevant wage data necessary for the purposes of supporting the Council's agendas, reports, work products, and resources.

UIC 1095 (aj) (1) To enable the California Workforce Development Board, the Chancellor of the California Community Colleges, the Superintendent of Public Instruction, the Department of Rehabilitation, the State Department of Social Services, the Bureau for Private Postsecondary Education, the Department of Industrial Relations, the Division of Apprenticeship Standards, the Department of Corrections and Rehabilitation, the California Correctional Training and Rehabilitation Authority, the Employment Training Panel, and a chief elected official, as that term is defined in Section 3102(9) of Title 29 of the United States Code, to access any relevant quarterly wage data necessary for the evaluation and reporting of their respective program performance outcomes as required and permitted by various local, state, and federal laws pertaining to performance measurement and program evaluation, including responsibilities arising under Sections 14013, **14017.1**, 14033, and 14042 of this code and Sections 2032 and 2038 of the Streets and Highways Code; the federal Workforce Innovation and Opportunity Act (Public Law 113-128); the workforce metrics dashboard

pursuant to paragraph (1) of subdivision (i) of Section 14013; the Adult Education Block Grant Program consortia performance metrics pursuant to Section 84920 of the Education Code; the economic and workforce development program performance measures pursuant to Section 88650 of the Education Code; and the California Community Colleges Economic and Workforce Development Program performance measures established in Part 52.5 (commencing with Section 88600) of Division 7 of Title 3 of the Education Code. Disclosures under this subdivision shall comply with federal and state privacy laws that require the informed consent from program participants of city and county departments or agencies that administer public workforce development programs for the evaluation, research, or forecast of their programs regardless of local, state, or federal funding source.

4. Proponent Arguments:

According to the California EDGE Coalition, a co-sponsor of this bill:

“SB 1054 is a practical step that strengthens California’s ability to evaluate whether skills training and education programs are leading to real employment outcomes. Today, the core wage file largely captures quarterly earnings and employer identifiers, but not the hours worked metric that is essential for understanding job quality and program-to-employment results. By adding hours worked and occupation, California will be better positioned to measure job placement and wage progression, identify workforce shortages, and improve the alignment of training investments with labor market demand. This builds on the state’s interest in more meaningful workforce outcomes measurement and supports statewide alignment efforts, including the Cradle-to-Career Data System and the California Education Interagency Council.

SB 1054 would also help position California for Workforce Pell implementation. Under the U.S. Department of Education’s proposed Workforce Pell regulations, states may use an interim job-placement measure through the 2028-29 award year, but beginning in 2029-30 programs would need to demonstrate that completers are employed in the occupations for which the program prepares them, or in comparable occupations. The proposed transition period is intended to give states time to strengthen the administrative data systems needed to track occupational outcomes, and SB 1054 would help California make that progress now.

Additionally, SB 1054 helps California meet new federal work verification requirements for essential safety net programs. New federal rules now require states to verify that applicants work 80 hours per month for Medicaid and SNAP. Without timely, reliable hours worked data, working families may be forced into duplicative paperwork and face avoidable delays, errors, and benefit disruptions. An estimated 840,000 people could lose their CalFresh benefits if they are unable to verify meeting the work requirement.

SB 1054 enables the state to support automated eligibility determinations by collecting needed information directly from employers, helping eligible Californians keep their health coverage and nutrition assistance while reducing administrative strain on counties.”

5. Opponent Arguments:

None received.

6. Prior Legislation:

AB 1098 (Fong, Chapter 446, Statutes of 2025) established the California Education Interagency Council within the Government Operations Agency to align education and workforce systems, support adult skill development, and address the changing nature of work and the economy. The Council would adopt strategic and workforce plans, issue recommendations to the Governor and Legislature, and, upon appropriation, create a faculty and employer advisory committee. This bill also created the Office of the California Education Interagency Council (managing entity) as a neutral administrative body.

SB 638 (Padilla, Chapter 457, Statutes of 2025) established a new statewide coordinating entity, the California Education Interagency Council (Council), to strengthen alignment of career technical education (CTE) and workforce development efforts.

SB 755 (Roth, Chapter 815, Statutes of 2022) required EDD to work with the CWDB to measure and report specified information regarding aggregate labor market outcomes of individuals receiving training services through the workforce system. This bill required, among other things, that the board and department create a plan to use existing data to match relevant employee occupational data, employee place of employment data, and employee hours worked data, to persons who enroll in job training services, and to outline various objectives. This bill required the board and department, upon appropriation by the Legislature, to implement the plan, and within 2 years of the appropriation, to summarize and provide an initial report of their findings to specified committees of the Legislature.

SB 753 (Roth, Chapter 550, Statutes of 2021) required among other things, the director of EDD to permit the use of specified wage data with the CWDB in order to assist the board in its obligation to evaluate program outcomes for the grant programs it administers.

AB 1245 (Cooley, Chapter 222, Statutes of 2016) required employers with 10 or more employees to file all reports and returns, and remit all contributions for unemployment insurance premiums to EDD electronically, as specified. Beginning on January 1, 2018, this bill extends the application of these electronic filing requirements to all employers.

AB 2148 (Mullin, Chapter 385, Statutes of 2014) required the California Workforce Investment Board (CWIB) to assist the Governor in the development of an annual workforce metrics dashboard to measure investment in workforce development, as specified.

SUPPORT

California Competes: Higher Education for a Strong Economy (Co-sponsor)
California Edge Coalition (Co-sponsor)
UNITE-LA (Co-sponsor)
Bay Area Council
Blu Educational Foundation
California In-Home Supportive Services Consumer Alliance
CEO Leadership Alliance Orange County
Coalition of California Welfare Rights Organizations
EdTrust-West
Jewish Vocational Service

National Talent Collaborative
Strada Education Foundation
The Institute for College Access & Success
Western Center on Law & Poverty, INC.
Yolo County In-Home Supportive Services Advisory Committee

OPPOSITION

None received.

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

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Author:	Arreguín		
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Urgency:	No	Fiscal:	Yes
Consultant:	Glenn Miles		

SUBJECT: Alameda-Contra Costa Transit District: employee relations

KEY ISSUE

This bill transfers jurisdiction for unfair labor practice complaints involving the Alameda-Contra Costa Transit District (ACTD) from the court system to the Public Employment Relations Board (PERB).

ANALYSIS

Existing law:

- 1) Governs collective bargaining in the private sector under the federal National Labor Relations Act (NLRA) but leaves to the states the regulation of collective bargaining in their respective public sectors. While the NLRA and the decisions of its National Labor Relations Board (NLRB) often provide persuasive precedent in interpreting state collective bargaining law, public employees generally have no collective bargaining rights absent specific statutory authority establishing those rights (29 United State Code § 151 et seq.)
- 2) Provides several statutory frameworks under California law to provide public employees collective bargaining rights, govern public employer-employee relations, and limit labor strife and economic disruption in the public sector through a reasonable method of resolving disputes regarding wages, hours and other terms and conditions of employment between public employers and recognized public employee organizations or their exclusive representatives. These include the Meyers-Milias-Brown Act (MMBA) which provides for public employer-employee relations between local government employers and their employees, including some, but not all public transit districts. (Government Code § 3500 et seq.)
- 3) Establishes PERB, a quasi-judicial administrative agency charged with administering certain statutory frameworks governing employer-employee relations, resolving disputes, and enforcing the statutory duties and rights of public agency employers and employee organizations, but provides the City and County of Los Angeles, respectively, local alternatives to PERB oversight. (GC § 3541)
- 4) Does not cover California's public transit districts by a common collective bargaining statute. Instead, while some transit agencies are subject to the MMBA, many transit agencies are instead still subject to labor relations provisions found in each district's specific Public Utilities Code (PUC) enabling statute, in joint powers agreements, or in articles of incorporation and bylaws. (e.g., Public Utilities Code § 28500)

- 5) Provides transit employees not under the MMBA with basic rights to organization and representation but does not define or prohibit unfair labor practices. Unlike other California public agencies and employees, these transit agencies and their employees generally must rely upon the courts to remedy alleged violations. Additionally, they may be subject to provisions of the federal Labor Management Relations Act of 1947 (Taft-Hartley) and the 1964 Urban Mass Transit Act, now known as the Federal Transit Act. (PUC § 24501 et seq.; 49 United State Code § 5333 (b))
- 6) Provides that the following provisions shall govern disputes between exclusive bargaining representatives of public transit employees and local agencies not covered by the MMBA:
 - a) The disputes shall not be subject to any fact-finding procedure otherwise provided by law.
 - b) Each party shall exchange contract proposals not less than 90 days before the expiration of a contract and shall be in formal collective bargaining not less than 60 days before that expiration.
 - c) Each party shall supply to the other party all reasonable data as requested by the other party.
 - d) At the request of either party to a dispute, the California State Mediation and Conciliation Service shall assign a conciliator to mediate the dispute and shall have access to all formal negotiations. (GC § 3611)
- 7) Authorizes the Governor to appoint a committee to investigate a transit district's labor dispute relating to an impasse in bargaining that results in a threatened or actual strike and provides a process to resolve the dispute. (GC § 3612 to § 3616)
- 8) Provides for the continuance of the Alameda-Contra Costa Transit District (ACTD), as specified. (PUC § 24561 et seq.)
- 9) Requires the ACTD transit board to bargain in good faith with the district employees' accredited representatives, as specified, and requires both parties to bargain in good faith and make all reasonable efforts to reach agreement on the terms of a written contract governing wages, salaries, hours, working conditions, and grievance procedures. (PUC § 25051)
- 10) Authorizes the district and the union to submit unresolved disputes over contract term governing wages, salaries, hours, or working conditions an arbitration board, as specified, whose decision shall be final. (PUC § 25051 (a) (1))
- 11) Requires the parties to submit questions regarding whether a union represents a majority of employees or whether a proposed bargaining unit is or is not appropriate to the State Conciliation Service for disposition. (PUC § 25052)

This bill:

- 1) State's that the bill's primary purpose is to promote the improvement of personnel management and employer-employee relations within the district by providing a uniform basis for recognizing the right of employees to join employee organizations of their own choice, to be represented, to select one employee organization as the exclusive representative of the employees in an appropriate unit, and to afford employees a voice at work.

- 2) Grants PERB jurisdiction to enforce the bill's provisions.
- 3) Provides that the requirements and impasse resolution and injunctive relief procedures of Chapter 3 (commencing with Section 3610) of Division 4.5 of Title 1 of the Government Code shall remain exclusive and this bill shall not displace or supplant them.
- 4) Authorizes the employees' union to select to move one or more of its represented bargaining units to PERB's jurisdiction unfair practice charges and provides that that a selection for PERB jurisdiction is irrevocable for that unit.
- 5) Requires the union to file notification of such a selection with PERB's general counsel or designee, and provide service to the district, as specified.
- 6) Requires the district to give reasonable written notice to the union of its intent to make any change to matters within the scope of representation to allow the union a reasonable amount of time to negotiate with the district regarding the proposed changes.
- 7) Authorizes any charging party, respondent, or intervenor aggrieved by a final PERB decision or order in an unfair practice case, except a PERB decision not to issue a complaint, to petition for a writ of extraordinary relief from that decision or order.
- 8) Requires the aggrieved party to file the petition for a writ of extraordinary relief in the district court of appeal having jurisdiction over any county in which the district operates.
- 9) Requires the petitioner to file within 30 days from the date of PERB's issuance of its final decision or order, or order denying reconsideration, as applicable.
- 10) Requires, upon the filing of the petition, the court to cause the relevant party to serve notice on PERB and thereafter the court shall have jurisdiction of the proceeding.
- 11) Requires PERB to certify and file in the court, the record of PERB's proceeding within 10 days after the clerk's notice unless the court extends that time for good cause shown.
- 12) Authorizes the court to grant any temporary relief or restraining order it deems just and proper, and in like manner to make and enter a decree enforcing, modifying, and enforcing as modified, or setting aside in whole or in part, PERB's decision or order.
- 13) Makes PERB's findings with respect to questions of fact, including ultimate facts, if supported by substantial evidence on the record considered as a whole, conclusive. Provides that Title 1 (commencing with Section 1067) of Part 3 of the Code of Civil Procedure relating to writs shall, except where specifically superseded by the bill's relevant provision, apply to these proceedings.
- 14) Authorizes PERB to seek enforcement of any final decision or order in a district court of appeal or superior court having jurisdiction over the county where the events giving rise to the decision or order occurred if the time to petition for extraordinary relief from a PERB decision or order has expired.
- 15) Requires PERB to respond within 10 days to any inquiry from a party to the action as to why PERB has not sought court enforcement of the final decision or order.

- 16) Requires PERB to seek enforcement of the final decision or order upon the request of the party if PERB's response to the party's inquiry does not indicate that there has been compliance PERB's final decision or order.
- 17) Requires PERB to certify and file in the court the record of PERB's proceeding and appropriate evidence disclosing the failure to comply with PERB's decision or order. If, after hearing, the court determines that PERB issued the order pursuant to its established procedures and that the person or entity refuses to comply with the order, the court shall enforce the order by writ of mandamus or other proper process. The court may not review the merits of the order.
- 18) Declares that a special statute is necessary and that the Legislature cannot make a general statute applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique need of the Alameda-Contra Costa Transit District to efficiently and cost-effectively adjudicate unfair labor practice complaints.
- 19) Requires state mandated local costs to be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

COMMENTS

1. Need for this bill?

According to the author:

“The vast majority of local government labor relations are governed by the Meyers-Milias-Brown Act (MMBA) (e.g., cities, counties, municipalities, most special districts). PERB resolves unfair labor practice charges and representation disputes for employers and employees under the MMBA.”

“However, public transit districts have collective bargaining statutes governed by individual codes under Public Utilities Code, meaning by default, that public transit districts and their employees must rely upon the courts to remedy any alleged labor disputes. Courts often go without expertise in public sector labor relations. To address this disparity, the Legislature has brought several public transit districts under PERB's jurisdiction to adjudicate labor disputes (e.g., BART, OCTA, SacRT, SCMTD, VTA).”

“AC Transit is one of the remaining public transit districts whose unionized employees do not have the opportunity to access to PERB's expertise on labor law or its provision of expeditious and cost-effective alternatives to processing labor disputes, which means claims of unfair labor practices currently must go through superior court.”

2. Proponent Arguments

According to the American Federation of State, County and Municipal Employees:

“Alameda-Contra Costa Transit District’s (AC Transit) establishing statute lies within the Public Utilities Code and therefore AC Transit does not fall under PERB’s jurisdiction by default. To seek resolution for an unfair labor practice (ULP), AC Transit or its employees must file a writ in Superior Court. This process can be time-consuming, prohibitively expensive, and may involve a judge who has no experience with public sector employer-employee relations. Furthermore, California’s chronically under-resourced court system has a severe backlog. Delays wrought by the existing process can carry on for years, contribute to labor tension, and complicate contract negotiations.”

“PERB is a more timely, accessible, and labor-focused venue to resolve any future ULP conflicts that may arise. Transit agencies should have access to the same well-regarded employer-employee conflict resolution process as most California public employees.”

3. Opponent Arguments:

None received.

4. Dual Referral:

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

5. Prior Legislation:

SB 957 (Laird, Chapter 240, Statutes of 2022) transferred jurisdiction for unfair labor practice complaints involving Santa Cruz Metropolitan Transit District (SCMTD) from the court system to the Public Employment Relations Board (PERB).

SB 598 (Pan, Chapter 492, Statutes of 2021) granted unions the option of transferring jurisdiction over unfair labor practices for their represented bargaining units within the Sacramento Regional Transit District from the judicial system to PERB.

AB 2850 (Low, Chapter 293, Statutes of 2020) granted PERB jurisdiction over disputes relating to employer-employee relations between the San Francisco Bay Area Rapid Transit District and its employees, among other provisions.

AB 355 (Daly, Chapter 713, Statutes of 2019) transferred jurisdiction over unfair labor practice charges at the Orange County Transportation Authority from the judicial system to PERB; and authorizes parties to a labor dispute to appeal PERB decisions and orders to the courts through a petition for a writ of extraordinary relief filed within 30 days of the PERB ruling.

AB 2305 (Rodriguez, 2018) would have expanded PERB’s jurisdiction to include disputes between public agencies and peace officer employee organizations other than those employers and employees under the jurisdiction of employee relations commissions for the City and County of Los Angeles. Disputes between public agencies and individual peace officers would have remained outside of PERB’s jurisdiction. The Governor vetoed the bill.

AB 2886 (Daly, 2018) would have transferred jurisdiction over unfair labor practices for the Orange County Transportation Authority and the San Joaquin Regional Transit District to PERB, effective January 1, 2020. The Governor vetoed the bill.

AB 3034 (Low, 2018) would have amended the PUC by including BART's supervisory, professional, and technical employee units under MMBA's provisions; thereby, granting them certain statutory rights related to the employer-employee relationship, and bringing them under PERB's jurisdiction. The Governor vetoed the bill.

SUPPORT

American Federation of State, County and Municipal Employees
American Federation of State, County and Municipal Employees, Council 57
American Federation of State, County and Municipal Employees, Local 3916

OPPOSITION

None received.

-- END --

determine eligibility for, and the correctness of, retirement benefits, reportable compensation, enrollment in, and reinstatement to this system. (Government Code § 20222.5 (a))

- 5) Requires CalPERS, before initiating an audit, to notify the subject of the audit of the estimated time required to complete the audit. (Government Code § 20222.5 (b))
- 6) Requires that CalPERS base the time estimate upon various factors, including, but not limited to, the number of employees; employment classifications; benefits; contract provisions; geographical location; time required for audits of comparable entities; and additional time factors raised by the subject of the audit. (Government Code § 20222.5 (b))
- 7) Authorizes CalPERS to assess a reasonable charge upon the employer, if an audit requires an excess of the time estimated, to recover additional costs incurred for the excess time to complete the audit. However, CalPERS may not assess a contracting agency for delays during the course of an audit that are reasonably outside of the agency's control. (Government Code § 20222.5 (c))
- 8) Requires that information obtained from an employer remain confidential, as specified. (Government Code § 20222.5 (d))
- 9) Requires the California State Teachers' Retirement System (CalSTRS) to provide written notice of an intended audit, including its purpose and scope, to the affected public agency and affected members' union. (Education Code § 22206.1)

This bill:

- 1) Requires CalPERS, before initiating an audit, to provide written notice to the subject of the audit that includes the audit's purpose and scope, as well as the estimated time required to complete the audit (already required under existing law).
- 2) Requires CalPERS, after providing the required notice, to list on its website the state employer, school employer, including each school district represented by a school employer, or contracting agency subject to the audit and the purpose and scope of the intended audit.
- 3) Requires the audited employer, as soon as practicable but no later than 10 working days after receiving notice from CalPERS, to forward the audit notice to its employees' union, if any, of members that may be affected by the audit.
- 4) Requires the audited employer to communicate to CalPERS that the employer has provided the audit notice to its employees' union.
- 5) Requires the audited employer, within 60 days of receiving CalPERS' final audit report, to provide its employees' union and CalPERS with a list of the names of any members affected by the final audit report.
- 6) Requires CalPERS to provide the audited employer with a copy of the final audit report upon issuance of CalPERS' final audit report.

- 7) Requires the audited employer, as soon as practicable but no later than 10 working days after receiving CalPERS' final audit report, to forward the report to its employees' union, if any, of the affected members that may be affected by the audit.
- 8) Requires the audited employer to communicate to CalPERS that the employer has provided the final audit report to its employees' union.
- 9) Declares that this bill's provisions do not confer any additional rights upon the union, including, but not limited to, due process rights.

COMMENTS

1. Need for this bill?

According to the author:

“This audit notification provides employees’ exclusive representatives with advance warning of an audit so they can properly inform and advocate for their members or proactively seek additional information regarding the audit and its effects. Public employees and their unions are important stakeholders in the audit process, and a quick resolution benefits everyone—especially in cases where an ongoing payroll reporting error compounds over many months or years.

2. Proponent Arguments

According to the California School Employees Association:

“CalPERS regularly audits employers to ensure that employee compensation is correctly reported. Accurate reporting of employee compensation is essential in calculating public employees’ monthly pension benefits. The CalPERS Office of Audit Services typically conducts 100 employer audits each year to check for compliance on issues ranging from pay schedules and payrates to part-time employee membership in PERS and employment after retirement.”

“The outcomes of these employer compliance audits can have important consequences for current public employees and retirees. For example, if an audit reveals that an employer inadvertently made an error in pay rate reporting, an employee or retiree may be required to reimburse CalPERS for the resulting overpayment and suffer a reduction in their monthly pension benefit. These mandatory repayments can amount to thousands of dollars depending on the length of time that the reporting error occurred...”

“When school employees receive notice of pension benefit reductions and required lump-sum repayments, they turn to their union for assistance and answers. It is critical that public employee unions be made aware of audits that could adversely impact the promised pension benefits of active members and retirees at the start of the audit process. Timely audit notification allows public employee unions to properly advocate for our members and to proactively seek additional information regarding an audit and its effects. Public employees and their unions are important stakeholders in the audit process, and quick resolution benefits

everyone — especially in cases where an ongoing payroll reporting error compounds over many months or years.”

According to the Service Employees International Union, California:

“Existing law already requires that unions representing certificated teachers participating in the California State Teachers’ Retirement System (CalSTRS) receive timely notice of employer audits by CalSTRS. SB 1038 would bring parity to public employees participating in CalPERS by ensuring their union representatives also receive proactive audit notification.”

3. Opponent Arguments:

None received.

4. Prior Legislation:

AB 1667 (Cooper, Chapter 754, Statutes of 2022), among many other provisions, required CalSTRS to provide written notice, including the purpose and scope, of an intended audit to the affected public agency and its employees’ union, as specified.

SUPPORT

California School Employees Association (Sponsor)
American Federation of State, County and Municipal Employees
California Federation of Labor Unions
Service Employees International Union, California

OPPOSITION

None received.

-- END --

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

Bill No: SB 1149 **Hearing Date:** March 25, 2026
Author: Durazo
Version: February 18, 2026
Urgency: No **Fiscal:** Yes
Consultant: Alma Perez

SUBJECT: Employees: bereavement leave

KEY ISSUE

This bill adds a “designated person,” defined as any individual related by blood or whose association with the employee is the equivalent of a family relationship, to the list of individuals for whom an employee may take up to five days of bereavement leave upon the death of such family member.

ANALYSIS

Existing law:

- 1) Makes it an unlawful employment practice for an employer to refuse to grant a request by any employee to take up to five days of bereavement leave upon the death of a family member. (Government Code § 12945.7)
- 2) Regarding bereavement leave, specifies:
 - a) The days of bereavement leave need not be consecutive.
 - b) The bereavement leave shall be completed within three months of the date of death of the family member.
 - c) The bereavement leave shall be taken pursuant to any existing bereavement leave policy of the employer, as specified.
 - d) The employee, if requested by the employer, within 30 days of the first day of the leave, shall provide documentation of the death of the family member.
 - i. As used in this subdivision, “documentation” includes, but is not limited to, a death certificate, a published obituary, or written verification of death, burial, or memorial services from a mortuary, funeral home, burial society, crematorium, religious institution, or governmental agency. (Government Code § 12945.7)
- 3) Makes it an unlawful employment practice for an employer to:
 - a) Refuse to hire, or to discharge, demote, fine, suspend, expel, or discriminate against, an individual because of either of the following:
 - i. An individual’s exercise of the right to bereavement leave.
 - ii. An individual’s giving information or testimony as to their own, or another person’s, bereavement leave in an inquiry or proceeding related to these guaranteed rights.
 - b) Interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right provided under these provisions.

(Government Code § 12945.7)

- 4) Provides an exemption from these requirements for an employee who is covered by a valid collective bargaining agreement if the agreement expressly provides for bereavement leave equivalent to that required by these provisions and for the wages, hours of work, and working conditions of the employees, and if the agreement provides premium wage rates for all overtime hours worked, where applicable, and a regular hourly rate of pay for those employees of not less than 30 percent above the state minimum wage. (Government Code § 12945.7)
- 5) For purposes of these provisions, defines the following:
 - a) “Employee” means a person employed by the employer for at least 30 days prior to the commencement of the leave, as specified.
 - b) “Employer” means either of the following:
 - i. A person who employs five or more persons to perform services for a wage or salary.
 - ii. The state and any political or civil subdivision of the state, including, but not limited to, cities and counties.
 - c) “Family member” to mean a spouse or a child, parent, sibling, grandparent, grandchild, domestic partner, or parent-in-law as defined in Government Code Section 12945.2. (Government Code § 12945.7)

This bill:

- 1) Expands the definition of “family member” to additionally extend bereavement leave rights to “designated persons,” as that term is defined under Government Code Section 12945.2.
- 2) Defines “designated person,” pursuant Government Code Section 12945.2, as follows:
 - a) Any individual related by blood or whose association with the employee is the equivalent of a family relationship.
 - b) The designated person may be identified by the employee at the time the employee requests the leave.
 - c) An employer may limit an employee to one designated person per 12-month period for family care and medical leave.

COMMENTS

1. Background:

Bereavement Leave:

Through the passage of AB 1949 (Low, Chapter 767, Statutes of 2022), beginning on January 1, 2023, California law guarantees most employees up to five days of *unpaid, job-protected bereavement leave* from work following the death of a family member. Existing law authorizes employees to take this leave following the death of a spouse, child, parent, sibling, grandparent, grandchild, domestic partner, or parent-in-law. As noted above, this leave is available to employees working for employers of five or more employees who have worked at least 30 days prior to the commencement of the leave.

Although covered employers are required to grant up to five days of bereavement leave, the law does not require that employers pay for this leave time. However, many employers have paid bereavement leave policies that may be available to workers. Additionally, employees may be able to use available sick leave, vacation, personal leave, or other types of paid time off during their bereavement leave. Employees who are denied access to bereavement leave, or have been subjected to discrimination, harassment, or retaliation for requesting or using bereavement leave, may file a complaint with the California Civil Rights Department.

The importance of the “Chosen Family” and Designated Persons in Existing Law:

As noted above, existing bereavement leave authorizes workers to take time off from work to grieve the death of a spouse, child, parent, sibling, grandparent, grandchild, domestic partner, or parent-in-law. This definition does not reflect the changing structure of households in California. According to U.S. Census Bureau data, the number of households in the United States that follow the traditional nuclear family structure with two married parents are declining, while the number of other types of households are increasing.¹

The U.S. Census Bureau data shows that California has a higher percentage of multigenerational households than average. Therefore, it is not uncommon for individuals in California to be living with other relatives. Additionally, California’s LGBTQ+ community is more likely to be impacted by current definitions. Many LGBTQ+ adults, especially older adults, do not have any relationship with biological relatives. According to data from a study by the Center for American Progress, fewer than 1 in 3 respondents over age 55 reported that they would be likely to turn to biological or legally recognized family members for support when sick and would instead call upon a partner they were not married to, chosen family, or friends.²

In recognition of the uniqueness of California households, the Legislature has taken action in recent years to expand access to other protected leaves to “designated persons” identified by employees when taking leave. Most recently, SB 590 (Durazo, Chapter 772, Statutes of 2025) expanded, commencing on July 1, 2028, eligibility for benefits under the Paid Family Leave program to include individuals who take time off work to care for a seriously ill designated person, as defined. Prior to that, AB 1041 (Wicks, Chapter 748, Statutes of 2022) added a designated person to the list of individuals for whom an employee may take leave to care for under the California Family Rights Act (CFRA) and the Healthy Workplaces, Healthy Families Act of 2014 (Paid Sick Days). Similarly, AB 1041 authorized the employee to identify the designated person at the time of the request for leave. AB 1041 additionally authorized employers to limit the employee to one designated person per 12-month period.

This bill proposes to add the “designated person” provisions to allow individuals to use bereavement leave following the death of a chosen family member for which they already have the right to take other family care leaves for.

¹ <https://www.census.gov/topics/families.html>

² “Making the Case for Chosen Family in Paid Family Leave and Medical Policies,” Lindsey Mahowald and Diana Boesch, Center for American Progress (February 16, 2021) <https://www.americanprogress.org/article/making-case-chosen-family-paid-family-medical-leave-policies/>

2. Need for this bill?

According to the author:

“Grief affects our mental, emotional, and physical health. However, some workers are currently unable to take leave to grieve simply because their family member is not recognized by California’s bereavement leave law. Under current California law, workers can take job-protected leave to care for a chosen or extended family member, but they do not have the right to take bereavement leave if that family member dies. This particularly impacts immigrants, older adults, LGBTQ+ people, and other communities who are more likely to have close ties to chosen and extended family. Bereavement leave is an important protection that allows workers time to grieve and to participate in culturally-specific mourning practices. Furthermore, differing legal definitions of family create confusion for both workers and employers.

SB 1149 will make California’s existing bereavement leave law more equitable by expanding it to allow workers to take job-protected leave following the death of a “designated person” who is a chosen or extended family member. This simple change will align California’s bereavement leave with other state sick and family leave laws.”

3. Amendments:

As currently in print, this bill simply adds “designated person” to the existing “family member” definition in the bereavement leave provisions of existing law. The existing definition cross references to Government Code Section 12945.2 for more detailed definitions of the specified family members.

Government Code Section 12945.2 governs the California Family Rights Act (CFRA) and grants eligible employees up to 12 weeks of unpaid, job-protected leave per year to bond with a new child, care for a family members with a serious health condition, or attend to their own serious health condition. CFRA includes expanded definitions for “parent,” “parent-in-law,” “grandchild,” “grandparent,” “sibling,” and “designated person.”

CFRA defines “designated person” to mean “any individual related by blood or whose association with the employee is the equivalent of a family relationship. The designated person may be identified by the employee at the time the employee requests the leave. An employer may limit an employee to one designated person per 12-month period for *family care and medical leave*.” This definition is specifically targeted for CFRA and could create some confusion with how it fits into bereavement leave.

To provide more clarity and avoid any confusion, the author would like to amend the bill to add the following definition of “designated person” directly into the bereavement provisions:

“Designated person” means any individual related to the employee by blood or whose association with the employee is the equivalent of a family relationship. This designated person may be identified by the employee at the time the employee requests the leave. An employer may limit an employee to one designated person per 12-month period for *bereavement leave*.

Additionally, the author would like to remove “parent-in-law” from the existing bereavement leave definition of “family member” since the definition of “parent” already includes a “parent-in-law” and is therefore redundant and unnecessary.

4. Proponent Arguments:

According to a coalition of sponsors that includes the California Coalition on Family Caregiving, California Employment Lawyers Association, California Work & Family Coalition, Californians for Safety and Justice, Equal Rights Advocates, Equality California, and Our Family Coalition:

“Under current California law, workers can take job-protected leave to care for a chosen or extended family member, but they do not have the right to take bereavement leave if that family member dies. This policy gap particularly impacts older adults, people with disabilities, and members of LGBTQ+ and immigrant communities, who are more likely to have close ties to chosen and extended family.

Older adults often depend on chosen family members for care as they age, especially “solo agers” who are living alone and do not have a partner or adult children they can rely on. An estimated 28% of older adults in the US live alone and are childless, and 57% of solo agers rely on friends for support. By 2038, the majority of Americans 80 and older are expected to live alone. LGBTQ+ people and people with disabilities also disproportionately rely on and care for chosen family. California has relatively high percentages of people living in multigenerational households; immigrants, people of color, and those families with financial concerns are more likely to live in multigenerational homes. In addition to trying to manage financial pressures, adults living in multigenerational homes are providing care. More than 25% of adults in multigenerational homes care for another adult or for a minor child who is not theirs. Access to bereavement leave is also a gender justice issue, particularly for marginalized women. A quarter of all women, and roughly 1 in 3 black women, women with disabilities, and LGBTQ+ women, report bereavement leave as a top employee benefit, even over parental leave and caregiver benefits...

No worker should be denied time to grieve simply because their family relationship is not recognized by the law. SB 1149 will make California bereavement leave more equitable by allowing workers to take job-protected leave following the death of a “designated person” who is a chosen or extended family member. This simple change will align California’s bereavement leave with other state sick and family leave laws and ensure California remains at the forefront of inclusive leave policies.”

5. Opponent Arguments:

The California Landscape Contractors Association is opposed to the bill and argue:

“Our members understand the importance of providing bereavement leave so employees may mourn the loss of family loved ones. However, we oppose SB 1149 because adding a “designated person” to the existing eligible leave list would essentially allow employees to designate anyone to claim this leave. All employers, especially smaller ones, need the ability to manage their workforce to keep projects on schedule, and to provide the service customers

expect. Creating a broad, undefined category of bereavement eligibility disrupts workforce management and could create operational challenges."

6. Prior/Related Legislation:

SB 590 (Durazo, Chapter 772, Statutes of 2025) expands, commencing on July 1, 2028, eligibility for benefits under the Paid Family Leave program to include individuals who take time off work to care for a seriously ill designated person, as defined.

AB 1041 (Wicks, Chapter 748, Statutes of 2022), among other things, added a "designated person" to the list of individuals for whom an employee may take leave to care for under the California Family Rights Act (CFRA) and the Healthy Workplaces, Healthy Families Act of 2014 (Paid Sick Days).

AB 1949 (Low, Chapter 767, Statutes of 2022) adopted the original bereavement leave provisions granting workers up to five days of job-protected leave from work to grieve and to attend to logistical matters in the event of the death of a close family member, as defined.

SUPPORT

California Coalition on Family Caregiving (Co-Sponsor)
California Employment Lawyers Association (Co-Sponsor)
California Work & Family Coalition (Co-Sponsor)
Californians for Safety and Justice (Co-Sponsor)
Equal Rights Advocates (Co-Sponsor)
Equality California (Co-Sponsor)
Our Family Coalition (Co-Sponsor)
A Better Balance
AARP
AAUW California
Access Reproductive Justice
Aging Services Collaborative of Santa Clara County
Alzheimer's Association
Alzheimer's Los Angeles
Alzheimer's San Diego
APLA Health
Asian Law Alliance
Asian Law Caucus
Black Californians United for Early Care and Education
BreastfeedLA
CA Commission on the Status of Women and Girls
California Breastfeeding Coalition
California Elder Justice Coalition
California Federation Business and Professional Women
California Federation of Labor Unions
California Immigrant Policy Center
California Latinas for Reproductive Justice
California LGBTQ Health and Human Services Network
California National Organization for Women

California Partnership to End Domestic Violence
California Rural Legal Assistance Foundation
California Women's Law Center
CalPride Valle Central
Caring Across Generations
Center for Community Action and Environmental Justice
Center for Law and Social Policy
CFT – A Union of Educators & Classified Professionals
Child Care Law Center
Church State Council
Courage California
D. Legacy Pace Setters
Disability Rights California
East Bay Sanctuary Covenant
El/La Para TransLatinas
End Child Poverty CA
Engineers and Scientists of California, IFPTE Local 20
Evolve California
Family Caregiver Alliance
Family Values @ Work
Food Empowerment Project
Friends Committee on Legislation of California
Gender Affirming Professionals
Gender Alchemy
Gender Justice LA
Hand in Hand: the Domestic Employers Network
Health in Partnership
Hmong Innovating Politics
Instituto De Educacion Popular Del Sur De California (IDEPSCA)
Jewish Center for Justice
LA Best Babies Network
Leeza's Care Connection
Legal Aid At Work
LGBTQ Center OC
LGBTQ+ Inclusivity, Visibility, and Empowerment
LOCD IN DOULA
Love Lactation
Microenterprise Collaborative of Inland Southern California
National Harm Reduction Coalition
Nevada County Citizens for Choice
Nourishing Justly
Oasis Legal Services
One Institute
Orange County Equality Coalition
Parent Voices California
ParivarBayArea
PFLAG Oakland/East Bay
PFLAG San Diego County
PFLAG San Francisco
Prevention Institute

San Diego County Breastfeeding Coalition
San Diego Pride
Santa Clara County Wage Theft Coalition
Star Doula International
Thai Community Development Center
The California Child Care Resource & Referral Network
The Source LGBT+ Center
The TransLatin@ Coalition
Trans Can Work
UAW Region 6
Universidad Popular
ValorUS
Village Movement California
Western Center on Law and Poverty
Women's Foundation California
Working Partnerships USA
WorkLife Law
Worksafe
Zeri Health, Inc

OPPOSITION

California Landscape Contractor's Association

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

Bill No:	SB 909	Hearing Date:	March 25, 2026
Author:	Smallwood-Cuevas		
Version:	January 26, 2026		
Urgency:	No	Fiscal:	Yes
Consultant:	Emma Bruce		

SUBJECT: Public works

KEY ISSUE

This bill seeks to increase public works enforcement by 1) requiring the Director of the Department of Industrial Relations (DIR) to annually adjust contractor registration and renewal fees based on the increase in the Bureau of Labor Statistics Consumer Price index (CPI), as specified; 2) increasing penalties for various public works violations; and 3) directing 50% of penalties recovered through a civil wage and penalty assessment (CWPA) to the State Public Works Enforcement Fund (Fund).

ANALYSIS

Existing law:

- 1) Establishes within the Department of Industrial Relations (DIR), various entities including the Division of Labor Standards Enforcement under the direction of the Labor Commissioner (LC) and empowers the LC to ensure a just day's pay in every workplace and to promote justice through robust enforcement of labor laws. (Labor Code §79-107)
- 2) Defines "public works," for the purposes of regulating public works contracts, as, among other things, construction, alteration, demolition, installation, or repair work done under contract and paid for, in whole or in part, out of public funds. (Labor Code §1720(a))
- 3) Requires that not less than the general prevailing rate of per diem wages be paid to all workers employed on a "public works" project costing over \$1,000 dollars and imposes misdemeanor penalties for violation of this requirement. (Labor Code §1771)
- 4) Establishes the State Public Works Enforcement Fund (Fund) as a special fund in the State Treasury that is available upon appropriation of the Legislature. All public works registration fees and any other moneys as are designated by statute or order shall be deposited in the Fund, as specified. (Labor Code §1771.3(a))
- 5) Provides that moneys in the Fund shall be used only for the following purposes:
 - a) The reasonable costs of administering the registration of contractors and subcontractors to perform public work and the reasonable costs of administering the registration of contractors and subcontractors to perform work on projects or developments subject to prevailing wage or skilled and trained workforce requirements, as specified.
 - b) The costs and obligations associated with the administration and enforcement of the requirements of public works law by the DIR.

- c) The monitoring and enforcement of any requirement of the Labor Code by the LC on a public works project or in connection with the performance of public work, or in connection with the performance of work on projects or developments subject to prevailing wage or skilled and trained workforce requirements. (Labor Code §1771.3(b))
- 6) Authorizes, to provide adequate cashflow for the purposes specified in 5), the Director of Finance, with the concurrence of the Secretary of the Labor and Workforce Development Agency, to approve a short-term loan each fiscal year from the Labor Enforcement and Compliance Fund to the Fund. (Labor Code §1771.3(d))
- 7) Requires the LC to, with reasonable promptness, issue a civil wage and penalty assessment (CWPA) to the contractor or subcontractor, or both, if the LC or their designee determines after an investigation that there has been a violation of public works law. (Labor Code §1741(a))
- 8) Requires contractors and subcontractors to register with the DIR, as specified, to be qualified to bid on, be listed in a bid proposal, or engage in the performance for any public work contract. (Labor Code §1725.5)
- 9) Authorizes the Director of the DIR (Director) to establish and adjust annual registration and renewal fees of up to \$800 by publishing the fees on the DIR's internet website. Any action taken to establish or adjust annual registration and renewal fees in excess of \$800 shall be subject to the rulemaking provisions of the Administrative Procedure Act. (Labor Code §1725.5)
- 10) Requires fees received pursuant to contractor and subcontractor registration to be deposited in the Fund. (Labor Code §1725.5(b))
- 11) Directs penalties assessed against an unregistered contractor or subcontractor for performing work on a public works project to be deposited in the Fund, as specified. (Labor Code §1771.1)
- 12) Provides that a contractor and any subcontractor under the contract shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than \$200 for each calendar day, or portion thereof, for each worker paid less than the prevailing wage for any public work, as specified. Directs the LC to determine the amount of the penalty based on specified criteria. (Labor Code §1775)
- 13) Requires each contractor and subcontractor to keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the contractor or subcontractor in connection with the public work. These payroll records shall be certified (CPRs) and made available for inspection, as specified. (Labor Code §1776 (a))
- 14) Requires a contractor or subcontractor to comply with a request for the records in 12), above, within 10 days of receipt of written notice. (Labor Code §1776(h))

- 15) Requires a contractor and subcontractor, in the event that they do not comply within the 10-day period, to pay to the state or subdivision on whose behalf the contract was made or awarded a penalty of \$100 per day or portion thereof for every worker until strict compliance is effectuated. A contractor is not subject to a penalty due to the failure of a subcontractor to comply with this section. (Labor Code §1776(h))
- 16) Requires, for public works contracts in excess of \$30,000, a contractor to employ apprentices, who are active participants in an approved apprenticeship program, at specified ratios. (Labor Code §1777.5)
- 17) Provides that if the LC or his or her designee determines after an investigation that a contractor or subcontractor knowingly violated apprenticeship obligations, the contractor and any subcontractor responsible for the violation shall forfeit, as a civil penalty to the state or political subdivision on whose behalf the contract is made or awarded, not more than \$100 for each full calendar day of noncompliance. Directs the LC to determine the amount of the penalty based on specified criteria. (Labor Code §1777.7)
- 18) Provides that a contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit \$25 for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week. (Labor Code §1813)
- 19) Authorizes work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, if the work is compensated at not less than time and one-half the basic rate of pay. (Labor Code §1815)
- 20) Provides that a contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit \$25 for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week. (Labor Code §1813)

This bill:

Registration Provisions

- 1) Requires the Director to establish and adjust annual contractor registration and renewal fees by publishing the fees on the DIR's internet website.
- 2) Removes the requirement that any action taken to establish or adjust annual contractor registration fees in excess of \$800 be subject to the rulemaking procedures of the Administrative Procedure Act.
- 3) Requires the Director to annually adjust contractor registration and renewal fees based on the increase or decrease in the Bureau of Labor Statistics Consumer Price Index (CPI). Provides that the initial registration and renewal fees may be adjusted no more than annually, as specified.

Civil Wage and Penalty Assessments (CWPAs)

- 4) Directs 50% of penalties received through a CWPA to be deposited in the Fund and to be used for specified purposes.

Prevailing Wage Violations

- 5) Increases the *maximum* penalty a contractor or subcontractor shall forfeit for each calendar day, or portion thereof, for each worker paid less than the prevailing wage from \$200 to \$280, as specified.
- 6) Increases the *minimum* penalties the LC shall assess for prevailing wage violations. Specifically, this bill:
 - a) Increases the minimum penalty from \$40 to \$56 for each calendar day, or portion thereof, for each worker paid less than the prevailing wage, if the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.
 - b) Increases the minimum penalty from \$80 to \$112 for each calendar day, or portion thereof, for each worker paid less than the prevailing wage, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.
 - c) Increases the minimum penalty from \$68 to \$168 for each calendar day, or portion thereof, for each work paid less than the prevailing wage, if the LC determines that the violation was willful.
- 7) Requires the LC to adjust the penalties for prevailing wage violations annually, based on the increase or decrease in the CPI.
- 8) Directs 50% of penalties received through prevailing wage violations to be deposited in the Fund and to be used for specified purposes.

Certified Payroll Records (CPRs)

- 9) Increases the penalty a contractor or subcontractor shall forfeit for failure to comply with requests for CPRs within 10 days from \$100 to \$140 for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated.

Apprenticeship Obligation Violations

- 10) Increases the *maximum* penalty a contractor or subcontractor shall forfeit for knowingly violating apprenticeship obligations from \$100 to \$140 for each full calendar day of noncompliance.
- 11) Increases the *maximum* penalty a contractor or subcontractor shall forfeit for knowingly committing a second or subsequent violation of apprenticeship obligations within a three-year period from \$300 to \$420 for each full calendar day of noncompliance.

- 12) Directs 50% of penalties received through apprenticeship obligation violations to be deposited in the Fund and to be used for specified purposes.

Overtime Violations

- 13) Increases the penalty a contractor or subcontractor shall forfeit for each worker required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week from \$25 to \$35.
- 14) Directs 50% of penalties received through overtime violations to be deposited in the Fund and to be used for specified purposes.

Miscellaneous

- 15) Replaces references to “his or her” with “their” in Labor Code §§ 1741, 1775, and 1777.7.
- 16) Makes various findings and declarations related to public works and the LC.

COMMENTS

1. Public Works Background:

All contractors and subcontractors working on “public works” projects are required to abide by a set of laws that ensure the responsible use of public funds. When enforced consistently and accurately, California’s public works law prevents worker exploitation and promote the creation of a skilled workforce. Below is a brief overview of the public works requirements relevant to SB 909.

Contractor Registration

Contractors and subcontractors that bid on or engage in the performance of a public works contract must register with the DIR by paying an initial application and an annual renewal fee. Registration covers one fiscal year (July 1- June 30) regardless of the date on which the fee is paid. Currently, the fee is set at \$400 and can be renewed for up to three years at a time. Although the Director has discretion to raise the fee above \$800, doing so would be subject to the rulemaking provisions of the Administrative and Procedure Act. All fees are deposited in the Fund to be used for enforcement.

To be eligible to register, contractors and subcontractors must have workers’ compensation insurance and be licensed with the Contractors State Licensing Board. They cannot have any delinquent unpaid CWPAs nor can they be under federal or state debarment. Bidding or working on a public works project while unregistered will result in a \$2,000 penalty and repeat offenders may be disqualified from working in public works for up to 12 months at a time.

Prevailing Wages

The prevailing wage rate is the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within the locality and in the nearest labor market area. The Director issues wage determinations semiannually, on February 22 and August 22. In determining the rates, the Director ascertains and considers

the applicable wage rates established by collective bargaining agreements and the rates that may have been predetermined for federal public works.

Contractors and subcontractors are jointly liable for prevailing wage violations, except when specified safe harbor provisions are met. When assessing penalties, the LC considers two factors: 1) whether the failure to pay the correct rate of per diem wages was a good faith mistake and if the error was promptly and voluntarily corrected; and 2) whether there is a prior record of failing to meet prevailing wage obligations. The LC can assess a *maximum* penalty of \$200 for each calendar day, or portion thereof, for each worker paid less than the prevailing wage. The LC has discretion when assessing penalties but must adhere to specified *minimum* penalties depending on the severity of the violation.

Certified Payroll Records (CPRs)

All contractors and subcontractors, with few exceptions, are required to maintain accurate payroll records and make them available for inspection or copy. Records must contain the name, address, social security number, work classification, straight time, and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the contractor or subcontractor. Access to CPRs varies depending on the requesting entity.

A request by the public to inspect CPRs must be made through either the awarding body of a project or the LC. Once made, contractors and subcontractors have ten days upon receipt of a written request to furnish CPRs. In the event that a contractor or subcontractor fails to comply, they forfeit \$100 for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. This requirement is separate and distinct from a similar one that directs contractors and subcontractors to furnish payroll records to the LC in an electronic format.

Apprenticeship Obligations

Public works contracts valued at \$30,000 or more carry an obligation to hire apprentices. Contractors and subcontractors satisfy this obligation in three main ways. First, they submit contract award information to an approved apprenticeship program before commencing work so that the program can dispatch apprentices. Second, they employ apprentices at the approved ratio of one hour of apprentice work for every five hours performed by a journeyman level worker. Third, they make training fund contributions to the California Apprenticeship Council.

Contractors and subcontractors that knowingly violate apprenticeship obligations forfeit a maximum penalty of \$100 for each full calendar day of noncompliance. If a second or subsequent violation is knowingly committed within a three-year period, the LC may assess a maximum penalty of \$300 for each full calendar day of noncompliance.

Overtime

Work performed on public works projects in excess of 8 hours per day, or 40 hours per week, must be compensated at not less than time and one-half the basic rate of pay. Contractors and subcontractors that violate overtime requirements forfeit \$25 for each worker out of compliance. Unlike other penalties, the LC has no discretion to not assess or to modify the penalty amount.

Civil Wage and Penalty Assessments (CWPAs)

CWPAs are the statutory enforcement mechanism the LC uses to recover unpaid wages or penalties for public works violations. This includes penalties for the violations discussed above. The LC has 18 months after the filing of a valid notice of completion in the office of the county recorder in which the public work was performed, or not later than 18 months after acceptance of the public work to issue a CWSA. Contractors or subcontractors can then appeal the penalty by transmitting a written request to the LC within 60 days after the service of the assessment. Within 90 days of the appeal, the Director shall appoint an impartial hearing officer, as specified, to review evidence and issue a written decision affirming, modifying, or dismissing an assessment. Within 45 days after service of the decision, the affected contractor or subcontractor may file a petition for a writ of mandate with the appropriate superior court. Upon a final decision affirming an assessment, the following penalties may apply restitution of wages owed, plus interest and liquidated damages, monetary penalties, and debarment of up to three years.

State Public Works Enforcement Fund (Fund)

In 2011, the Legislature established the Fund to support public works enforcement. Moneys in the Fund can only be used for the costs associated with administering the contractor registration and renewal fee requirement and the costs associated with administering and enforcing public works law. In the 2024-2025 fiscal year, the Fund had a total balance of \$37,110, with the majority of its revenue coming from regulatory licenses and permits.¹ Penalty assessments raised a paltry \$755 in revenue, whereas regulatory licenses and permits provided \$20,062 in revenue.

The Labor Code inconsistently directs revenue from penalty assessments to the Fund. For example, 100% of penalties collected through electronic certified payroll violations are deposited in the Fund, but penalties collected through CPR violations are not. This inconsistency makes it difficult to generate sufficient revenue to enforce public works law.

2. U.S. Bureau of Labor Statistics Consumer Price Index (CPI):

The CPI is a measure of the average change over time in the prices paid by consumers for a representative basket of consumer goods and services. This market basket is based on 200 categories in eight major goods and services groups including food, housing, apparel, transportation, medical care, recreation, education and communication and other goods and services. The CPI is the most widely used measure of inflation and is often used by the government and business leaders to guide economic decisions.

The U.S. Department of Labor calculates the CPI every year from detailed spending information from families and individuals. Several CPIs are calculated, but the two most referenced are the CPI for All Urban Consumers (CPI-U) and the CPI for Urban Wage Earners and Clerical Workers (CPI-W).

SB 909 would tie increases in contractor registration fees and increases in prevailing wage penalties to the CPI. Unlike other references to the CPI in the Labor Code, this bill does not specify a particular index. For example, CPI-W is used to calculate annual minimum wage increases. *The author may wish to amend the bill to designate a particular index.*

¹ Governor's Budget, Fund Condition Statements. 2026-2027. p.6. <https://ebudget.ca.gov/2026-27/pdf/GovernorsBudget/7000/7350FCS.pdf>

3. Comments:

Although California leads the nation with some of the strongest workplace protections, wage theft remains rampant. Even public works projects with their extensive wage and reporting requirements are not immune. In the 2020-2021 fiscal year, the Public Works Unit within the LC's Office, tasked with investigating wage and apprenticeship violations, opened 1,964 cases and assessed over \$12.6 million in penalties against employers.² However, recovering wages is not always easy. A 2024 audit conducted by the State Auditor found that due to an inefficient wage claim process, the LC often takes two years or longer to resolve the wage claims it receives.³

The author and sponsors of SB 909 argue that public works penalties have failed to keep pace with inflation and have lost their deterrent power. Furthermore, low registration and renewal fees have deprived the Fund of key revenue, hindering the State's enforcement capabilities. SB 909 would tie contractor registration and renewal fees to the CPI and increase penalties for specified public works violations. Additionally, the bill would direct 50% of penalties collected through CWPAs, as well as 50% of penalties collected through prevailing wage, apprenticeship, and overtime violations to the Fund, to be used for further enforcement. The committee notes that only prevailing wage penalties would be tied to the CPI, the other increases would not be updated annually.

4. Need for this bill?

According to the author:

“California’s public works construction market exceeds \$46 billion annually, yet wage theft and labor violations remain widespread, particularly impacting low-wage workers, immigrants, and workers of color. Penalties for public works violations have not been meaningfully updated since 2012 and have lost deterrent value due to inflation. A 2024 State Auditor report found that the Labor Commissioner’s Office faces severe staffing shortages, resulting in enforcement delays and low wage recovery rates, between 2017 and 2023, workers received the full amount owed in only about 12 percent of wage claim cases. Under-enforcement allows dishonest contractors to underbid responsible employers, misuse taxpayer dollars, and destabilize communities.

SB 909 updates contractor registration fees and public works penalties, requires annual inflation adjustments, and directs 50 percent of collected penalties into the State Public Works Enforcement Fund. By reinvesting enforcement revenue into staffing and investigations, the bill strengthens deterrence, improves wage recovery, supports responsible contractors, and ensures public construction dollars deliver fair wages and high-quality work.”

5. Proponent Arguments:

² *The Bureau of Field Enforcement, Fiscal Year Report. 2020-2021.* California Labor Commissioner’s Office. p.12. https://www.dir.ca.gov/dlse/BOFE_LegReport2021.pdf

³ 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 sponsors of the measure, the California Federation of Labor Unions, the California-Nevada Conference of Operating Engineers, and the District Council of Ironworkers, argue:

“[SB 909] would modernize public works contractor registration fees, update penalties for prevailing wage violations for the first time in nearly 15 years, and take a critical step to ensure that the State’s public works enforcement capabilities are as robust as our strong laws in statute by requiring that a minimum of 50% of funds collected for public works violations go back into the State’s public works enforcement fund...

While public works penalties have failed to keep pace with inflation and contractor profits in the industry have soared, penalties that have been levied and secured by the State for violations of public works laws are currently not being utilized for further enforcement activity. Rather, these funds are undesignated and routed to the General Fund, where there is no guarantee that they will be used for further enforcement. Legislation is needed to ensure that state policy prioritizes the protection of workers and taxpayer dollars on public works construction projects.

Furthermore, SB 909 (Smallwood-Cuevas) seeks to ensure the protection of construction workers and the proper utilization of taxpayer dollars by modernizing contractor registration fees for the first time since 2017, increasing prevailing wage penalties for the first time since 2013, and ensuring that penalties that are collected by the State for violations of public works laws are being utilized for further public works enforcement activity.

By implementing these changes, the state will be taking an active step toward prioritizing the protection of workers on taxpayer-funded projects and will ensure that state policy related to public works enforcement reflects the strong labor protections that we currently have in statute.”

5. Opponent Arguments:

The Associated General Contractors oppose the measure, stating:

“SB 909 would remove the statutory \$800 cap on annual contractor registration fees and authorize the Department of Industrial Relations (DIR) to set a fee amount each year without a transparent public process. This lack of visibility is especially concerning given the bill’s removal of the fee cap. This also creates uncertainty exposure for contractors particularly for small and mid-sized general contractor companies.

SB 909 additionally would increase daily civil penalties for prevailing wage, certified payroll, and related violations. This increases further potential financial exposure for contractors even for clerical or unintentional errors. Prime contractors remain liable for subcontractor compliance, compounding the risk.

Directing 50 percent of all collected penalties into the State Public Works Enforcement Fund (Fund) does not solve the staffing issues and case backlogs at the DIR as it would expand enforcement authority without addressing the underlying challenges identified by the State Auditor. Increasing penalties and fees without improving administrative capacity will not resolve enforcement delays or improve outcomes for workers. By prioritizing funding to this Fund, this could shift DIR’s focus from contractor compliance to revenue generation, which could increase legal actions and administrative disputes.

Higher fees, higher penalties, and increased enforcement activity will raise the cost of doing business on public works.”

6. Double Referral:

The Senate Rules Committee referred SB 909 to the Senate Labor, Public Employment and Retirement Committee and the Senate Judiciary Committee.

7. Prior Legislation:

AB 2135 (Schiavo, 2024) would have increased, from 18 to 24 months, the time period the LC or their designee has to issue a CWPA, as specified, to the contractor or subcontractor, or both, on a public works project. *AB 2135 was held in Senate Appropriations Committee.*

SB 854 (Committee on Budget and Fiscal Review, Chapter 28, Statutes of 2014) established, among other things, a public works contractor registration program to replace prior Compliance Monitoring Unit and Labor Compliance Program requirements for bond-funded and other specified public works projects.

AB 1336 (Frazier, Chapter 792, Statutes of 2013) increased from 180 days to 18 months the statute of limitations for the LC to issue a CWPA, as specified.

AB 551 (Campos, Chapter 677, Statutes of 2011) increased penalties for prevailing wage and payroll record violations on public works projects.

AB 1023 (Wagner, Chapter 378, Statutes of 2011) repealed and recast provisions of the Labor Code that established the Fund.

SB 45 (Padilla, 2009) would have increased the penalties for prevailing wage violations and permanently debarred contractors that willfully violate prevailing wage requirements. *SB 45 was vetoed by Governor Schwarzenegger.*

SB X2-9 (Padilla, Chapter 296, Statutes of 2009) established the Fund and specified that money in the Fund shall be used for public works enforcement, as specified.

SB 191 (Padilla, 2008) would have established an alternative mechanism to fund enforcement of prevailing wage and apprenticeship requirements on specified public works projects by, among other things, creating the Fund. *SB 191 was vetoed by Governor Schwarzenegger.*

SUPPORT

California Federation of Labor Unions (Co-sponsor)
California-Nevada Conference of Operating Engineers (Co-sponsor)
District Council of Ironworkers (Co-sponsor)
California State Association of Electrical Workers
California State Council of Laborers
California State Pipe Trades Council
State Building and Construction Trades Council of California

Teamsters California
Western States Council of Sheet Metal Workers

OPPOSITION

Associated General Contractors

-- END --

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

Bill No: SB 1132 **Hearing Date:** March 25, 2026
Author: Smallwood-Cuevas
Version: February 17, 2026
Urgency: No **Fiscal:** Yes
Consultant: Jazmin Marroquin

SUBJECT: Workforce development: workplace rights training

KEY ISSUE

This bill requires the California Workforce Development Board (CWDB), in partnership with the Department of Industrial Relations (DIR), the Civil Rights Department (CRD), and other subject matter experts to develop workplace rights curriculum, as specified, to be provided to all individuals receiving individualized career services, supportive services, or training services through the California workforce system, as specified.

ANALYSIS

Existing federal law:

- 1) Establishes the Workforce Innovation and Opportunity Act (WIOA) to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. (29 USC §3101-3361)

Existing state law:

- 1) Creates the California Workforce Innovation and Opportunity Act to make programs and services available to individuals with employment barriers. (Unemployment Insurance Code §14000 et seq.)
- 2) Establishes the CWDB, under the purview of the Labor and Workforce Development Agency (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.)
- 3) Requires the establishment of a local workforce development board (LWDB) in each local workforce development area of the state to, among other things, plan and oversee the workforce investment system. (Unemployment Insurance Code §§14200-14211)
- 4) Requires each LWDB to develop and submit to the Governor a comprehensive four-year local plan in partnership with the appropriate chief local elected official, as specified. (Unemployment Insurance Code §§14220-14221)
- 5) Establishes within DIR, the Division of Occupational Safety and Health (Cal/OSHA), to, among other things, propose, administer, and enforce occupational safety and health standards. (Labor Code §6300 et seq.)

- 6) Requires employers to provide information to employees, as specified, including postings of information regarding protections and obligations of employees under occupational safety and health laws. (Labor Code §6408)
- 7) Establishes within the DIR, various entities including the Division of Labor Standards Enforcement under the direction of the Labor Commissioner and empowers the Labor Commissioner with ensuring a just day's pay in every workplace and promoting economic justice through robust enforcement of labor laws. (Labor Code §79-107)
- 8) Requires employers, at the time of hire, to provide each employee with a written notice, in the language the employer normally uses to communicate employment-related information, containing the following:
 - a) The rate(s) of pay and basis thereof, whether paid by the hour, shift, day, week, salary, piece, commission, or otherwise, including any applicable overtime.
 - b) Allowances, if any, including meal or lodging.
 - c) The regular payday designated by the employer.
 - d) The name of the employer, including any "doing business as" names used.
 - e) The physical address of the employer's main office or principal place of business, a mailing address, if different, and the telephone number.
 - f) The name, address, and telephone number of the employer's workers' compensation insurance carrier.
 - g) The right to accrue and use sick leave and file a complaint against an employer that retaliates for the use of sick leave.
 - h) Any other information the Labor Commissioner deems material and necessary. (Labor Code §2810.5)
- 9) Requires every employer who is subject to an order of the Industrial Welfare Commission, regulating wages hours and working conditions, to post a copy of the order and keep it posted in a conspicuous location frequented by employees during the hours of the workday. (Labor Code §1183(d))
- 10) Requires in each workplace of the employer, the employer to display a poster in a conspicuous place containing information on paid sick leave entitlement and usage, as specified. (Labor Code §247)
- 11) Requires eligible employers to keep posted conspicuously at the place of work a notice on family care and medical leave, as specified. (California Code of Regulations §7297.9)
- 12) Requires every employer to keep posted conspicuously at the place of work, if practicable, or otherwise where it can be seen as employees come and go to their places of work, or at the office or nearest agency for payment kept by the employer, a notice specifying the regular pay days and the time and place of payment. (Labor Code §207)
- 13) Requires every employer subject to workers' compensation, as specified, to post and keep posted in a conspicuous location frequented by employees, and where the notice may be easily read by employees during the hours of the workday, a notice that states the name of the current compensation insurance carrier of the employer, or when appropriate, that the employer is self-insured, and who is responsible for claims adjustment. (Labor Code §3550)

- 14) Requires an employer to provide a notice to each current employee, by posting in the language the employer normally uses to communicate employment-related information to the employee, of any inspections of I-9 Employment Eligibility Verification forms or other employment records conducted by an immigration agency within 72 hours of receiving notice of the inspection. Written notice shall also be given within 72 hours to the employee's authorized representative, if any. (Labor Code §90.2)
- 15) Requires an employer to provide to each current affected employee, and to the employee's authorized representative, if any, a copy of the written immigration agency notice that provides the results of the inspection of I-9 Employment Eligibility Verification forms or other employment records within 72 hours of its receipt of the notice, as specified. (Labor Code §90.2)
- 16) Requires employers to provide a stand-alone written notice to each current employee and to each new employee upon hire, as specified. The notice must contain a description of workers' rights in the following areas:
 - a) The right to workers' compensation benefits, including disability pay and medical care for work-related injuries or illness, as well as the contact information for the Division of Workers' Compensation.
 - b) The right to notice of inspection by immigration agencies pursuant to subdivision (a) of Section 90.2.
 - c) Protection against unfair immigration-related practices against a person exercising protected rights.
 - d) The right to organize a union or engage in concerted activity in the workplace.
 - e) Constitutional rights when interacting with law enforcement at the workplace, including an employee's right under the Fourth Amendment to the United States Constitution to be free from unreasonable searches and seizures and rights under the Fifth Amendment to the United States Constitution to due process and against self-incrimination.
 - f) A description of new legal developments pertaining to laws enforced by the LWDA that the Labor Commissioner deems material and necessary. The Labor Commissioner shall include a list of those developments, if any, in the template notice, as specified.
 - g) A list, developed by the Labor Commissioner, of the enforcement agencies that may enforce the underlying rights in the notice. The Labor Commissioner shall include this list in the template notice described, as specified. (Labor Code §1550 et seq.)
- 17) Establishes in the Business, Consumer Services, and Housing Agency, the CRD. The department is under the direction of an executive officer known as the Director of Civil Rights, who is appointed by the Governor, subject to confirmation by the Senate, and who holds office at the pleasure of the Governor. (Government Code §12900 et seq.)
- 18) Requires all employers to display a poster on workplace discrimination and harassment. (Government Code §12950)

This bill:

- 1) Requires CWDB, in partnership with DIR, the CRD, and other subject matter experts to develop workplace rights curriculum, including but not limited to, training about a worker's rights and protections relative to *wage theft, sexual harassment, discrimination, the right to organize, health and safety, and immigration enforcement*, to be provided to all individuals receiving individualized career services, supportive services, or training services through the

California workforce system, including, but not limited to, all individuals who receive either short-term prevocational services or who are engaged in workforce preparation activities.

- 2) Requires the curriculum to specify all the following:
 - a) The timeline for the delivery of the training.
 - b) The length of the training.
 - c) The required qualifications for the training instructors.
 - d) Where participants should direct legal questions.
 - e) The process for maintaining a record of training attendees.
- 3) Requires CWDB, in partnership with the Employment Development Department (EDD) and LWDA, to ensure that LWDBs and one-stop career center providers comply with the requirements of this bill.
- 4) Requires the LWDB, in consistent with the requirements of the WIOA, to, among other things, ensure the provision of workplace rights training is consistent with the curriculum developed pursuant to this bill.
- 5) Requires the local plan to include, among other things, a description of the local board plans to comply with the requirements of the workplace rights training, as described.
- 6) Provides that it is the intent of the Legislature that career services include, as part of any short-term prevocational services or workforce preparation activities, workplace rights training consistent with the curriculum developed, as specified, for all individuals receiving individualized career services, supportive services, or training services through the one-stop system.

COMMENTS

1. Background:

Workforce Development

The CWDB is the state entity tasked with assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system. Among other things, the CWDB is tasked with developing, implementing, and modifying California's Unified Strategic State Plan (State Plan) to serve as the comprehensive framework and coordinated plan for the aligned investment of all federal and state workforce training and employment services funding streams and programs. CWDB works closely with LWDBs to ensure statewide workforce efforts align with regional priorities and community needs.

The State has 45 LWDBs, each with their unique local context. Members of private sector business, organized labor, community-based organizations, local government agencies, and local education agencies comprise a LWDB's membership. EDD in partnership with LWDBs oversee America's Job Center of California (AJCC). AJCC is a one-stop shop for no-cost job and training services that helps connect employers with job openings to people who are looking for work. The AJCC is a network of local and state organizations, as well as private and public groups, working together to provide these services at no cost. Adults and

displaced workers receive an initial assessment, job search and placement assistance, and career counseling at LWDBs.

Workplace Notices and Postings

In California, all employers must meet specified workplace notice and posting obligations. At the time of hiring, employers are required to provide each nonexempt employee a written notice with, among other things, the following information: the rate of pay, the regular payday designated by the employer, the name, address, and telephone of the employer, information on sick leave, and the existence of a federal or state emergency or disaster declaration applicable to the county where the employee will be employed and that was issued within 30 days before the employee's start date. Employees admitted under the H-2A agricultural visa program receive the above notification as well as a separate and distinct section containing non-duplicative information that succinctly describes an agricultural employee's additional rights and protections under California law and regulations. Employers are able to use template notices prepared by the Labor Commissioner to fulfill the above requirements.

Additionally, newly hired employees must receive pamphlets on a variety of topics. Pamphlets provide further information on workers' compensation, unemployment insurance, disability insurance, paid family leave, sexual harassment, and the rights of victims of domestic violence, sexual assault, and stalking. Employers can access required pamphlets on DIR's and the CRD's websites.

Employers are also required to comply with workplace posting requirements. DIR requires employers to post information related to wages, hours, and working conditions in an area frequented by employees where the posting can be easily read during the workday. Workplace postings are usually available at no cost from the requiring agency. When posting content changes occur, DIR announces them on its website. In the absence of any changes, employers do not need to replace postings annually. Additional posting requirements may apply to some workplaces, depending on the industry.

Additionally, SB 294 (Reyes, Chapter 667, Statutes of 2025), signed into law last year, requires beginning February 1, 2026, employers to provide a stand-alone written notice annually to each employee informing them of their rights under state and federal law. This includes the right to workers' compensation benefits, including disability pay and medical care for work-related injuries or illness, as well as the contact information for the Division of Workers' Compensation. The notice also includes the right to notice of inspection by immigration agencies within 72 hours of receiving notice of the inspection, protection against unfair immigration-related practices against a person exercising protected rights, and the right to organize a union or engage in concerted activity in the workplace. The notice includes a description of an employee's constitutional rights when interacting with law enforcement at the workplace, including an employee's right under the Fourth Amendment to the United States Constitution to be free from unreasonable searches and seizures and rights under the Fifth Amendment to the United States Constitution to due process and against self-incrimination. Finally, the notice also contains a description of new legal developments pertaining to laws enforced by the LWDA that the Labor Commissioner deems material and necessary. The Labor Commissioner is required to develop a template notice, as well as videos for employers and employees informing them of their responsibilities and rights. Employers are required, if authorized by an employee, to contact an employee's designated emergency contact if the employee is arrested or detained, if authorized by an employee.

Despite the above notification and posting requirements, many workers struggle to assert their rights in the workplace and navigate government assistance programs.

2. Need for this bill?

According to the author, “Without clear and accessible information about workplace protections and constitutional rights, workers may remain silent in the face of wage theft, unsafe working conditions, discrimination, or unlawful immigration enforcement activity. This harms workers and communities by depressing wages, undermining fair competition, and destabilizing household economic security. Existing laws provide valuable workplace rights and immigration enforcement rights education to high school students and workers. Unfortunately, a significant gap remains for individuals entering or reentering the workforce through the state’s workforce development system.

This bill requires that the CWDB, in partnership with the Department on Industrial Relations, the Civil Rights Department, and other subject matter experts, to develop a standardized workplace rights and immigrant know your rights curriculum for participants in the state’s workforce development system. By integrating rights education into workforce services, SB 1132 strengthens California’s workforce investments and promotes safe, fair, and lawful employment.”

3. Proponent Arguments:

According to a coalition of supporters, including the California Immigrant Policy Center, UNITE-LA, and Pilipino Worker Center, co-sponsors of the bill:

“One important service that the workforce development system is currently not required to provide to job seekers and future workers is information about their labor and immigration rights. Recent laws have been passed requiring high schools and employers to provide students and employees information about their labor and constitutional rights, respectively. However, a significant gap remains as job seekers and future workers are excluded from the existing framework of KYR [Know Your Rights] education. California boasts some of the country’s strongest workers’ rights laws on issues ranging from wage theft to retaliation, health and safety, and harassment. Educating people who are about to enter or reenter the workforce about these laws helps both workers and employers feel recognized and empowered in the workplace.

Workers’ rights education is workforce development. When this is more broadly accepted, it will lead to stronger workplaces and increased economic gains for our communities and the state.”

4. Opponent Arguments:

None received.

5. Prior Legislation:

SB 294 (Reyes, Chapter 667, Statutes of 2025) (1) required employers to provide a stand-alone written notice annually to each employee informing them of their rights under state and federal law, as specified; (2) directed the Labor Commissioner to develop a template notice, as well as videos for employers and employees informing them of their responsibilities and rights, as specified; (3) required employers, if authorized by an employee, to contact an employee's designated emergency contact if the employee is arrested or detained, as specified; and (4) authorized various penalties for noncompliant employers.

SB 864 (Smallwood-Cuevas, 2023) is almost identical to this bill. It would have required CDWB to partner with the Labor Commissioner and other subject matter experts to develop a workplace rights curriculum to be taught through the state's workforce system. *Held in the Senate Appropriations Committee.*

AB 800 (Ortega, Chapter 271, Statutes of 2024) designated the week of each year that includes April 28 as "Workplace Readiness Week" and required all public high schools to annually observe that week by providing information to pupils on their rights as workers and requires schools to provide students seeking a work permit a document clearly explaining basic labor rights.

AB 636 (Kalra, Chapter 451, Statutes of 2023) required agricultural employers to provide employees at the time of hire, information on the existence of a federal or state disaster declaration applicable to the county or counties where the employee will be employed if the emergency or disaster may affect the employee's health and safety during employment. It also required an H-2A visa employer to provide an employee, on their first day of work or upon transfer, the notice of basic employment related information with a separate section in Spanish, and if requested by the employee, in English, describing an agricultural employee's rights and protections.

SB 1270 (Eduardo Garcia, Chapter, 94, Statutes of 2015) made necessary changes to existing workforce development statutes to conform to the new federal guidelines under the Workforce Innovation and Opportunity Act (WIOA) while preserving core elements of California's workforce development policies. This bill updated statutory references to the Workforce Investment Act of 1998 to instead refer to the WIOA and make related conforming changes. This bill also renamed the California Workforce Investment Board (CWIB) the California Workforce Development Board and revised the membership of the board. Finally, this bill renamed the local boards as local workforce development boards and revised their duties consistent with the federal WIOA.

SB 118 (Lieu, Chapter 562, Statutes of 2013) required the former California Workforce Investment Board (CWIB), now called the California Workforce Development Board (CWDB), to incorporate specific principles into the State Plan that align the education and workforce investment systems of the state to the needs of the 21st century economy and promotes a well-educated and highly skilled workforce to meet the future workforce needs. SB 118 also established, with input from local workforce development boards and other stakeholders, initial and subsequent eligibility criteria for the WIOA Eligible Training Provider List (ETPL) that effectively directs training resources into training programs leading to employment in high-demand, high-priority, and high-wage occupations, as specified.

AB 469 (Swanson, Chapter 665, Statutes of 2011) among other things, required an employer to provide each employee, at the time of hiring, with a notice that specifies the rate and the basis, whether hourly, salary, commission, or otherwise, of the employee's wages and to notify each employee in writing of any changes to the information set forth in the notice within seven calendar days of the changes unless such changes are reflected on a timely wage statement or another writing, as specified.

SUPPORT

California Immigrant Policy Center (Co-sponsor)
UNITE-LA (Co-sponsor)
Pilipino Worker Center (Co-sponsor)
Alianza Sacramento
Alliance for Boys and Men of Color
Black Business Association
Building Skills Partnership
CA Healthy Nail Salon Collaborative
Cal Asian Chamber of Commerce
California African American Chamber of Commerce
California Opportunity Youth Network
Centro Community Hispanic Association (Centro Cha Inc.)
Centro Laboral De Graton
Coalition of Filipino American Chambers of Commerce
Diversity in Health
Education and Leadership Foundation
El Sereno Chamber of Commerce
Excelsior Works
Filipino Advocates for Justice
Friends Committee on Legislation of California
High Desert Hispanic Chamber of Commerce
Immigrants Rising
Inclusive Action for the City
Initiating Change in Our Neighborhoods Community Development Corporation Icon CDC
Inland Coalition for Immigrant Justice
Instituto De Educacion Popular Del Sur De California (IDEPSCA)
Jakara Movement
Los Angeles Black Worker Center
Los Angeles County Economic Development Corporation
Los Angeles Economic Equity Accelerator and Fellowship (LEEAF)
Orale: Organizing Rooted in Abolition, Liberation, and Empowerment
Sacramento Hispanic Chamber of Commerce
Sacramento Immigration Coalition
San Francisco Filipino American Chamber of Commerce
Street Level Health Project
Vermont-Slauson Economic Development Corporation
Vietnamese American Chamber of Commerce
Women's Economic Ventures
Working Partnerships USA
Worksafe

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 1241 **Hearing Date:** March 25, 2026
Author: Smallwood-Cuevas
Version: February 19, 2026
Urgency: No **Fiscal:** Yes
Consultant: Emma Bruce

SUBJECT: Skilled and trained workforce requirements

KEY ISSUE

This bill makes several changes to skilled and trained workforce (STW) requirements. Specifically, SB 1241: 1) expands the circumstances under which a public entity can be required to obtain an enforceable commitment to use a STW; 2) defines “substantial compliance plan” and “material misrepresentation;” 3) modifies the criteria the Labor Commissioner (LC) uses to assess penalties for STW violations; 4) prohibits a contractor from submitting a substantial compliance plan for subsequent violations, as specified; 5) requires the LC to impose the maximum allowable penalty for a contractor’s failure to submit a monthly report or continued failure to use a STW after notice of a violation, as specified; 6) requires the LC to debar a contractor found to have committed a material misrepresentation, as specified; and 7) requires the LC to accept and timely investigate complaints from a joint labor-management committee (JLMC), as specified.

ANALYSIS

Existing federal law:

- 1) Permits, pursuant to the Labor Management Cooperation Act of 1978, the establishment of plant, area, and industrywide labor management committees (JLMCs), which have been organized jointly by employers and labor organizations representing employees in that plant, area, or industry, as specified. (29 U.S.C. §175a)

Existing state 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 to ensure a just day’s pay in every workplace and to promote justice through robust enforcement of labor laws. (Labor Code §79-107)
- 2) Defines a “skilled and trained” workforce (STW) as a workforce that meets both of the following conditions:
 - a) All the workers performing work in an apprenticeable occupation in the building and construction trades are either skilled journeypersons or apprentices registered in an apprenticeship program approved by the Division of Apprenticeship Standards (DAS).
 - b) At least 60% of the skilled journeypersons employed to perform work on the contract or project by every contractor and each of its subcontractors at every tier are graduates of an apprenticeship program for the applicable occupation, as specified.
(Public Contract Code §2601)

- 3) Provides that a public entity can be required, by statute or regulation, to obtain an enforceable commitment that a bidder, contractor, or other entity will use a STW to complete a contract or project. (Public Contract Code §2600(a))
- 4) Authorizes a public entity to require a bidder, contractor, or other entity to use a STW to complete a contract or project regardless of whether the public entity is required to do so by statute or regulation. (Public Contract Code §2600(b))
- 5) Provides that when the use of a STW to complete a contract or project is required pursuant to 3) or 4), above, the public entity shall include in all bid documents and construction contracts a notice that the project is subject to a STW requirement. (Public Contract Code §2600(c))
- 6) Requires a contractor, bidder, or other entity to provide to the public entity or other awarding body, on a monthly basis while the project or contract is being performed, a report demonstrating compliance with skilled and trained workforce requirements. (Public Contract Code §2602)
- 7) Provides that if a monthly report does not demonstrate compliance, the public agency or other awarding body shall do all of the following:
 - a) Withhold further payments until the contractor, bidder, or other entity provides a plan to achieve substantial compliance, as specified.
 - b) Forward a copy of the monthly report to the LC for issuance of a civil wage and penalty assessment.
 - c) Forward to the LC a copy of the plan, if any, submitted by the contractor, bidder, or other entity to achieve substantial compliance.(Public Contract Code §2602(c))
- 8) Provides that a contractor or subcontractor that fails to use a STW shall forfeit, as a civil penalty to the state, not more than \$5,000 per month of work performed in violation of STW requirements. A contractor or subcontractor that commits a second or subsequent violation within a three-year period shall forfeit as a civil penalty to the state the sum of not more than \$10,000 per month of work performed in violation of STW requirements. (Public Contract Code §2603(a))
- 9) Authorizes the LC to reduce or waive any monetary penalty for STW violations if the amount of the penalty would be disproportionate to the severity of the violation. (Public Contract Code §2603(c))
- 10) Directs the LC to consider the following criteria when assessing penalties for STW violations:
 - a) Whether the violation was intentional.
 - b) Whether the contractor or subcontractor has committed other violations of STW requirements or of the Labor Code.
 - c) Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation.
 - d) The extent or severity of the violation.
 - e) Whether a contractor or subcontractor submitted and followed a plan to achieve substantial compliance with this chapter.(Public Contract Code §2603(c))

- 11) Provides that whenever a contractor or subcontractor is found by the LC to have violated STW requirements with intent to defraud, the contractor or subcontractor or a firm, corporation, partnership, or association in which the contractor or subcontractor has any interest is ineligible for a period of not less than one year or more than three years to do either of the following:
 - a) Bid on or be awarded a contract for a public works project.
 - b) Perform work as a subcontractor on a public works project.(Public Contract Code §2603(h))
- 12) Authorizes a JLMC to bring an action in any court of competent jurisdiction against an employer that fails to pay the prevailing wage to its employees or that fails to provide certified payroll records, as specified. (Labor Code §1771.2)

This bill:

- 1) Expands the circumstances under which a public entity can be required to obtain an enforceable commitment to use a STW to include a requirement imposed by rule, resolution, ordinance, permit condition, permit streamlining condition, public funding condition, development agreement, or public contract, in addition to statute or regulation.
- 2) Provides that the failure of a public entity to provide notice that a project is required to use a STW shall not excuse a bidder, contractor, or other entity from the obligation to use a STW if such a requirement is imposed by rule, resolution, ordinance, permit condition, permit streamlining condition, public funding condition, development agreement, or public contract, in addition to statute or regulation.
- 3) Defines “substantial compliance plan” as a written plan that does both of the following:
 - a) Ensures full compliance with the apprenticeship graduate workforce percentage requirements and skilled journeyman requirements on all work performed after acceptance of the plan.
 - b) Substantially remedies prior violations of STW requirements through exceeding the minimum apprenticeship graduate requirements on future work.
- 4) Defines “material misrepresentation” as a false statement or omission made regardless of intent. Material misrepresentation includes a certification in a monthly report, substantial compliance plan, or other submission required by STW law, that would tend to affect a determination of compliance.
- 5) Makes various changes to the existing criteria the LC considers when assessing penalties for STW violations. Specifically, this bill directs the LC to consider:
 - a) Whether the violation was intentional, which shall include actual knowledge of STW requirements and failure to take reasonable steps to comply.
 - b) Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation so that any subsequent violation did not occur.

- c) Whether a contractor or subcontractor submitted and followed a “substantial compliance plan” and the extent to which the compliance plan remedied prior noncompliance.
- 6) Prohibits the LC from waiving penalties for failure to submit a required monthly report, material misrepresentation, or continued noncompliance after notice of a violation.
- 7) Provides that a “substantial compliance plan” may only be submitted for a first violation by a contractor or subcontractor within a three-year period.
- 8) Provides that failure to submit the required monthly report, failure to remedy an incomplete monthly report, or continued failure to use a STW after notice of a violation shall result in a mandatory penalty equal to the maximum penalty allowable under STW law.
- 9) Amends an existing requirement for the LC to debar a contractor or subcontractor found to have violated STW requirements with “intent to defraud” to instead require the LC to debar a contractor or subcontractor found to have committed a “material misrepresentation,” as specified.
- 10) Requires the LC to accept and timely investigate complaints from a JLMC alleging that a contractor or subcontractor failed to use a STW workforce, as specified.
- 11) Replaces references to “his or her” with “their” in Public Contract Code §2603.

COMMENTS

1. Background:

What is a Skilled and Trained Workforce?

STW requirements are qualifications for the building and construction workforce that California requires on certain projects. A “skilled and trained” workforce is one in which all workers performing work in an apprenticeable occupation in the building and construction trades are either skilled journeypersons¹ or apprentices registered in a DAS-approved apprenticeship program. Additionally, at least 60% of the skilled journeypersons employed to perform work on the contract or project are graduates of either an in-state, DAS-approved apprenticeship program or an out-of-state, federally-approved apprenticeship program. Individuals who qualify as skilled journeypersons based on their on-the-job experience *do not count* towards the 60% minimum graduation requirement. STW requirements ensure high-quality construction projects and invest in the State’s apprenticeship programs by increasing demand for graduates.

A public entity can be required, by statute or regulation, to obtain an enforceable commitment that a bidder, contractor, or other entity will use a STW to complete a contract or project. However, even in the absence of a statute or regulation, a public entity can mandate the use of a STW.

¹ A “skilled journeyperson” means a worker who either 1) graduated from an in-state apprenticeship program approved by DAS or an out-of-state apprenticeship program, approved by the federal Secretary of Labor or 2) has at least as many hours of on-the-job experience as would be required to graduate from the applicable DAS-approved apprenticeship program.

SB 1241 would expand the circumstances under which a public entity can be required to obtain an enforceable commitment to use a STW to include a requirement imposed by rule, resolution, ordinance, permit condition, permit streamlining condition, public funding condition, development agreement, or public contract.

Monthly Compliance Reports and Substantial Compliance Plans

When a contractor is required to use a STW, they commit to doing so in an enforceable agreement with the public entity or awarding body. As part of this agreement, a contractor submits monthly reports to the public entity that demonstrate their compliance and their subcontractors' compliance at every tier. Reports include the full name of each worker and the name, location, and graduation date of their completed apprenticeship program.

If a contractor fails to provide a monthly report or provides an incomplete one, the public entity will withhold payments until compliance is achieved and notify the LC for issuance of a civil penalty. For the public entity to resume payments, a contractor must submit a substantial compliance plan. The Public Contract Code does not specify the format of a substantial compliance plan, nor does it specify the information that should be included. This vagueness can be problematic, because public entities are required to immediately resume payments unless they reject the plan as insufficient and explain the reason for the rejection. Without clear guidelines, public entities are incentivized to accept any compliance plan so that work on their project can continue.

SB 1241 would define “substantial compliance plan” so that public entities have clear guidelines to determine whether a plan is sufficient and they should resume payments. A “substantial compliance plan” would be a written plan that does both of the following:

- 1) Ensures full compliance with the apprenticeship graduate workforce percentage requirements and skilled journeyman requirements on all work performed after acceptance of the plan.
- 2) Substantially remedies prior violations of skilled and trained workforce requirements through exceeding the minimum apprenticeship graduate requirements on future work.

Penalties for Skilled and Trained Workforce Violations

The LC can issue civil penalties and debar contractors that violate STW obligations. Initial violations carry a maximum penalty of \$5,000 per month of work performed in violation. Second or subsequent violations within a three-year period carry a maximum penalty of \$10,000 per month of work performed. When assessing penalties, the LC considers specified criteria, including whether the violation was intentional and whether a contractor submitted and followed a substantial compliance plan.

A contractor can be debarred for any violation of STW obligations committed with intent to defraud. Generally, intent to defraud requires the intent to deceive another person or entity, and to induce such person or entity, in reliance upon such deception, to assume, create, transfer, alter or terminate a right, obligation, or power with reference to property of any kind.

SB 1241 would make several changes to the approach the LC uses to assess penalties and debar contractors for STW violations. Among other things, the measure would:

- Prohibit the LC from waiving penalties for failure to submit a required monthly report, “material misrepresentation,” or continued noncompliance after notice of a violation.
- Prohibit a contractor from submitting a substantial compliance plan for subsequent violations within a three-year period.
- Require the LC to impose a mandatory penalty equal to the maximum allowable under STW law (PCC §2600-2603) for failure to submit the monthly report, failure to remedy an incomplete monthly report, or continued failure to use a STW workforce.
- Require the LC, whenever a contractor is found to have committed a “material misrepresentation,” to debar the contractor or firm, corporation, partnership, or association in which the contractor has any interest for a period of not less than one year or more than three years, as specified.
- Requires the LC to accept and timely investigate complaints from a JLMC alleging that a contractor failed to use a STW.

Collectively, these changes would increase the frequency of STW penalty assessments and limit the LC’s ability to reduce or waive penalties.

2. Author Amendments:

The author’s office plans to amend the bill in committee to 1) make clarifying changes to the criteria the LC considers when assessing penalties for STW violations; 2) specify that a contractor or subcontractor has to have *intentionally* committed a material misrepresentation in filing reports to be debarred; and 3) remove the requirement for the LC to *timely* investigate complaints from a JLMC. Below is language from the RN.

PCC 2600 (c) When the use of a skilled and trained workforce to complete a contract or project is required pursuant to subdivision (a) or (b), the public entity shall include in all bid documents and construction contracts for *such* work a notice that the project is subject to the skilled and trained workforce requirement.

PCC 2603 (c)(1)(A) Whether the violation was ~~intentional, which shall include intentional.~~ *A violation is intentional if the contractor had* actual knowledge of the skilled and trained workforce requirements and ~~failure failed~~ to take reasonable steps to comply.

PCC 2603 (c)(1)(C) Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation ~~so that and~~ any subsequent ~~violation~~ *violations* did not occur.

PCC 2603 (c)(1)(E) ~~Whether~~ *If the violation is the first violation by the contractor or subcontractor within the prior three years, whether* a contractor or subcontractor submitted and followed a substantial compliance plan, as defined in Section 2601, and the extent to which the compliance plan remedied prior noncompliance.

PCC 2603 (c)(1)(F) The Labor Commissioner shall not waive penalties for failure to *timely* submit a required monthly report, material misrepresentation, or continued noncompliance after notice.

PCC 2603 (c)(3) Failure to *timely* submit the required monthly report, failure to remedy an incomplete monthly report, or continued failure to use a skilled and trained workforce after

notice of a violation shall result in a mandatory penalty equal to the maximum allowable under Sections 2600 to 2603, inclusive.

PCC 2603 (h) Whenever a contractor or subcontractor is found by the Labor Commissioner to have *intentionally* committed a material misrepresentation *in filing reports* under this chapter, the contractor or subcontractor or a firm, corporation, partnership, or association in which the contractor or subcontractor has any interest is ineligible for a period of not less than one year or more than three years to do either of the following: (1) Bid on or be awarded a contract for a public works project. (2) Perform work as a subcontractor on a public works project.

PCC 2603 (m) The Labor Commissioner shall accept ~~and timely investigate~~ complaints from a joint labor-management committee established pursuant to the Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) alleging that a contractor or subcontractor failed to use a skilled and trained workforce in accordance with this chapter.

3. Need for this bill?

According to the author:

“SB 1241 clarifies and strengthens STW enforcement by defining ‘substantial compliance plan’ and ‘material misrepresentation,’ limiting the use of compliance plans to a first violation within a three-year period, requiring contractors to remedy prior violations by exceeding apprenticeship graduate thresholds on future work, authorizing debarment for material misrepresentation, and requiring the Labor Commissioner to accept and investigate complaints from joint labor-management committees. These changes ensure that compliance plans result in real workforce correction rather than paper compliance.”

4. Proponent Arguments:

The sponsors of the measure, the California State Association of Electrical Workers, the California State Pipe Trades Council, and the Western States Council of Sheet Metal Workers, argue:

“California's STW requirements were established with a clear purpose: to ensure high-quality, safe, and efficient construction on public works projects. Unfortunately, persistent gaps in enforcement have allowed some contractors to circumvent these standards without meaningful accountability. Under current law, a contractor may cure an STW violation simply by submitting a ‘substantial compliance plan’ — yet the law provides no clear definition of what substantial compliance actually requires. As a result, some contractors have been able to satisfy their obligations through vague assurances and no corrective action rather than genuine workforce investment. This loophole undermines the integrity of the STW framework, allows noncompliant contractors to access public dollars, and puts responsible employers who invest in apprenticeship training at a competitive disadvantage.

SB 1241 directly addresses these failures. By defining substantial compliance, limiting its application to first-time violations, and requiring contractors to remedy past noncompliance, the bill closes the most significant enforcement gap in the current law. Additionally, by clarifying material misrepresentation standards, establishing consequences for intentionally false submissions, authorizing temporary disqualification from public works for serious

violations, and directing the Labor Commissioner to accept complaints from joint labor management committees, SB 1241 creates a meaningful and accountable enforcement framework.”

5. Opponent Arguments:

The Associated General Contractors oppose the measure, arguing:

“SB 1241 represents a substantial broadening of the STW mandate by extending its applicability to additional agreements and local actions, including development agreements and resolutions. This expansion would capture a far larger share of public and quasi-public work, increasing compliance obligations for contractors without any demonstrated need or capacity analysis.

SB 1241 broadens the circumstances under which STW requirements apply, sweeping in more projects and local instruments than ever before. This expansion increases compliance exposure for contractors and public agencies alike, even where local markets lack sufficient numbers of workers meeting STW thresholds.

Current law already requires monthly reporting to demonstrate STW compliance. SB 1241 tightens these requirements and prohibits the Labor Commissioner from waiving penalties when monthly reports are incomplete or missing, regardless of circumstances. This creates a rigid, high-risk reporting environment that disproportionately impacts small and mid-sized contractors.

The bill mandates the highest penalty levels for violations occurring after a notice of noncompliance and expands the factors the Labor Commissioner must consider when setting penalties, including whether a contractor submitted and followed a ‘substantial compliance plan’. These changes increase financial exposure even for good-faith contractors making diligent efforts to comply.”

6. Prior Legislation:

SB 978 (Perez, 2026) would, among other things, require a STW for the construction of large-scale energy facilities. *SB 978 is pending hearing in the Senate Labor, Public Employment and Retirement Committee.*

SB 1162 (Cortese, Chapter 882, Statutes of 2024) required, on or before July 1, 2025, DAS to create and maintain a public online database to verify that a worker graduated from a California apprenticeship program.

SB 2311 (Low, Chapter 347, Statutes of 2020) required a public entity to include in all bid documents and construction contracts a notice that the project is subject to STW requirements, if applicable. SB 2311 also stated that the failure to provide such a notice does not excuse a public entity, bidder, or contractor from complying with STW requirements.

AB 3018 (Low, Chapter 882, Statutes of 2018) enhanced compliance with STW rules by strengthening public agency reporting requirements, creating penalties for noncompliance, and providing the LC the authority to issue a civil wage and penalty assessment against a contractor or subcontractor found in violation of STW requirements.

SB 418 (Hernandez, Chapter 393, Statutes of 2017) revised the existing definition of “skilled and trained workforce” to specify that on or after January 1, 2018, the 40, 50 and 60 percentage graduation rate of skilled journeypersons required for work in specified contracts shall not apply to work performed in the following occupations: acoustical installer, bricklayer, carpenter, cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, teamster, terrazzo worker or finisher, and tile layer, setter, or finisher.

SB 693 (Hueso, Chapter 774, Statutes of 2016) among other provisions, consolidated the STW requirements of various provisions of existing law, related to alternative construction delivery methods, and defined the terms of these requirements.

SUPPORT

California State Association of Electrical Workers (Co-sponsor)
California State Pipe Trades Council (Co-sponsor)
Western States Council of Sheet Metal Workers (Co-sponsor)
California Federation of Labor Unions
International Union of Painters and Allied Trades, District Council 16
International Union of Painters and Allied Trades, District Council 36
State Building and Construction Trades Council
Teamsters California

OPPOSITION

Associated General Contractors, California Chapters
Construction Employer’s Association
Western Electrical Contractors Association

-- END --