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

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**Bill No:** SB 921 **Hearing Date:** April 22, 2026  
**Author:** Grove  
**Version:** January 28, 2026  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Jazmin Marroquin

**SUBJECT:** Employment: employer contributions: employee withholdings: credit: agricultural employees

**KEY ISSUE**

This bill creates a payroll tax credit to reimburse agricultural employers for overtime wages paid to their agricultural employees, as specified.

**ANALYSIS**

**Existing law:**

- 1) Establishes the Department of Industrial Relations (DIR) in the Labor and Workforce Development Agency (LWDA), and vests it with various powers and duties to foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. (Labor Code §50.5)
- 2) Sets wage, hour, and meal break requirements, and other working conditions for employees and requires an employer to pay overtime wages to an employee who works in excess of a workday or workweek. (Labor Code §§500-556, 558)
- 3) Establishes, under the Phase in Overtime for Agricultural Workers Act of 2016, an implementation schedule for large employers and small employers that phases in overtime requirements for persons employed in an agricultural occupation, as defined. (Labor Code §§857-964)
  - a) Beginning January 1, 2022, requires that any work performed by a person employed in an agricultural occupation in excess of 12 hours per day be compensated at a rate no less than twice the employee's regular rate of pay.
  - b) Beginning January 1, 2025, for an employer who employs 25 or fewer employees, requires that any work performed by a person employed in an agricultural occupation in excess of 12 hours per day be compensated at a rate no less than twice the employee's regular rate of pay.
  - c) Requires DIR to update Wage Order No. 14-2001 of the IWC to be consistent with these provisions, except in specified circumstances the wage order provides greater protections or benefits to agricultural employees.
  - d) Specifies "employed in an agricultural occupation" has the same meaning as in Order No.14-2001 of the Industrial Welfare Commission (revised 07-2014).

- 4) Establishes the Industrial Welfare Commission (IWC) within DIR, to regulate wages, hours and working conditions in California. (Labor Code §§70-74)
- 5) Establishes the Employment Development Department (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)
- 6) Requires employers to withhold specified amounts from their employee payroll and transfer those amounts to the EDD for purpose of paying the Unemployment Insurance (UI) Tax, State Disability Insurance (SDI) Tax, Employment Training Tax (ETT) and the California Personal Income Tax (PIT). (Unemployment Insurance Code §13020 et seq.)
- 7) Requires every licensed farm labor contractor to, among other things, make specified disclosures to employers and workers, maintain specified records, promptly pay all moneys owed to workers, conspicuously post information related to workers' rights, provide mandated training, including sexual harassment prevention training for all supervisors and farm workers, and comply with all federal law requirements, as specified. (Labor Code §1695-1696)

**This bill:**

- 1) Authorizes an employer whose employees are covered by Wage Order No. 14-2001 of the Industrial Welfare Commission to claim a credit, as specified.
- 2) Provides that the amount of the credit is equal to the amount of overtime wages paid for that quarter, as specified, to employees who are covered by Wage Order No. 14-2001.
- 3) Provides that the credit must be claimed, in a form and manner prescribed by the department, pursuant to either of the following:
  - a) On the report of contributions, quarterly return, and report of wages, as specified.
  - b) In an electronic funds transfer, as specified.
- 4) Provides that this section does not change the amount of taxes required to be withheld from employee, as specified, and required to be reported to the employee, the EDD, the Franchise Tax Board (FTB), and the Internal Revenue Service (IRS).
  - a) This section does not require additional taxes to be paid by the employee or otherwise alter the employee's tax liability, as specified.
  - b) It is the intent of the Legislature that the operation of this section does not require an appropriation of moneys by reducing moneys remitted by the employer to the EDD that would otherwise be deposited in the General Fund.
- 5) Authorizes EDD to adopt rules and regulations that are necessary or appropriate to implement this section.
- 6) Defines the following terms for purposes of this section:

- a) “Employee” has the same meaning as that term is used in Sections 3205, 3205.1, 3205.2, and 3205.3 of Title 8 of the California Code of Regulations, as those sections read on January 1, 2023.
  - b) “Overtime wages” means the difference between the employees’ overtime rate of pay and their regular rate of pay.
  - c) “Quarterly return” means the form on which the employer reports its employer contributions and employee withholdings, as specified.
- 7) Provides that for the payroll record that a farm labor contractor has to provide to any grower, includes a disclosure of the net and gross wages, minus the amount of credit the farm labor contractor received, as specified, in addition to total hours worked, and total hourly and piece rate earnings for each farmworker.
- 8) Requires the employer to receive a refund, as specified, if the total amount claimed, as specified, in any given quarter exceeds the amount that would have been remitted by that employer for that quarter to the EDD for employee withholdings, as specified.
- a) Implementation of this section is contingent upon appropriation of sufficient funding by the Legislature in the annual Budget Act or other statute for that purpose.
- 9) Makes a series of legislative findings and declarations.

## COMMENTS

### 1. Background:

#### Overtime Pay

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

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

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

There are several exemptions and exceptions from California's overtime law, meaning that overtime law does not apply to certain employee classifications, and that overtime is paid to a certain classification of employees on a different basis as well.

#### *Agricultural Workers and Overtime Pay*

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

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

#### *Industrial Welfare Commission (IWC) Wage Orders*

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

Wage Order 14, or IWC Order No. 14-2001, applies to agricultural employers and employees.<sup>1</sup> Agricultural workers are defined in Wage Order 14 and includes employees engaged in the preparation, care, and treatment of farmland as well as the care and harvesting of crops.

#### *Phase in Overtime for Agricultural Workers Act of 2016*

In 2016, the Governor signed AB 1066 (Gonzalez, Chapter 313), also known as the Phase-in Overtime for Agricultural Workers Act of 2016. AB 1066 created a phase-in schedule for agricultural workers to receive overtime pay. It created two timelines:

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

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

Agricultural employees are also entitled to time and one-half pay for the first 8 hours worked on the seventh consecutive day of work and double-time pay for all work performed in

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<sup>1</sup> IWC 14-2001, <https://www.dir.ca.gov/IWC/WageOrders2024/IWCArticle14.pdf>

excess of 8 hours on the seventh consecutive day of work. These protections from *Wage Order 14 (Agricultural Employers)* continue to apply, consistent with Labor Code section 510, regardless of employer size.

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

## 2. Committee Comments:

This bill seeks to create a payroll tax credit to reimburse agricultural employers for overtime wages paid to their agricultural employees. As noted above, when the Legislature enacted AB 1066, they created two schedules to allow agricultural employers and other small employers to gradually phase-in this requirement in order for employers to adjust and absorb additional costs. By creating a payroll tax credit to reimburse agricultural employers for overtime wages, it sets a troubling precedent. The committee must consider its responsibility to ensure that California employers appropriately compensate their employees, including agricultural employees, for their labor.

Opponents argue that this bill would essentially reward agricultural employers who already have a legal responsibility to pay their agricultural employees for overtime hours worked, and that this bill does not honor the protections agricultural employees earned with passage of AB 1066 by making “the state foot the bill.”

Proponents point to research<sup>2</sup> by the UC Berkeley's Department of Agricultural and Resource Economics that shows that on average, there has been a decrease in farmworkers' hours and wages in the first two years since AB 1066's implementation. However, the research further states that “overall, the results are consistent with employers cutting hours to avoid paying the higher overtime rate.”

## 3. Need for this bill?

According to the author, “AB 1066 was approved in 2016 and required that farm workers receive overtime premiums (50% of the employee's regular rate of pay) for hours worked after 8 in a workday and 40 in a work week. The law was built on an assumption that employers would keep providing the same amount of overtime hours to be worked. However, data has shown that agricultural employers could not afford to pay those overtime premiums. Consequently, those overtime hours were reduced substantially.

SB 921 would create a payroll tax credit to reimburse agricultural employers for overtime wages paid to their agricultural employees. The goal is to increase overtime hours for agricultural workers, increasing their take home pay, and alleviating the financial pressures felt throughout rural California.”

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<sup>2</sup> Hill, Alexandra E., “California's Overtime Law for Agricultural Workers: What Happened to Worker Hours and Pay?” Giannini Foundation of Agricultural Economics, University of California. Oct. 2023.  
[https://s.giannini.ucop.edu/uploads/pub/2023/12/13/v27n1\\_1.pdf](https://s.giannini.ucop.edu/uploads/pub/2023/12/13/v27n1_1.pdf)

#### 4. Proponent Arguments:

According to the California Farm Bureau and California Association of Winegrape Growers, co-sponsors of this bill:

“SB 921 [...] creates a tax credit for agricultural employers equal to the amount they pay in overtime wages to agricultural employees. Since AB 1066 took effect in 2017, agricultural employees have seen a steady drop in take-home pay as ag overtime wages have declined.

SB 921 addresses a very linear situation: When agricultural employers cannot afford to pay overtime wages, overtime hours will fall and take-home pay for agricultural employees will decline as well. This reality was verified by a study by UC Berkely which documented the detrimental effects of AB 1066 (approved in 2016) on agricultural employees.

This bill deals with this problem by providing a tax credit to make it possible for agricultural employers to offer overtime hours and the opportunity for agricultural employees to earn both the hourly straight-time wage and overtime premiums again. SB 921 will help accomplish the stated goal of AB 1066 – increasing take-home pay for agricultural employees.”

#### 5. Opponent Arguments:

According to the California Federation of Labor Unions, who are in opposition to this bill:

“In 2016, California passed AB 1066 (Gonzalez), providing overtime pay for farm workers. The law simply requires employers to pay workers overtime, similar to what every other employer in California is required to do. AB 1066 included a reasonable timetable to phase in overtime pay for farm workers until 2022, when they would be entitled to overtime pay after 40 hours a week. It also allowed small employers, those with 25 or fewer employees, an additional 3 years to comply until 2025. Yet, employers vehemently fought, and continue to fight, this basic labor protection that covers every other worker so they could continue to exempt themselves from paying overtime.

SB 921 states that the intent of the bill is “to provide a much-needed investment in the well-being of agricultural employees.” AB 1066 did just that. It invested in farm workers’ well-being to ensure they are paid overtime for the long, arduous hours they work producing the agricultural bounty that feeds the nation and drives the state’s economy. That bill was just one step to addressing the challenges facing farm workers, many stemming from low-pay and long hours—all challenges that employers have the power to address on their own through increased wages, better working conditions, and collective bargaining with union representatives. Yet, employers have fought legislation and unionization drives, intended to directly improve farm workers’ well-being, which do not just help them, but provide legal protections and a seat at the table to negotiate with employers as equals.

Ultimately, SB 921 would set a harmful precedent for California, as it would require the state to pay employers to follow existing law. The Legislature passes, and the Governor signs into law, bills with which they intend and expect residents and businesses to comply, regardless of economic or other circumstances. Instead of honoring the hard-won protections in AB 1066, this bill represents employers’ further attempts to exempt themselves from labor law, only this time they also want the state to foot the bill. At a time when the California

legislature is debating how to allocate tax dollars to fund all the state's priorities in health care, education, housing, human services, infrastructure, energy, etc., this proposal is additionally harmful. Farm workers deserve equal rights and protections in law, and employers should not have to be subsidized to comply.”

#### 6. Prior Legislation:

SB 628 (Grove, 2025) is substantially similar to this bill and would have created a payroll tax credit to reimburse agricultural employers for overtime wages paid to their agricultural employees. *This bill failed passage in the Senate Labor, Public Employment and Retirement Committee.*

AB 3056 (Gallagher, 2024) sought to repeal the specified provisions of the phase-in of overtime for agricultural workers and provide that agricultural workers shall be entitled to one-half times their regular rate of pay for all hours worked over 45 hours in any workweek, or over 48 hours if the employer employees 25 or fewer employees. *The bill failed passage in the Assembly Labor and Employment Committee.*

SB 375 (Alvarado-Gil, 2023) would have provided a tax credit, as specified, to employers for their costs to comply with Cal/OSHA's COVID-19 Prevention/Non-Emergency Standard regulation. *The bill was held under submission in the Senate Appropriations Committee.*

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

#### SUPPORT

California Association of Winegrape Growers (Co-sponsor)  
California Farm Bureau (Co-sponsor)  
24 Carrot Farm, LLC  
Agricultural Council of California  
Allied Grape Growers  
Almond Alliance of California  
California Citrus Mutual  
California Cotton Ginners and Growers Association, INC.  
California Fresh Fruit Association  
California Strawberry Commission  
California Walnut Commission  
Exeter Chamber of Commerce  
Fowler Packing Company, INC.

Greater Bakersfield Chamber of Commerce  
Grower-Shipper Association of Central California  
JSM Organics, INC.  
Kern County Farm Bureau  
Munger Farms  
Proteus, INC.  
Tulare County Farm Bureau  
Tulare County Supervisor Dennis Townsend  
Western Tree Nut Association

**OPPOSITION**

California Federation of Labor Unions  
California Rural Legal Assistance Foundation

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

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**Bill No:** SB 954 **Hearing Date:** April 22, 2026  
**Author:** Blakespear  
**Version:** April 16, 2026  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Emma Bruce

**SUBJECT:** California Environmental Quality Act: advanced manufacturing facilities:  
exemption

**KEY ISSUE**

This bill makes several changes to existing California Environmental Quality Act (CEQA) exemptions, including extending specified labor standards to the CEQA exemption for “advanced manufacturing facility projects.”

**ANALYSIS**

**Existing law:**

- 1) Establishes within the Department of Industrial Relations (DIR), 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” 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 the body awarding any contract for public work, or otherwise undertaking any public work, to obtain the general prevailing rate of per diem wages and the general rate for holiday and overtime work in the locality in which the public work is to be performed for each craft, classification, or type of worker needed to execute the contract from the Director of DIR. (Labor Code §1773)
- 4) 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))
- 5) Requires the LC to, with reasonable promptness, issue a civil wage and penalty assessment 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))
- 6) Authorizes a joint labor-management committee (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)

- 7) 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.
  - 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)
- 8) 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)
- 9) Defines “project labor agreement” (PLA) as a prehire collective bargaining agreement that establishes the terms and conditions of employment for a specific construction project or projects and is an agreement described in Section 158(f) of Title 29 of the United States Code. (Public Contract Code §2500(b)(1))
- 10) Defines “high road” as a set of economic and workforce development strategies to achieve economic growth, economic equity, shared prosperity and a clean environment.  
(Unemployment Insurance Code §14005(r))
- 11) Establishes a CEQA exemption for advanced manufacturing facilities, as specified, if the project is located on a site zoned exclusively for industrial uses. (Public Resources Code §21080.69(a)(4))
- 12) Defines “advanced manufacturing” as:
  - a) Manufacturing processes that improve existing or create entirely new materials, products, and processes through the use of science, engineering, or information technologies, high-precision tools and methods, a high-performance workforce, and innovative business or organizational models utilizing any of the following technology areas:
    - i. Microelectronics and nanoelectronics, including semiconductors.
    - ii. Advanced materials.
    - iii. Integrated computational materials engineering.
    - iv. Nanotechnology.
    - v. Additive manufacturing.
    - vi. Industrial biotechnology.
  - b) “Advanced manufacturing” includes any of the following:
    - i. Systems that result from substantive advancement, whether incremental or breakthrough, beyond the current industry standard, in the production of materials and products. These advancements include improvements in manufacturing processes and systems that are often referred to as “smart” or “intelligent” manufacturing systems, which integrate computational predictability and operational efficiency.

- ii. Sustainable manufacturing systems and manufacturing technologies that minimize the use of resources while maintaining or improving cost and performance, as specified.

(Public Resources Code §26003(a))

**This bill:**

- 1) Expands the definition of daycare facilities and changes the CEQA exemption for daycare facilities to include residential areas, but to simultaneously exclude industrial zones or areas within 3,200 feet of a facility that actively extracts or refines oil or natural gas.
- 2) Adds “habitat for protected species” as defined, to the list of “natural and protected lands” (lands where the dozen newly created CEQA exemptions in SB 131 do not apply).
- 3) Adds additional conditions to the advanced manufacturing CEQA exemption to require an “advanced manufacturing facility project” be certified by the Governor, as specified, and meet all of the following criteria:
  - a) The project is located on a site zoned exclusively for heavy industrial uses as of January 1, 2026.
  - b) The project is not located within 1,600 feet of a sensitive receptor.
  - c) The project is not located within 1,000 feet of a disadvantaged community, as specified.
  - d) The project does not exceed specified operational or construction emissions limits.
  - e) The project is compliant with a quality community risk reduction plan or demonstrates an increased cancer risk of no more than 10 in one million and an increase in noncancer risk of less than 1.0 on the hazard index for both chronic and acute exposure for receptors within 1,000 feet radius of the fence of the advanced manufacturing facility.
  - f) The project does not cause significant adverse impacts to tribal cultural resources unless there is a documented enforceable agreement, as specified.
  - g) The project is not located on natural and protected lands.
  - h) The project uses zero-emission backup generation.
  - i) The lead agency completes specified tasks, described in 5).
- 4) Provides that an advanced manufacturing project is eligible for certification by the Governor if the project meets both of the following:
  - a) The advanced manufacturing facility is certified as Leadership in Energy and Environmental Design gold or better by the United States Green Building Council.
  - b) The applicant demonstrates that the project has significant improvements over the current industry standards for energy and water consumption, water quality impacts, specifically including reducing perfluoroalkyl or polyfluoroalkyl substances effluent as compared to industry baselines, and air quality impacts.
- 5) Requires the lead agency, before determining that a project is exempt from CEQA, to do all of the following:
  - a) Hold at least one public hearing on the project.
  - b) Ensure that the applicant demonstrates high road employment standards and enters into a community benefits agreement (CBA), as specified in 6).

- c) Ensure that the applicant complies with prevailing wage and STW requirements, as specified in 7).
- 6) Requires an applicant of a project that is exempt from CEQA under these provisions to meet both of the following requirements:
- a) The applicant shall demonstrate high road employment standards and shall certify to the lead agency that it will maintain those standards in the operation of the facility.
    - i. The California Energy Commission shall develop and make available to lead agencies guidelines for evaluating whether a project applicant demonstrates high road employment standards.
  - b) The applicant shall enter into a bona fide CBA that includes enforceable commitments to provide local environmental mitigation, high road employment standards, and job access within the community in which the project is located.
    - i. The specific terms of the bona fide CBA shall include funding for, or direct implementation of, specific community improvements or amenities.
- 7) Requires, for a project that is exempt from CEQA under these provisions, the applicant to comply with either of the following requirements with respect to the *initial construction of the facility and subsequent maintenance* that is contracted out to a contractor in the construction industry:
- a) **For a project undertaken by a public agency**, the following apply:
    - i. The project is a public work for which prevailing wages shall be paid, as specified.
    - ii. An entity shall not be prequalified or shortlisted or awarded a contract by the public agency to perform any portion of the project unless the entity provides an enforceable commitment to the public agency that the entity and its contractors and subcontractors at every tier will use a STW to perform all work on the project or contract, as specified.
    - iii. The STW requirement does not apply if the project will be covered by a PLA that will bind all contractors and subcontractors at every tier performing work on the project to use a STW and provide for enforcement of that obligation through an arbitration procedure.
  - b) **For a project undertaken by a private entity**, the applicant shall do all of the following:
    - i. Certify to the lead agency that either of the following is true:
      - A. The entirety of the project is a public work, as specified.
      - B. If the project is not in its entirety a public work, all construction workers employed on the project will be paid at least the general prevailing rate of per diem wages, as specified. If the project is subject to this provision, then for the portions of the project that are not a public work, all of the following shall apply:
        - 1. The project applicant shall ensure that the prevailing wage requirement is included in all contracts for the performance of all construction and maintenance work.
        - 2. All contractors and subcontractors shall pay to all construction workers employed in the execution of the work on the project or

- contract at least the general prevailing rate of per diem wages, as specified.
3. All contractors shall maintain and verify payroll records and make those records available for inspection and copying, as specified.
  4. The obligation of the contractors and subcontractors to pay prevailing wages may be enforced by the LC through a CWPA, or by an underpaid worker through an administrative complaint or civil action, or by a JLMC through a civil action, as specified.
  5. The payroll records requirement (3) and enforcement provisions (4) do not apply if all contractors and subcontractors at every tier performing work on the project are subject to a PLA that requires the payment of prevailing wages, as specified, and provides for enforcement of that obligation through an arbitration procedure.
  6. The requirement that employer payments not reduce the obligation to pay the hourly straight time or overtime wages found to be prevailing shall not apply if otherwise provided in a bona fide collective bargaining agreement covering the worker. The requirement to pay at least the general prevailing rate of per diem wages does not preclude use of an alternative workweek schedule, as specified.
- ii. Certify to the lead agency that a STW will be used to perform all construction work on the project. All of the following requirements shall apply to the project:
- A. The project applicant shall require in all contracts for the performance of work that every contractor and subcontractor at every tier will individually use a STW to *construct and maintain* the project.
  - B. Every contractor and subcontractor at every tier shall use a STW to *construct and maintain* the project.
  - C. The project shall provide to the lead agency, on a monthly basis, a report demonstrating compliance with STW requirements, as specified.
    1. A monthly report shall be a public record under the Public Records Act and shall be open to public inspection.
    2. A project applicant that fails to provide a monthly report demonstrating compliance shall be subject to a civil penalty of \$10,000 per month for each month for which the report has not been provided.
    3. Any contractor or subcontractor that fails to use a STW shall be subject to a civil penalty of \$200 per day for each worker employed in contravention of the STW requirement.
    4. Penalties may be assessed by the LC within 18 months of completion of the project using the same procedures for issuance of a CWPA, as specified. Penalties shall be paid to the State Public Works Enforcement Fund.
  - D. The monthly reporting requirement and penalties (C) shall not apply if all contractors and subcontractors at every tier performing work on the project are subject to a PLA that requires compliance with STW requirements and provides for enforcement of that obligation through an arbitration procedure.

- iii. Certify to the lead agency that it has entered into a labor peace agreement. This applies only if the state has a proprietary interest in the project or the state is providing direct financial assistance to the project, tax credits, or tax preferences in excess of \$2,500,000.

8) Defines several terms, including:

- a) “Advanced manufacturing facility” means a facility used for advanced manufacturing, as defined in Section 26003 of the Public Resources Code, and is used exclusively for final tier manufacturing of any of the following:
  - i. \_\_\_\_.
  - ii. \_\_\_\_.
  - iii. \_\_\_\_.
- b) “Advanced manufacturing facility project” or “project” means a project for the construction and operation of an advanced manufacturing facility.
- c) “Applicant” means a person, or a public entity or private entity or its affiliates, and its successors, heirs, or assignees, who undertakes or proposes an advanced manufacturing facility project.
- d) “Final tier manufacturing” means the stage of manufacturing that does any of the following:
  - i. Performs the final assembly of components, subassembly, or materials into a completed, market-ready product.
  - ii. Integrates hardware or software, or other financial systems necessary for the product’s intended use.
  - iii. Conducts final quality control testing, inspection, certification, or validation required for sale or distribution.
  - iv. Packages or otherwise prepares the completed product for sale or distribution.
- e) “Final tier manufacturing does not include either of the following:
  - i. The production of raw materials.
  - ii. The manufacture of intermediate components or subassembly of intermediate components that are not sold or distributed as complete, end-use products.
- f) “Community benefits agreement” means a private agreement between the applicant and independent stakeholders from the surrounding communities, and that is informed by meaningful engagement and outreach to residents of the surrounding communities. Stakeholders that receive financial remuneration from a project applicant shall not be considered independent.
- g) “Enforceable commitments” means specific mechanisms, such as binding arbitration, built into agreements that ensure that the parties remedies to resolve disputes.
- h) “High road employment standards” means employment practices and standards that include, but are not limited to, all of the following:
  - i. Provisions of comparatively good wages and benefits, relative to the industry, occupation, and labor market in which participating workers are employed.
  - ii. Payment of workers at or above local or regional living wage standards as well as payment at or above regional prevailing wage standards where those standards exist for the occupations in question.
  - iii. Commitment to investing in employee training, growth, and development, including comprehensive workforce training programs or apprenticeship programs.
  - iv. Adoption of mechanisms to include worker voice and agency in the workplace.
  - v. Safe and healthy working conditions.

- vi. Consistent compliance with workplace laws and regulations, including proactive efforts to remedy past problems.
  - i) “Labor peace agreement” means an agreement between the applicant and any bona fide labor organization that, at a minimum, prohibits labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interferences with the project applicant’s business. As a part of the agreement, the applicant agrees not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the applicant’s employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the applicant’s employees work for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. The agreement shall not mandate a particular method of election or certification of the bona fide labor organization.
- 9) Establishes the intent of the Legislature to narrow the existing CEQA exemption or “advanced manufacturing” by further identifying final tier “advanced manufacturing” facilities that would be eligible for the “advanced manufacturing” CEQA exemption.

## COMMENTS

### 1. Background:

This analysis is limited to the bill’s labor standards provisions. Please see the Senate Environmental Quality Committee’s analysis for background on CEQA, advanced manufacturing, and SB 131 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2025).

#### Putting California on the High Road

High road workforce standards are policies designed to ensure that public investments and programs generate the best economic and equity outcomes possible. In practice, this means creating and sustaining good jobs locally, ensuring jobs pay family-supporting wages and benefits, offering robust training, supporting collective bargaining, and increasing environmental sustainability. The high road framework is built into the state’s workforce development system to ensure that employers have a skilled workforce and employees have ample economic opportunity. Supporting good job quality and equitable job access outcomes requires strong standards on mechanisms that create demand for work, such as public investments and regulatory frameworks.

SB 954 would require all project applicants that receive a CEQA exemption for an advanced manufacturing facility project to 1) demonstrate high road employment standards, 2) certify to the lead agency that it will maintain those standards in the operation of the facility, and 3) enter into a bona fide CBA that includes enforceable commitments to provide local environmental mitigation, high road employment standards, and job access within the community in which the project is located. A CBA is a private agreement between the applicant and independent stakeholders from the surrounding communities that is informed by meaningful engagement and outreach. The high road employment standards defined in the bill are modeled after the workforce development system’s high road training partnership initiative.

Public Works Requirements

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 laws prevent worker exploitation and promote the creation of a skilled workforce. SB 954 would extend specified public works requirements to privately funded advanced manufacturing facility projects that receive a CEQA exemption. The project applicant would be required to meet these requirements for both the *initial construction* of the facility *and subsequent maintenance*. Publicly funded advanced manufacturing facility projects are already considered public works, because they are paid for out of public funds. Below is a brief overview of the public works requirements that would be applicable to privately funded projects.

Contractors would be required to pay each construction worker employed to work on the project, at minimum, the general prevailing rate of per diem 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 of DIR 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. Under SB 954, the LC, an underpaid construction worker, or a JLMC would enforce the prevailing wage requirement.

Contractors performing work on the project would also be required to maintain payroll records and make them available for inspection and copying, as specified. 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 in connection with the work. Access to payroll records varies depending on the requesting entity. These records are an essential tool for combatting wage theft.

If all contractors and subcontractors performing work on the project are subject to a PLA that requires the payment of prevailing wages and provides for the enforcement of that obligation through an arbitration procedure, then the enforcement provisions and payroll records described above would not apply.

What is a Skilled and Trained Workforce (STW)?

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 journeypersons<sup>1</sup> 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

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<sup>1</sup> A “skilled journeyman” 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.

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. Even in the absence of a statute or regulation, a public entity can mandate the use of a STW. 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 or other awarding body 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.

This bill would require the use of a STW for both publicly funded and privately funded projects. The STW requirements outlined for privately funded differ slightly from those for publicly funded ones. For example, on privately funded projects the project applicant, not the contractor, would be tasked with completing monthly reports. Furthermore, failure to submit a monthly report would also result in a \$10,000 civil penalty, typically the penalty is \$5,000 for initial violations.

Publicly funded and privately funded projects covered by a PLA that requires the use of a STW and provides for the enforcement of that obligation through an arbitration procedure are exempt from specified monthly reporting requirements and penalties.

## 2. Need for this bill?

According to the author:

“In 2026, the Legislature passed SB 131, which created numerous changes to CEQA, including a dozen new CEQA exemptions that span daycares, high speed rail facilities, and most significantly, advanced manufacturing’ ...

SB 954 builds off the CEQA exemptions in SB 131, while also strengthening protections for habitats for sensitive species, expanding a CEQA exemption for daycare facilities, and adding strong environmental and labor guardrails to the CEQA exemption for advanced manufacturing. SB 954 specifies the intent of the Legislature to further narrow the definition of ‘advanced manufacturing’ to key manufacturing types, allowing room for stakeholders and the Legislature to thoughtfully consider what manufacturing types should be CEQA exempt.”

## 3. Committee Comments:

Last year, the Legislature approved SB 131 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2025) which made numerous changes to CEQA, including creating an exemption for advanced manufacturing. This bill seeks to build on last year's CEQA changes by, among other things, declaring the intent of the Legislature to narrow the definition of advanced manufacturing and attaching specified labor standards to advanced manufacturing facility projects. The committee notes the following:

- Prevailing wages and STW requirements typically apply to publicly funded projects, not privately funded ones. Recently, the Legislature has extended these requirements to certain privately funded projects to prevent worker exploitation and promote the creation of a skilled workforce. SB 954 would continue this practice by requiring privately funded advanced manufacturing facility projects to pay prevailing wages and use a STW.
- SB 954 would require prevailing wages and a STW for both the initial construction of the facility and subsequent maintenance. Essentially, this would require applicants for privately funded projects to commit to both requirements in perpetuity. Given the health risks associated with advanced manufacturing and that chemicals of concern would not be evaluated during the CEQA process, this continuous commitment is meant to ensure workers are well compensated and remain safe.

#### 4. Proponent Arguments:

The Teamsters support the measure, arguing:

“Teamsters' members include tens of thousands of workers in construction, warehouses, and numerous other key industries where CEQA remains critical in protecting worker safety.

SB 954 addresses key issues resulting from the unintended consequences of SB 131's broad CEQA exemptions, particularly for advanced manufacturing. SB 954 will strengthen key worker protections by ensuring industries that remain dangerous for the environment and workers are not exempt from the CEQA process.”

Unite Here supports the measure, arguing:

“SB 954 provides that the existing CEQA exemption for rezoning to implement an approved housing element does not apply to rezoning that would allow for the construction of a tourism facility. Under the bill, a ‘tourism facility’ includes a hotel, resort, or other transient lodging facility, as well as an event center that is at least 100,000 square feet or has a seating capacity of at least 10,000 seats. These are substantial, high-impact commercial developments that generate significant traffic, noise, and infrastructure demands. Exempting them from environmental review -under a provision designed to accelerate housing production -would harm workers, surrounding communities, and the integrity of housing policy alike.”

#### 5. Opponent Arguments:

The Western Electrical Contractors Association opposes the measure, arguing:

“[SB 954] imposes a new web of restrictive conditions—including expanded setback requirements, mandatory community benefit agreements, zero-emission backup generation mandates regardless of feasibility, stringent air emissions thresholds, LEED Gold certification requirements, and even gubernatorial certification before a project may qualify. Each of these requirements adds uncertainty, delay, and cost. Collectively, they make the exemption functionally unattainable for many projects that California should be welcoming.

Most troubling are the labor-related provisions that compound these barriers and create a

double standard that disadvantages merit shop contractors and their employees:

**1. State Skilled and Trained Workforce Mandates Tied to CEQA Relief**

SB 954 requires projects seeking relief under last year’s CEQA reforms to comply with Skilled and Trained Workforce mandates unless they are covered by a project labor agreement (PLA). This effectively coerces developers into PLAs as the only practical path to compliance, regardless of whether a PLA is appropriate for the project.

**2. Unequal Treatment of State-Approved Apprenticeship Programs**

California has many state-approved apprenticeship programs that produce highly trained workers, including those jointly administered outside the traditional union system. Yet these provisions privilege one labor model over another, excluding qualified contractors and skilled workers who are fully capable of performing this work safely and effectively.

**3. Suspension of Labor Commissioner Enforcement on PLA Projects**

The bill again advances the troubling precedent of barring the California Labor Commissioner from enforcing wage-and-hour laws on PLA-covered projects. No employer, union, or contractor should be insulated from independent state oversight. Removing public enforcement authority undermines transparency, accountability, and worker protections.”

**6. Dual Referral:**

The Senate Rules Committee referred this bill to the Senate Environmental Quality Committee, where it passed on a 5-2 vote, and the Senate Labor, Public Employment and Retirement Committee.

**7. “Support in Concept” Position:**

Except for the Teamsters and Unite Here, the organizations listed under “Support” have a “support in concept” position. Specifically:

“The undersigned organizations support the goals of these provisions [SB 954], provided they are accompanied by a narrowing of the range of facilities eligible for this exemption to a limited, clearly-defined set of projects that support state goals and are unlikely to generate significant environmental impacts.”<sup>2</sup>

**8. Prior Legislation:**

SB 299 (Cabaldon, 2026) would create an exemption from CEQA for family daycare homes for residential day care facilities, as specified. *SB 299 is pending hearing in the Assembly.*

SB 909 (Smallwood-Cuevas, 2026) would 1) require the Director of DIR to annually adjust contractor registration and renewal fees based on the increase in the Bureau of Labor Statistics Consumer Price index, as specified; 2) increase penalties for various public works violations; and 3) direct 50% of penalties recovered through a civil wage and penalty assessment to the State Public Works Enforcement Fund. *SB 909 is pending hearing in the Senate Appropriations Committee.*

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<sup>2</sup> Quote sourced from the “Support in Concept” coalition letter, dated April 15, 2026.

SB 958 (Weber Pierson, 2026) would create a CEQA exemption for the Midway Rising redevelopment project in the City of San Diego. Among other requirements, the project would need to create high-wage, highly skilled jobs that pay prevailing wages and employ a STW, as specified. *SB 958 is pending hearing in the Senate Local Government Committee.*

SB 978 (Perez, 2026) would, among other things, require a contractor who enters a contract to perform work on a data center facility to abide by specified public works requirements and use a STW. *SB 978 is pending hearing in the Senate Appropriations Committee.*

SB 1185 (Cortese, 2026) would require an owner, operator, or developer of a facility that will be used for the research, development, or production of pharmaceutical products to, when contracting for the performance of initial and subsequent construction, alteration, demolition, installation, repair, or maintenance work on the facility, require that its contractors and any subcontractors use a STW to perform all onsite work within an apprenticeable occupation in the building and construction trades. *SB 1185 is pending in the Senate Appropriations Committee.*

SB 1241 (Smallwood-Cuevas, 2026) would, among other things, 1) expand the circumstances under which a public entity can be required to obtain an enforceable commitment to use a STW; 2) define “substantial compliance plan” and “material misrepresentation;” 3) modify the criteria the LC uses to assess penalties for STW violations; and 4) require 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. *SB 1241 is pending hearing in the Senate Appropriations Committee.*

SB 131 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2025), makes numerous changes to CEQA, including creating CEQA exemptions for advanced manufacturing, stations for high-speed rail, an exemption for rezoning of housing elements, and day care facilities among others.

## SUPPORT

350 Bay Area Action  
350 Contra Costa Action  
350 South Bay Los Angeles  
350 Southland Legislative Alliance  
1000 Friends Protecting Historic Benicia  
2100iff Strategies  
Alta Peak Chapter, California Native Plant Society  
APEN Action  
Arroyos & Foothills Conservancy  
Atrium 916  
Ballona Wetlands Institute  
Bluegreen Alliance  
Brentwood Alliance of Canyons & Hillsides  
California Coastal Protection Network  
California Environmental Justice Alliance Action  
California Environmental Voters  
California Federation of Labor Unions  
California Interfaith Power & Light

California Land Watch  
California Native Plant Society  
California River Watch  
California Wildlife Foundation  
Californians Against Waste  
CalWild  
Canyon Back Alliance  
Center for Biological Diversity  
Center for Environmental Health  
Center for Food Safety  
Center on Race, Poverty & the Environment  
Central Valley Partnership  
Chaparral Lands Conservancy, The  
Chips Communities United  
Citizens Committee to Complete the Refuge  
Citizens for Los Angeles Wildlife  
Citizens for the Preservation of Parks & Beaches  
Citizens' Climate Lobby Monterey Bay  
Clean Water Action  
Cleaneearth4kids.org  
Climate Action California  
Climate Action Campaign at the Humboldt UU Fellowship  
Climate Health Now Action Fund  
Climate Reality Contra Costa County Policy Action Squad  
Climate Reality Project Bay Area Chapter  
Climate Reality Project Orange County  
Coalition for a Beautiful Los Angeles  
Coalition for Clean Air  
Coast Action Group  
Coastal Corridor Alliance  
Coastal Lands Action Network  
Committees for Land, Air, Water and Species  
Communities for a Better Environment  
Courage California  
Defend Ballona Wetlands  
Earthjustice  
Elders Climate Action Northern CA Chapter  
Elders Climate Action Southern CA Chapter  
Endangered Habitats League  
Environment California  
Environmental Action Committee of West Marin  
Environmental Council of Sacramento  
Environmental Defense Center  
Environmental Protection Information Center  
Escondido Creek Conservancy  
Facts Families Advocating for Chemical and Toxics Safety  
Families Advocating for Chemical and Toxics Safety  
Forest Unlimited  
Forests Forever  
Fossil Free California

Friends of Griffith Park  
Friends of Harbors, Beaches and Parks  
Friends of Rose Canyon  
Friends of Rose Creek  
Friends of the Inyo  
Friends of the Los Angeles River  
Friends of the Lost Coast  
Friends of the River  
Good Neighbor Steering Committee  
Green Foothills  
Greenfield Walking Group  
GreenLA Coalition  
GreenLatinos  
Habitat 2020  
Hills for Everyone  
Hillside Federation  
Humboldt Waterkeeper  
Interfaith Climate Action Network of Contra Costa County  
LA Waterkeeper  
Laguna Greenbelt INC.  
Last Plastic Straw, The  
Leadership Council for Justice and Accountability  
Long Beach Alliance for Clean Energy  
Los Cerritos Wetlands Land Trust  
Mercury Press  
Morongo Basin Conservation Association  
Mothers Out Front Silicon Valley  
Mount Shasta Bioregional Ecology Center  
Napa Solano Audubon Society  
National Parks Conservation Association  
Natural Resources Defense Council  
No Data Center MPK  
Occidental Arts and Ecology Center  
Oswit Land Trust  
Pacific Forest Trust  
Physicians for Social Responsibility - Los Angeles  
Physicians for Social Responsibility - San Francisco Bay  
Planning and Conservation League  
Preserve Calavera  
Progressive Democrats of Benicia  
Protect Monterey County  
Protect San Benito County  
Resource Renewal Institute  
Restore the Delta  
River Otter Ecology Project, The  
Russian Riverkeeper  
San Diego Bird Alliance  
San Francisco Baykeeper  
SanDiego350  
Santa Clara Valley Bird Alliance

Santa Clarita Organization for Planning and the Environment  
Santa Cruz Climate Action Network  
Save Temescal Valley  
Save the Bay  
Save the Park  
Save the Sonoma Coast  
Sea and Sage Audubon Society  
Sierra Club California  
Sierra Watch  
SoCal350 Climate Action  
Solano County Orderly Growth Committee  
Sonoma County Climate Activist Network  
Sonoma Land Trust  
State Building and Construction Trades Council of California  
Sunflower Alliance  
Surfrider Foundation  
Sustainable Mill Valley  
Teamsters California  
Third ACT Bay Area  
UAW Region 6  
Unite Here International Union  
Valley Improvement Projects  
We Advocate Thorough Environmental Review  
West Berkeley Alliance for Clean Air and Safe Jobs  
Western Watersheds Project  
Yosemite Rivers Alliance

### **OPPOSITION**

Bay Area Council  
California Association for Labor Economic Development  
California Business Properties Association  
California Business Roundtable  
California Cement Manufacturers Environmental Coalition  
California Chamber of Commerce  
California Construction & Industrial Materials Association  
California Manufacturers & Technology Association  
California Manufacturing Technology Association  
California Retailers Association  
Chemical Industry Council of California  
Commercial Reasons Estate Development Association SoCal Chapter  
East Bay Leadership Council  
Greater Sacramento Economic Council  
Los Angeles Area Chamber of Commerce  
New California Coalition  
North Bay Leadership Council  
Orchard Partners  
Reach Central Coast  
San Joaquin Valley Manufacturing Alliance  
San Mateo County Economic Development Association

Southern California Leadership Council  
Supply Chain Federation  
Western Electrical Contractors Association

**-- END --**



- 7) Defines “adjudicative proceeding” to mean an evidentiary hearing for determination of facts pursuant to which an agency formulates and issues a decision. (Government Code § 11405.20)
- 8) Defines “local agency” to mean a county, city, district, public authority, public agency, or other political subdivision or public corporation in the state other than the state and provides that OAH’ administrative proceedings do not apply to a local agency except to the extent the provisions are made applicable by statute. (Government Code § 11410.30)
- 9) Provides classified employees the right to request an administrative hearing pursuant to OAH’ procedures when subject to layoffs and provides that the local school employer shall act as an agency with all the rights and powers under OAH’ procedures, as specified. (Education Code § 45117 and § 88017)
- 10) Expresses legislative intent that schools be safe environments free from violence, sexual offenses, and misconduct by school employees, volunteers, and contractors, and requires adoption of policies addressing professional boundaries and safe environments. (Education Code (ED) § 32100)
- 11) Requires school districts and county offices of education to adopt comprehensive school safety plans that include procedures for child abuse reporting, staff training, and responses to dangerous or unlawful activity. (ED §§ 32280–32282)
- 12) Requires local educational agencies (LEAs) and private schools to provide annual training on child abuse reporting and prevention and directs the state to develop related guidance and resources. (ED § 44691 and § 51950)
- 13) Prohibits agreements that prevent reporting egregious misconduct or expunge related records, except where allegations are determined to be unfounded or unsubstantiated through due process. (ED § 44939.5)
- 14) Establishes hiring transparency requirements for noncertificated and certificated employees, including:
  - a) Requiring applicants to disclose prior school employment;
  - b) Requiring hiring entities to contact prior employers regarding credible complaints, substantiated investigations, or discipline for egregious misconduct; and
  - c) Requiring prior employers to disclose reports made to CTC and provide supporting information. (ED §§ 44051, 44939.5)
- 15) Requires CTC, contingent upon appropriation, to develop a statewide data system to track investigations and substantiated reports of egregious misconduct, including employee identifiers, employment history, and investigation data. (ED § 44052)
- 16) Requires LEAs and private schools to report hiring, position changes, separations, initiation of investigations, investigation outcomes, and mid-investigation separations within specified timelines. (ED § 44052)

- 17) Categorizes a report resulting from an investigation of a credible claim of child abuse or neglect into three categories: “unfounded”; “substantiated”; and “inconclusive” (Penal Code § 1165.12)
- 18) Defines “Unfounded report” to mean a report that the investigator determines is false, inherently improbable, involving an accidental injury, or not constituting child abuse or neglect. (Penal Code § 1165.12 (a))
- 19) Defines “Substantiated report” to mean a report that the investigator determines constitutes child abuse or neglect based upon evidence that makes it more likely than not that child abuse or neglect, as defined, occurred; and prohibits a substantiated report from including a report where the investigator found the report false, inherently improbable, involving an accidental injury, or not constituting child abuse or neglect. (Penal Code § 1165.12 (b))
- 20) Defines “Inconclusive report” to mean a report determined by the investigator not to be unfounded, but the findings are inconclusive and there is insufficient evidence to determine whether child abuse or neglect, occurred. (Penal Code § 1165.12 (c))
- 21) Requires that only substantiated reports of egregious misconduct be recorded and prohibits retention of records for unfounded or inconclusive investigations. (ED § 44052)
- 22) Requires LEAs and private schools to review the statewide data system prior to hiring to determine whether an applicant has a substantiated report of egregious misconduct. (ED § 44052)
- 23) Authorizes CTC to initiate a review based on records in the statewide data system, including substantiated reports and cases involving separation during an investigation. (ED § 44242.5)

**This bill:**

- 1) Requires school employers, when responding to other school employers’ inquiries regarding prior employees who are applicants to noncertificated positions, to disclose whether the applicant was the subject of a substantiated report of egregious misconduct and to provide a copy of all relevant information within its possession that was used to support a substantiated report of egregious misconduct.
- 2) Requires CTC to include a noncertificated school employee’s employment status as part of the information collected in its statewide data system of all noncertificated school employees.
- 3) Makes CTC’s statewide noncertificated data system accessible only to employees of school employers that are responsible for employment, employee investigations, or hiring decisions, and requires those employees to keep information contained in the statewide data system confidential.
- 4) Requires a school employer to do the following if an employee leaves employment before the employer completes an investigation of egregious misconduct:
  - a) Report the change in the employee’s employment status to CTC’s statewide data system;

- b) Submit a preliminary notice that the employer initiated an investigation based on a credible complaint of egregious misconduct;
  - c) Complete the investigation and issue a report within 90 calendar days of its commencement, unless extended for good cause, that determines whether the credible complaint is substantiated, unsubstantiated, or inconclusive.
  - d) Submit notice to CTC's statewide data system of the employer's final report or the ALJ's decision on the report, as applicable, within 10 calendar days of the school employer's report completion or ALJ's decision.
- 5) Requires CTC to do the following immediately upon notice from a school employer that the employer commenced an investigation of an employee based on a credible complaint of egregious misconduct:
- a) Indicate a pending status for the investigation report in the employee's record until the employer updates the investigation's status.
  - b) Immediately notify the employee's current employer that the employee's prior employer has submitted a preliminary notice to CTC and that an investigation is pending.
  - c) Continue notifying the employee's current employer every 30 days until the prior employer updates the investigation's status.
- 6) Requires the school employer to submit notice to CTC stating the result of its substantiated report within 10 calendar days of the final report or an ALJ decision on the report, as applicable.
- 7) Requires CTC to create a record in its statewide database of a substantiated report if the school employer concurs with the report or an ALJ's decision is consistent with the report.
- 8) Prohibits CTC from maintaining a record of the investigation in its data system if the school employer does not concur with or an ALJ's decision is inconsistent with the report.
- 9) Requires the school employer to notify CTC within 10 calendar days if a previously substantiated report is later found to be unfounded or inconclusive and requires CTC to remove the report and any record of an investigation from its statewide data system.
- 10) Requires a school employer, upon receiving a credible complaint or other reason to believe the employee committed egregious misconduct, to begin an investigation within 10 days, provide the employee with written notice with specific allegations before commencing the investigation, and conclude the investigation within 90 days, unless extended for good cause. The notice to the employee shall include a statement that the employer must submit a preliminary notice of the investigation and any change of employment status to the CTC if the employee leaves employment before the investigation is concluded.
- 11) Requires the school employer to provide the employee a reasonable opportunity to provide to the investigator an in-person or written statement of evidence, or both, at the employee's option.

- 12) Prohibits the school employer from entering investigation-related records into the employee's personnel file unless the employer provided the required notice of the investigation and an opportunity for the employee to review and comment on the records. However, the employer shall not make available investigative records to the employee until the investigation's conclusion.
- 13) Requires the school employer to complete the investigation regardless of whether the employee ends the employment relationship.
- 14) Requires the school employer to provide the employee with written notice of its finding (substantiated, unsubstantiated, or inconclusive) and a summary of its basis for its finding within 10 calendar days of the investigation's conclusion.
- 15) Requires the notice to include a statement of the employee's rights to contest the substantiated report's finding by requesting a hearing no less than 15 or greater than 30 calendar days after the employer gives the employee notice, as specified.
- 16) Provides that the substantiated report's finding and employment decision shall stand if the employee doesn't request a hearing, requires the employer to notify CTC of the record, and requires CTC to make a record of the finding in its data system.
- 17) Requires, if the employee timely requests a hearing, the employer to conduct the proceedings pursuant to OAH' administrative proceedings, as specified.
- 18) Places the burden on the employer to prove with a preponderance of the evidence that the employee committed the alleged egregious misconduct.
- 19) Gives precedence to the ALJ's findings and conclusions over those of the employer's substantial report if they are in conflict. This reverses OAH's normal administrative process whereby an agency may refuse to accept the ALJ's decision and impose its decision.
- 20) Grants the employee the right to be represented at the hearing by an attorney, a non-attorney representative, or a non-attorney representative of the employee organization designated as the employee's exclusive representative, if any.
- 21) Requires the employer to notify CTC within 10 calendar days if the ALJ finds the employer did not prove by a preponderance of the evidence that the employee committed the egregious misconduct and that the employer's substantiated report is therefore unfounded or inconclusive.
- 22) Requires CTC to update its statewide database to remove any indication of the pending investigation if the ALJ determined that the employer's substantiated report was unfounded or inconclusive.
- 23) Requires CTC to update its statewide database to change the investigation's pending status and notify the employee's current employer, if applicable, if the ALJ finds that the employer's egregious misconduct allegations are substantiated.
- 24) Requires the employer to timely deliver a copy of any ALJ decision or finding to the employee.

- 25) Defines “employee” to mean a noncertificated employee of a local educational agency or any employee of a private school.
- 26) Defines “local educational agency” to mean a school district, county office of education, charter school, educational joint powers authority, or state special school or diagnostic center operated by the California Department of Education.
- 27) Declares the Legislature’s intent to ensure that independent contractors who interact with pupils are vetted through appropriate measures to protect student safety, with specific requirements to be developed in subsequent provisions to be included in this act.
- 28) Provides for state-mandated costs, if any, as specified.

## COMMENTS

### 1. Background

This bill represents the author’s commitment to work with various stakeholders to address concerns raised with the author’s SB 848 (Chapter 460, Statutes of 2025) legislation from last year. Those concerns centered on potential due process violations for accused classified school employees whose name and information could be entered into CTC’s statewide data system at the beginning of an investigation and shared statewide with no notice or opportunity for the accused to respond, essential elements of due process.

SB 848 was itself, in part, a response to recommendations made by the Fiscal Crisis and Management Assistance Team (FCMAT) in its January 31, 2025, report, *Childhood Sexual Assault: Fiscal Implications for California Public Agencies*. FSCAT, pursuant to budget act trailer bill language, was responding to concerns over substantial monetary claims against California school employers resulting from previous legislation that eliminated barriers for victims to bring claims for sexual assault and abuse. Its report noted that the fiscal impact of those claims “is and will continue to be significant and will affect programs and services. The best estimate of the dollar value of claims brought to date because of AB 218 is \$2-\$3 billion for local educational agencies. Other local public agencies’ costs will exceed that value by a multiplier, with one county government alone estimating their claim value at \$3 billion. The dollar estimate increases further for total childhood sexual assault claims when considering claims outside of the time frame covered by AB 218.”

One recommendation from FCMAT’s report was “to require the development and maintenance of a statewide data repository, including mandating cooperation and information sharing by public agencies.” SB 848 sought to implement that key recommendation.

This bill’s sponsors have raised concerns that, if implemented as is, SB 848 would violate their members’ due process rights and have sought various amendments to SB 848 to ensure that an accused employee gets notice of an investigation; has the opportunity to present their version of events regarding an accusation; gets a right to an administrative hearing by an objective third-party ALJ; that data submitted to CTC be only from substantiated reports; that only key employees have access to the CTC data; that the CTC database “pending” status designation for an investigation not be made available to employers except under specified circumstances,

including when an employee has ended employment with the prior school employer; and that CTC update the data and regularly report those updates to employers.

The bill's opponents express concerns that the right to the specified ALJ hearings creates new due process rights for classified employees that don't exist currently and that could seep into all disciplinary actions against classified school employees, significantly weakening school employers' ability to remove employees who may endanger school children. Such an outcome would defeat, in their view, the purpose of SB 848 in establishing the CTC data system to protect children from sexual abuse and also address school liability related claims going forward. They also express concern regarding the financial and administrative burden on school resources since they believe that likely every investigation would generate an employee demand for an OAH administrative hearing with an ALJ.

Opponents also specifically cited concerns regarding provisions that require school employers to provide notice to a classified employee before the employer can commence an investigation into a claim of egregious misconduct. They argue this alerts the suspected employee who can dispose of evidence, intimidate or influence potential witnesses, and otherwise interfere with an investigation before it even starts.

However, where due process rights apply, they necessarily force the government to openly confront an accused and provide the accused with the opportunity to defend themselves against the accusations. A system, as in SB 848, that starts an investigation, immediately reports it to a statewide database that shares it with prospective employers, and essentially blacklists the accused before any hearing or judgement seems highly suspect.

Thus, the sponsors may have a strong case that the current statute infringes on their due process rights. However, even constitutionally protected fundamental rights are not absolute and may bend to compelling state interests. Protecting children from sexual abuse in California schools is probably high on that list, if not number one.

The author has the Solomonic task of determining who has the greater interest in supporting state policy to eliminate child sexual abuse in California schools while respecting the rights of accused but innocent school employees.

## **2. Need for this bill?**

According to the author:

“The Safe Learning Environments Act (SB 848, Chapter 460, Statutes of 2025) created a statewide data system to track egregious misconduct investigations involving school employees to improve transparency and prevent individuals with serious allegations from moving between school sites without proper review.”

“While the Safe Learning Environments Act marked an important step toward creating safer school environments, two key issues have emerged through its implementation.”

First, classified employees do not have a clearly defined, impartial review process comparable to certificated employees (teachers). Existing law requires that teachers receive due process before being placed in a misconduct-related data system, which includes a hearing and the ability to appeal the decision to an ALJ through the Office of Administrative

Hearings (OAH). Without equivalent due process protections, investigations against classified employees involving egregious misconduct can result in professional and personal consequences.”

“Second, in some cases, employees may resign or leave their position before an investigation into alleged misconduct is completed, which limits information available to future employers. Without clear requirements to complete investigations and document these circumstances, the process leaves important safety concerns unaddressed.”

### 3. Proponent Arguments

According to the co-sponsors CSEA, AFSCME, and CFT:

“During the 2025 legislative session, the Governor signed SB 848 (Pérez), which among other things, creates a permanent statewide database to track accusations and convictions of egregious misconduct by classified school employees. SB 848 is an important step towards guaranteeing our schools are safe places for children.”

“We have worked closely with the author to address concerns regarding due process and equity. In its current form, SB 848 allows classified school employees to be placed into an egregious misconduct database based on an allegation, without due process. Not only is this inconsistent with the level of protection provided to teachers, but it also raises concerns about potential unintended consequences for the careers and reputations of innocent classified employees. SB 848 also excludes thousands of contracted workers and non-permanent employees on school campuses.”

“SB 1083 reflects a thoughtful and collaborative effort to refine the law by establishing a fair and consistent process. The bill would require an ALJ, through the Office of Administrative Hearings, to determine if a classified employee in a TK-12 district should be placed into the egregious misconduct database. The ALJ would be selected jointly by the district and labor union or exclusive representative. This bill would provide parity because classified employees should not be denied due process rights granted to teachers.”

“Additionally, SB 1083 would ensure that independent contractors working on school campuses are subject to appropriate background check requirements.”

### 4. Opponent Arguments:

According to a coalition of school employer representatives, including the Association of School Administrators:

“We are deeply appreciative of the efforts to pass Senate Bill 848 (Chapter 460, Statutes of 2026) that established numerous practices uplifting recommendations from the Fiscal Crisis and Management Assistance Team (FCMAT) report on childhood sexual assault and misconduct with the goal of prevention. We recognize the shared responsibility to stop these incidents from occurring, once and for all, and believe a statewide database for employee misconduct has the potential to play a key role to make significant strides in preventing abuse and misconduct in school settings. With that in mind, we are opposed to SB 1083, as we believe it will inadvertently undermine the efforts to prioritize students’ safety and well-being, which we all seek to achieve.”

“We understand the intent of SB 1083 and the goal to establish additional parameters for how records are to be created and maintained in the proposed statewide database of employment history for noncertificated public school and all private school employees. Regrettably, SB 1083 would conflict with existing laws for long-established practices in personnel investigations and disciplinary hearings, background checks for egregious misconduct, and also some of the recently enacted changes under SB 848. It could also set precedent for all other personnel investigations unrelated to egregious misconduct to the detriment of other employees and, most of all, students.”

**5. Dual Referral:** The Senate Rules Committee referred this bill to the Senate Education Committee (1) and to the Senate Labor, Public Employment and Retirement Committee (2).

**6. Prior Legislation:**

SB 848 (Pérez, Chapter 460, Statutes of 2025) required CTC to establish and manage a statewide data system by July 1, 2027, to track substantiated investigations of employee misconduct accessible to all LEAs and private schools for employment screening.

Senate Bill 153 (Committee on Budget and Fiscal Review, Chapter 38, Statutes of 2024) required the Fiscal Crisis and Management Assistance Team to provide recommendations to the appropriate fiscal and policy committees of the Legislature and the Department of Finance regarding new, existing, or strengthened funding and financing mechanisms to finance judgments or settlements arising from claims of childhood sexual assault against local agencies.

AB 452 (Addis, Chapter 655, Statutes of 2023) eliminated the statute of limitations for civil actions for damages as a result of childhood sexual assault.

AB 472 (Wicks, Chapter 331, Statutes of 2023) required non-merit school and community college districts to pay a classified employee their full compensation upon returning to service for the district from a period of involuntary leave of absence following a finding in favor of the employee for charges of a criminal offense, a criminal investigation or job-related administrative determinations.

AB 2413 (Carrillo, Chapter 913, Statutes of 2022) prohibited school and community college districts from suspending, demoting, or dismissing without pay a permanent, classified employee who timely requests a hearing on the charges against the employee before a decision is rendered on the matter.

AB 438 (Reyes, Chapter 665, Statutes of 2021) required classified employees to receive notice when subject to layoffs and provided due process administrative hearing rights, as specified.

SB 433 (Cortese, 2021) would have makes changes to the K-12 school and community college (CCC) disciplinary process for classified employees to allow a school or community college employee, excluding a peace officer, facing discipline from the employer to appeal that disciplinary action to an impartial third-party hearing officer paid by the employer and jointly selected by the employer and the employee or the employee’s union unless the union

and the employer have entered into a memorandum of understanding (MOU) providing an alternative method of appealing disciplinary action. The Governor vetoed the bill.

AB 218 (Gonzalez, Chapter 861, Statutes of 2019) extended the time for commencement of actions for childhood sexual assault to 40 years of age or five years from discovery of the injury; provided enhanced damages for a cover up, as defined, of the assault; and provided a three-year window in which expired claims are revived.

AB 500 (Bloom, Chapter 580, Statutes of 2017) required LEAs or private schools that include a section on employee interactions with pupils in their employee codes of conduct to provide a written copy of that section to the parents of each child enrolled at the beginning of the school year.

AB 2621 (Gomez and Bloom, 2016) would have required a LEA or an entity providing private school instruction that maintains an employee code of conduct to provide a written copy of that document to the parent or guardian of each enrolled student at the beginning of each school year and also post it on its Web site. The bill was vetoed by the Governor.

AB 1058 (Baker, Chapter 748, Statutes of 2015) required the CDE to establish guidelines and best practices for child abuse prevention and post on its Web site links to existing training resources. Additionally, the bill encouraged school districts, county offices of education and charter schools to participate in child abuse prevention training and provide all school employees with training in child abuse prevention at least every three years.

AB 1432 (Gatto, Chapter 797, Statutes of 2014) required school districts to annually train employees on mandated reporting requirements when they suspect child abuse and neglect.

### **SUPPORT**

American Federation of State, County and Municipal Employees, California (Co-sponsor)  
California Federation of Teachers (Co-sponsor)  
California School Employees Association (Co-sponsor)

### **OPPOSITION**

Association of California School Administrators  
California Association of Joint Powers Authorities  
California Association of School Business Officials  
California Association of Suburban School Districts  
California Association of Suburban Schools  
Office of the Riverside County Superintendent of Schools  
Riverside County Office of Education  
School Employers Association of California  
Schools Excess Liability Fund



- 6) Requires CHHSA or its departments, under the California Affordable Drug Manufacturing Act of 2020, to enter into partnerships to increase competition, lower prices, and address shortages in the market for generic prescription drugs, to reduce the cost of prescription drugs, as specified, and to increase patient access to affordable drugs. This program is referred to as CalRx. (Health and Safety Code § 127692(a))
- 7) Requires CalRx to enter into partnerships resulting in the production, procurement or distribution of generic drugs, with the intent that these drugs be made widely available to public and private purchasers, providers and suppliers, and pharmacies. Requires the generic drugs to be produced or distributed by a drug company or generic drug manufacturer that is registered with the FDA. Requires CalRx to only enter into partnerships to produce generic drugs at a price that results in savings, targets failures in the market for generic drugs, and improves patient access to affordable medications. (Health and Safety Code § 127693(a) and § 127693(b))
- 8) Requires, in identifying generic prescription drugs to be produced, CHHSA to consider reports on prescription drug costs published by DMHC and CDI, and pharmacy spending data from Medi-Cal and other entities for which the state pays the cost of generic prescription drugs. Requires the partnerships to include the production of at least one form of insulin, provided that a viable pathway for manufacturing a more affordable form of insulin exists. (Health and Safety Code § 127693(c)(1) and (2))
- 9) Authorizes CalRx, subject to appropriation, to enter into partnerships to increase competition, lower prices, and address supply shortages for: over-the-counter naloxone products; generic or brand name drugs to address emerging health concerns, including reproductive health care or gender affirming health care; development, production, procurement, or distribution of vaccines, as specified; and, the manufacture, purchase, or distribution of medical supplies or medication devices. (Health and Safety Code HSC § 127697)

**This bill:**

- 1) Establishes the Preventive Treatment Health Care Act to promote access to affordable AOM for Californians.<sup>1</sup>
- 2) Makes legislative findings and declarations related to among other issues: the state of chronic weight disease in California and its contributing role in other serious diseases, including cancer and heart disease; its impact on employee productivity and economic contributions; and costs to the state exceeding \$1 billion in disability and health care.

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<sup>1</sup> The bill alternatively references chronic weight disease management, chronic weight disease management medications, Glucagon-like peptide-1 (GLP-1) anti-obesity medications, and anti-obesity medications throughout its provisions. We understand these references to generally mean the same thing, coverage for chronic weight disease management, including nutritional information and at least one Glucagon-like peptide-1 (GLP-1) anti-obesity medication. In this analysis, we opt to use the acronym AOM (anti-obesity medication) for all versions of these references.

- 3) Requires a health benefit plan or contract that contracts with CalPERS, commencing January 1, 2027, to offer optional coverage for chronic weight disease management, including nutritional information and at least one FDA-approved AOM as one of its health plan options.
- 4) Requires CalPERS-contracted plans to offer AOM at the cost previously provided to Medi-Cal beneficiaries in 2025 or at the most favored nation pricing, as set forth in federal Executive Order No. 14297 on May 12, 2025, or better pricing.
- 5) Requires the AOM to follow FDA label indications for usage.
- 6) Requires the California Health and Human Services Agency (CHHSA) to do the following:
  - a. Make AOM available to state and local government employers;
  - b. Determine if the state shall make AOM available to all Californians, including enrollees and insureds of licensed health care service plan contracts and health insurance policies;
  - c. Determine if such availability shall be at the cost previously provided to Medi-Cal beneficiaries in 2025 or at most favored nation pricing, as set forth in federal Executive Order No. 14297 on May 12, 2025, or better pricing.
  - d. Expand its existing partnerships for the acquisition or production of specified medicines to include the acquisition of certain brand name prescription drugs including AOM and AOM related supplies.<sup>2</sup>
- 7) Provides that the bill's provisions related to CalPERS and CHHSA making AOM available, as specified, shall remain in effect only until January 1, 2032, and as of that date are repealed.
- 8) Requires CalRx to do the following:
  - a. Enter into partnerships resulting in the acquisition of brand name prescription drugs and requires CalRx to include the acquisition or production of pens, vial injections, pills, and patches of GLP-1 semaglutide, GLP-1RA, GIP+GLP-1 tirzepatide, and future chronic weight disease products.
  - b. Requires CalRx to consider the cost previously provided to Medi-Cal beneficiaries in 2025 or a lower cost, and the cost previously provided at the most favored nation pricing as set forth in a May 12, 2025, federal Executive Order, or better pricing.
  - c. Requires any CalRx partnerships to consider guaranteeing access to supply of pens, vial injections, pills, and patches of GLP-1 semaglutide, GLP-1RA, GIP-GLP-1 tirzepatide, and future chronic weight disease products, and creating a state brand of those same products.<sup>3</sup>

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<sup>2</sup> The author agreed to accept Senate Health Committee amendments to remove the bill's provisions related to CHHSA. Due to time limitations to hear the bill in both committees, those amendments will be taken in Senate LPER Committee.

<sup>3</sup> The agreed upon Senate Health Committee amendments referenced in Footnote 2 (FN2) also revise the bill's requirements on CalRx to instead provide that CalRx is authorized to include at least one AOM in the list of medications CalRx may, subject to an appropriation, enter into partnerships, as specified.

## COMMENTS

## 1. Background

This bill, following Senate Health Committee amendments that are to be adopted in this committee (see FN 2 above and Section 6 below), seeks to promote access to life-altering AOMs by requiring CalPERS to offer AOMs as an option in at least one of its plans and by authorizing CalRx to include AOMs in those pharmaceuticals for which it can enter into specified partnerships to develop and offer medicines. Please see the Senate Health Committee's April 15, 2026, Policy Analysis of this bill for information regarding its provisions related to CHSSA and CalRx.<sup>4</sup> Our analysis relates to the provisions applicable to CalPERS.

*CalPERS' Role in Providing Health Coverage*

Pursuant to existing law, CalPERS negotiates with insurance carriers and health plans to purchase and administer healthcare benefits coverage for approximately 1.5 million public employees and retirees.<sup>5</sup> (The California Department of Human Resources (CalHR) negotiates for other benefits for state employees such as dental and eyewear coverage.) In addition to the state, approximately 1,149 public agencies contract with CalPERS for health coverage.

CalPERS provides health coverage to public employees through Health Maintenance Organizations (HMOs), Exclusive Provider Organizations (EPOs), Preferred Provider Organizations (PPOs), fully funded insurance plans, and self-insured plans. These different organizations fall within multiple, overlapping regulatory frameworks. DMHC (Knox-Keene) regulates CalPERS' HMO and EPO plans. CDI regulates CalPERS' fully insured PPO plans. Additionally, CalPERS has adopted regulations on its self-insured PPO plans that generally follow federal Employee Retirement Income Security Act (ERISA) practices. Lastly, CalPERS also sets minimum plan standards and minimum coverage benefits that generally exceed regulatory requirements.

*CalPERS' Core Beliefs*

CalPERS adheres to board-established core beliefs as part of its mission and values. One of its core beliefs is *Health Program Sustainability* which states, "The sustainability of the Health Program is the foremost consideration when reviewing proposed changes to benefits, coverage areas, and costs."<sup>6</sup> Another CalPERS core belief, *Affordability*, holds that, "Health premiums and out-of-pocket costs must be affordable and sustainable for members and employers."<sup>7</sup>

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<sup>4</sup> CA Senate Committee on Health, SB 1089 Policy Bill Analysis  
[https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill\\_id=202520260SB1089](https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202520260SB1089)

<sup>5</sup> CalPERS Facts at a Glance, Calendar Year 2024 Health benefits Program (PDF)  
<https://www.calpers.ca.gov/about/organization/facts-at-a-glance>

<sup>6</sup> CalPERS Mission and Vision, CalPERS Beliefs, Health Benefits, Theme: Health Program Sustainability: <https://www.calpers.ca.gov/about/organization/calpers-story/our-mission-vision>

<sup>7</sup> Ibid., CalPERS Beliefs, Health Benefits, Theme: Affordability

*CalPERS' Negotiation and Rate Development Process*

CalPERS determines health premiums annually through its rate development process by which it negotiates methodically with health carriers to achieve the most competitive premiums possible for CalPERS members and employers. It compares each plan's premium proposal against actual cost and utilizations trends using data from CalPERS' Health Care Decision Support System (data warehouse) to create baseline premium projections for each plan.<sup>8</sup>

In July 2025, CalPERS announced that the overall weighted premium rate for its health plan premiums would increase in calendar year 2026 by 8.21%, with Medicare plans (i.e., plans available to CalPERS retirees) set to see an average increase of 10.78%.<sup>9</sup>

CalPERS noted that "Pharmacy costs continue to drive rate changes across plans as utilization and unit costs increase, particularly with specialty and brand name drugs. For Medicare premiums, revenue changes from the Centers for Medicare and Medicaid Services (CMS) and increased utilization of medical services further impact costs for both Medicare Advantage and Medicare Supplemental plans."<sup>10</sup>

*Committee Concerns*

- *Increased State Employee and Retiree Health Costs*

This bill may result in increased health care premiums for public employees and retirees. Retirees are particularly vulnerable and highly sensitive to increased premium costs since they live on fixed income. Public employees faced with increased health care premium costs are likely to increase wage demands or demands for higher employer premium contributions in collective bargaining. Such demands are likely to increase pressure on the General Fund to subsidize those increases.

CalPERS healthcare premiums are paid by contributions from both the employer and the employee. For state employees, the employer premium contribution is based on a formula that is driven in part by employee plan utilization. In short, the formula generally provides that the state cover 80% of the weighted average premium for active employees and 80% of the average additional premium for their family members (80/80 formula). Actual contributions are based on collective bargaining agreements. Health care inflation for existing health plan premiums already substantially exceeds the Consumer Price Index (CPI) upon which the state generally bases increases to employee compensation.

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<sup>8</sup> How CalPERS Sets Health Premiums, <https://www.calpers.ca.gov/members/health-benefits/plans-and-rates/how-calpers-sets-health-premiums>

<sup>9</sup> CalPERS News, "CalPERS Announces Health Plan Premiums for 2026", July 15, 2025, <https://www.calpers.ca.gov/newsroom/calpers-news/2025/calpers-announces-health-plan-premiums-for-2026>

<sup>10</sup> Ibid.

Any premium increases attributable to this bill will likely exacerbate employee and retiree dissatisfaction with current compensation levels.

- *SB 1089's Timeline for Implementation Conflicts with CalPERS Plan Design and Rate Setting Process*

CalPERS begins its plan design negotiations approximately one and a half years in advance of new plan implementation. SB 1089 requires CalPERS contracting health plans to offer optional AOM coverage commencing January 1, 2027. However, CalPERS is in the middle of its process to adopt 2027 premium rates for 2027 plan changes that were negotiated in September 2027. Amending the bill's timeline to January 1, 2028, would avoid substantially disrupting existing plan and rate negotiations.

- *SB 1089's Optional and Singular Plan Option design conflicts with CalPERS Plan Design Process*

SB 1089 requires a CalPERS-contracted plan to offer "optional coverage...as part of one of its health plan options." However, this conflicts with how CalPERS negotiates with plans and insurers for the greatest coverage for the best price. CalPERS essentially designs its plans to offer substantially the same coverage to all its participants and bids its design "wish list" to health plans and insurers for costs proposals to cover those benefits. This economy-of-scale and standardization approach is what gives CalPERS its negotiating power with health plan carriers and makes cross-comparison plan analysis effective. Plan individualization and optionalization undermines CalPERS negotiating ability and could likely result in increased health premium and administrative costs. Moreover, the resulting optional plan would likely experience adverse selection, high costs, and utilization that would make it unaffordable to public employees.

## 2. Need for this bill?

According to the author:

"Chronic weight management can be related to a reduced labor participation, earnings, increased early mortality, absenteeism, disability and healthcare costs exceeding \$1 Billion dollars and a 2.6% reduction in the California Gross Domestic Product (GDP). Barriers to the reduction, maintenance, or elimination of chronic weight disease come down to access and cost."

"SB 1089 will create a five-year pilot program under CalPERS to require GLP-1 medications to be provided as part of CalPERS health plan. It would also add GLP-1 to the group of medications produced by CalRx."

## 3. Proponent Arguments

According to the California Academy of Family Physicians (CAFP):

"CAFP views this bill as an important step in the right direction toward expanding access to chronic weight disease treatment. While we strongly support the bill's focus on public employees and annuitants, we believe these policies should ultimately be extended to all

Californians across all insurance markets. Limiting coverage to a subset of patients risks perpetuating inequities in access to effective treatment. Expanding coverage requirements to all health plans would promote more consistent, equitable care statewide.”

According to CPCA Advocates:

“SB 1089 is particularly important for community health centers and their patients. CHCs serve populations with disproportionately high rates of diabetes, obesity, and related chronic conditions. While newer treatments such as GLP-1 receptor agonists have shown significant clinical effectiveness, their high cost has placed them out of reach for many patients, especially those who are uninsured or underinsured.”

4. **Opponent Arguments:** None received.
5. **Dual Referral:** The Senate Rules Committee referred this bill to the Senate Health Committee (1) and the Senate Labor, Public Employment and Retirement Committee (2).
6. **Senate Health Committee Amendments**

The author agreed to accept amendments from the Senate Health Committee, which will be taken in the Senate Labor Public Employees and Retirement Committee (see FN 2) due to time and legislative calendar constraints related to hearing the bill in two committees so close together. Those amendments remove requirements on CHSSA, as specified, and leave the mandate on CalPERS health plans and the authorization for CalRx to include AOM in its partnership activities to source and/ or produce specified medicines.

7. **Senate Labor, Public Employees and Retirement Committee Recommended Amendments:**

To address some committee concerns outlined above, the committee recommends the following amendments:

- Delay implementation until January 1, 2028, to coincide with CalPERS’ regular plan design and rate determination process.
- Eliminate references to “optional coverage” of AOM and references to AOM coverage “as part of one of its health care options”.

SEC. 3. Section 22853.5 is added to the Government Code, to read:

22853.5. (a) Commencing ~~January 1, 2027~~, January 1, 2028, a health benefit plan or contract that contracts with the board pursuant to this chapter shall offer ~~optional~~ coverage for chronic weight disease management, including nutritional information and at least one glucagon-like peptide-1 (GLP-1) antiobesity medication approved by the United States Food and Drug Administration, ~~as part of one of its health plan options....~~

**8. Prior Legislation:**

SB 535 (Richardson, 2025) would have required health plans and health insurers that provide coverage for outpatient prescription drug benefits to include coverage for intensive behavioral therapy, bariatric surgery, and at least one FDA-approved anti-obesity medication. SB 535 was held on the Assembly Appropriations Suspense File.

SB 839 (Bradford, 2023) would have required an individual or group health plan contract or health insurance policy to include comprehensive coverage for the treatment of obesity, including coverage for intensive behavioral therapy, bariatric surgery, and FDA-approved AOM. This bill died in the Senate Health Committee.

SB 523 (Leyva, Chapter 630, Statutes of 2022) prohibits employment-related discrimination on the basis of reproductive health decision-making, and, beginning in 2024, modifies several aspects of the laws governing health benefits plans and health insurance policies in order to expand coverage, reduce costs, and lower barriers to reproductive health services, including requiring coverage for contraceptives and vasectomies.

**SUPPORT**

American Diabetes Association  
California Academy of Family Physicians  
California Black Health Network  
California Orthopedic Association  
CPCA Advocates, Subsidiary of the California Primary Care Association

**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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**Bill No:** SB 1299 **Hearing Date:** April 22, 2026  
**Author:** Arreguín  
**Version:** March 25, 2026  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Jazmin Marroquin

**SUBJECT:** State Fire Marshal Fire Suppression Education and Training Safety Act

**KEY ISSUE**

This bill establishes certification and training requirements under the Office of the State Fire Marshal (OSFM) for individuals performing work on water- and chemical-based fire suppression systems, as specified.

**ANALYSIS**

**Existing law:**

- 1) Establishes the State Fire Marshal, within the Department of Forestry and Fire Protection (CAL FIRE) to protect life and property through the development and application of fire prevention, engineering, training and education, and enforcement. (Health and Safety Code §13100)
- 2) Authorizes the State Fire Marshal to propose, adopt, and administer the regulations that they deem necessary in order to ensure fire safety in buildings and structures within this state including regulations related to construction, modification, installation, testing, inspection, labeling, listing, *certification, registration, licensing*, reporting, operation, and maintenance. (Health and Safety Code §13110)
  - a) Authorizes the Office of the State Fire Marshal (OFSM) to establish and collect reasonable fees necessary to implement this section, as specified. (Health and Safety Code §13110)
  - b) Provides that any person who violates these regulations, as specified, is guilty of a misdemeanor punishable by a fine of not less than one hundred dollars (\$100) or more than five hundred dollars (\$500), or by imprisonment for not more than six months, or by both. (Health and Safety Code §13112)
- 3) Establishes a certification and registration program for Automatic Fire Extinguishing Systems Sprinkler Fitters (AES Certification) in State Fire Marshal regulations, including an application process, qualifications, performance standards, and continuing education requirements to require anyone who installs, alters or repairs water-based fire protection systems possesses the necessary skills and qualifications to perform the work. (19 CCR § 920 – 19 CCR § 948)

- a) Defines “stop work order” as defined in Part 9 of Title 24 of the California Code of Regulations.
- 4) Establishes the Division of Apprenticeship Standards (DAS) within the Department of Industrial Relations (DIR) to oversee apprenticeship programs and requires the Chief of the Division to perform various functions to promote the welfare of apprentices. (Labor Code §3070 et seq.)

**This bill:**

- 1) Provides that this act will be known as, and may be cited as, the State Fire Marshal Fire Suppression Education and Training Safety Act.
- 2) Provides that the purpose of this act is to improve the performance and reliability of water- and chemical-based fire suppression systems by providing a means to certify and register any person who installs, alters, repairs, inspects, tests, maintains, performs safe-off, or adds appurtenances to those systems.
- 3) Defines the following terms for the purposes of this chapter:
  - a) “Alteration” means a modification or an addition to an existing water-based or chemical-based fire suppression system.
  - b) “Applicable provisions of Chapter 5.5 (commencing with Section 920) of Division 1 of Title 19 of the California Code of Regulations” means the provisions of Chapter 5.5 (commencing with Section 920) of Division 1 of Title 19 of the California Code of Regulations that correspond to the particular subject referenced in this act, as those provisions read on January 1, 2026, or subsequent amendments to those provisions.
  - c) “Apprentice” means a person learning by practical experience under the direction of skilled workers, and who is currently registered in a State of California or federally approved fire sprinkler fitter apprenticeship program.
  - d) “Certified fire sprinkler fitter” means an individual who has been issued a valid certified fire sprinkler fitter card issued by the State Fire Marshal.
  - e) “Certified fire sprinkler fitter card” means a card issued by the Office of the State Fire Marshal to a certified sprinkler fitter upon verification of meeting the requirements in Article 7 (commencing with Section 13191.7).
  - f) “Commercial certification” means a certification allowing individuals to perform the installation of fire suppression systems in any occupancy.
  - g) “Correction order” means a written direction or command, delivered by a fire official, identifying a required correction.
  - h) “Directly supervise” means that the supervising certified fire sprinkler fitter is physically present, onsite, with the assigned registered apprentice fire sprinkler fitter or trainee.
  - i) “Fire suppression system” means an assembly of piping or conduit and associated components, beginning at the first joint or mechanical connection at the base of the system riser, whether public or private, that conveys water or other approved fire-suppressing agents to dispersal openings or devices to extinguish, control, or contain fire and to provide protection from exposure to fire or other products of combustion, including, but not limited to, wet and dry standpipes, deluge systems, water-mist systems, foam-water systems, standpipe with hose systems, fire pumps, water storage tanks, valves, meters, pressure-regulating devices, air compressors and air lines association with

- a fire suppression system, releasing panels and associated supervisory devices, and other ancillary valves and appurtenances attached thereto that are necessary for system performance.
- j) “Inspection” includes planned or emergency impairment inspections and obstruction investigations, which are visual examinations of a system or portion thereof to determine whether it is in operable condition and free of physical damage, or actions otherwise leading to the finding of impairments or obstructions requiring maintenance or repair.
  - k) “Installation” means the installation of new or the retrofitting, altering, or repairing of existing fire suppression systems, and includes those activities included within “work on a fire suppression system,” as defined.
  - l) “Licensed C-16 Fire Protection Contractor” means a person who possesses a C-16 Fire Protection Contractor license issued by the Contractors State License Board.
  - m) “Maintenance” means the condition of repair that provides performance as originally planned.
  - n) “Multifamily residential certification” means a certification, pursuant to the requirements of this chapter, allowing individuals to perform the installation of fire suppression systems in multifamily residential structures only.
  - o) “Multifamily residential structure” means a residential occupancy with three or more dwelling units up to, and including, four stories in height.
  - p) “Registered apprentice fire sprinkler fitter” means an apprentice who has been enrolled in a State of California or federally approved sprinkler fitter apprenticeship program and issued a valid registered apprenticeship fire sprinkler fitter card by the State Fire Marshal.
  - q) “Registered fire sprinkler fitter card” means a card issued by the State Fire Marshal to sprinkler fitter apprentices or trainees upon approval of meeting the requirements in this chapter.
  - r) “Repair” means to restore to normal working condition or to fix damage.
  - s) “Safe-off” means to cause the sprinkler system to be isolated from the water supply due to the loss of the building or any other incident or need.
  - t) “Service” means to repair or test.
  - u) “Trainee” means a person who performs work on a fire suppression system at an entry-level position as described in this chapter who is not enrolled in a State of California or federally approved sprinkler fitter apprenticeship program but is issued a valid registered trainee fire sprinkler fitter card by the State Fire Marshal.
  - v) “Work on a fire suppression system” means the onsite layout, onsite fabrication, work and practice concerning the construction, installation, alteration, modification, repair, performance of safe-off, initial acceptance testing and inspection, planned or emergency impairment inspection, obstruction investigation, test, or performance of maintenance and service, on or of a fire suppression system.
- 4) Prohibits a person from engaging in the installation, extension, alteration, repair, service, inspection, maintenance, safe-off, or investigation of internal piping condition and obstructions of, or adding appurtenances to, water- or chemical-based fire suppression systems, or otherwise work on fire suppression systems, without first being certified or registered by the State Fire Marshal.
- a) Provides that the prohibitions do not apply to any of the following:
    - i) Installation, alteration, or repair of residential fire sprinkler systems in one- and two-family dwellings.

- ii) The installation, alteration, or repair of underground water supply lines from the connection of the water supply to the first joint, or mechanical connection at the base of the system riser.
  - iii) Pre-engineered fixed extinguishing systems.
  - iv) Fire suppression personnel, fire inspectors, or fire marshals inspecting or testing a fire suppression or standpipe system for the purposes of ensuring proper operation.
  - v) Monthly, quarterly, and annual inspections performed by persons in accordance with the applicable provisions of Chapter 5 (commencing with Section 901) of Division 1 of Title 19 of the California Code of Regulations.
- 5) Requires a certified fire sprinkler fitter to directly supervise the number of apprentices permitted in the applicable apprenticeship agreement and up to two trainees.
- 6) Requires a licensed C-16 Fire Protection Contractor to be responsible for ensuring the people it assigns to work on a fire suppression system are appropriately certified or registered and for ensuring compliance with the supervisor-to-apprentice ratios, as specified.

#### *Fire Sprinkler Fitter Trainee Requirements*

- 7) Requires a person not registered in State of California or federally approved apprenticeship program to be registered with the State Fire Marshal as a fire sprinkler fitter trainee and work within the scope of this chapter as a trainee for up to one year from their date of registration.
- 8) Requires an applicant, in order to be registered as a trainee, to meet all of the requirements:
- a) Be 16 years of age or older.
  - b) Complete a fire sprinkler fitter trainee registration application, as developed by the State Fire Marshal, and pay the accompanying fees as prescribed in the applicable provisions of Chapter 5.5 (commencing with Section 920) of Division 1 of Title 19 of the California Code of Regulations.
  - c) Provide proof of employment with a licensed C-16 Fire Protection Contractor.
- 9) Requires the State Fire Marshal, upon verification of compliance, as specified, to issue the applicant a trainee registration card.
- 10) Requires the trainee to be registered into a State of California or federally approved fire sprinkler fitter apprenticeship program within one year of their date of registration as a trainee.
- 11) Requires, if the trainee is not accepted into a State of California or federally approved fire sprinkler fitter apprenticeship program within one year of their date of hire, the individual is no longer be registered to work within the scope of this chapter.

#### *Fire Sprinkler Fitter Apprentice Requirements*

- 12) Requires an applicant, to be registered as an apprentice, to meet all of the following requirements:
- a) Be 16 years of age or older.

- b) Complete a fire sprinkler fitter apprentice registration application, as developed by the State Fire Marshal, and pay the accompanying fees prescribed in the applicable provisions of Chapter 5.5 (commencing with Section 920) of Division 1 of Title 19 of the California Code of Regulations.
  - c) Provide proof of acceptance into a State of California or federally approved fire sprinkler fitter apprenticeship program.
- 13) Requires the State Fire Marshal, upon verification of compliance, as specified, to issue an applicant an apprentice registration card.
- 14) Requires a person possessing an apprentice registration to only perform installation of a fire suppression system for a properly licensed C-16 Fire Protection Contractor.
- 15) Requires a person registered as an apprentice to perform tasks within the scope of this chapter and meet any additional apprenticeship program standards for the occupation of fire sprinkler fitter.

*Fire Sprinkler Fitter Certification Requirements*

- 16) Requires an applicant, to be certified as a fire sprinkler fitter, to meet all of the following requirements:
- a) Be 16 years of age or older.
  - b) Complete a sprinkler fitter certification application, as developed by the State Fire Marshal, and pay the accompanying fees prescribed in the applicable provisions of Chapter 5.5 (commencing with Section 920) of Division 1 of Title 19 of the California Code of Regulations.
  - c) Provide one of the following:
    - i) Proof of completion of a State of California or federally approved fire sprinkler fitter apprenticeship program
    - ii) Proof of possession of a valid C-16 Fire Protection Contractor license issued by the Contractors State License Board.
  - d) Pass a written examination as developed or selected by the State Fire Marshal.
- 17) Requires the State Fire Marshal to, upon verification of compliance, as specified, to issue a certified fire sprinkler fitter card.
- 18) Provides that a State of California or federally approved fire sprinkler fitter apprenticeship program must consist of the following minimum requirements:
- a) For commercial certification, completion of a State of California or federally approved fire sprinkler fitter apprenticeship program, including a minimum of 7,000 hours with a minimum of five years of experience.
  - b) For a multifamily residential certification, completion of a State of California or federally approved fire sprinkler fitter apprenticeship program including a minimum of 3,500 hours with a minimum of two years of experience.
- 19) Requires out-of-state applicants for commercial certification to provide documentation that they have worked for at least 7,000 hours with a minimum of five years of experience.

- a) Requires out-of-state applicants for a multifamily residential certification to provide documentation that they have worked for at least 3,500 hours with a minimum of two years of experience within the scope of this chapter.
  - b) Provides that training obtained through an out-of-state apprenticeship program must be evaluated and approved by the State Fire Marshal using the California Division of Apprenticeship Standards – Minimum Industry Training Criteria (MITC) for Pipe Trades.
- 20) Requires the State Fire Marshal to compile trainee and apprentice registrations and fire sprinkler fitter certifications in a database designed to link the Automatic Extinguishing Systems Program to the State Fire Marshal’s internet website.
- 21) Authorizes the State Fire Marshal to coordinate with the DIR’s DAS while compiling data under this section for registered apprentices.

#### *Continuing Education*

- 22) Requires a certified fire sprinkler fitter to successfully complete 30 hours of State Fire Marshal approved continuing education within a three-year period.
- 23) Provides that one continuing education unit is equivalent to 10 hours of successfully completed training, for the purposes of the specified requirements.
- 24) Authorizes a maximum of 10 hours of safety-related instruction to count towards the 30-hour requirement, as described.
- 25) Requires the State Fire Marshal to determine further requirements for continuing education for certified sprinkler fitters and providers of continuing education.

#### *Enforcement*

- 26) Requires the State Fire Marshal, upon receipt of a written complaint from the public alleging a violation, as specified, to immediately notify the local fire authority having jurisdiction and request that the local jurisdiction investigate the complaint, unless the complaint relates to a project subject to the primary jurisdiction of the State Fire Marshal.
- a) Provides that if the local fire authority having jurisdiction refuses or fails to investigate as requested by the State Fire Marshal, the State Fire Marshal may investigate instead and take appropriate action regardless of geographical boundaries.
- 27) Authorizes the State Fire Marshal, its designee, or the authority otherwise having jurisdiction to inspect project worksites where work on fire suppression systems is performed to ensure that persons performing the work possess valid certifications or registrations as required by this chapter.
- a) Authorizes the State Fire Marshal, its designee, or the authority otherwise having jurisdiction to require persons performing work to provide proof of possession of the applicable certification or registration card.
  - b) Provides that a person who cannot show proof of certification or registration to the State Fire Marshal, its designee, or the authority otherwise having jurisdiction is subject to penalties.

- 28) Provides that violations of this act are subject to penalties as determined by the State Fire Marshal, as described in the applicable provisions of Chapter 5.5 (commencing with Section 920) of Division 1 of Title 19 of the California Code of Regulations.
- 29) Authorizes the State Fire Marshal, its designee, or the authority otherwise having jurisdiction, if the State Fire Marshal, its designee, or the authority otherwise having jurisdiction determines that work on fire suppression systems is being performed in violation of this chapter and provides notice, as specified, to subsequently issue a “stop work order,” as defined.
- 30) Provides that, after the issuance of a stop work order, as specified, work within the scope of this chapter will not resume until the State Fire Marshal, its designee, or the authority otherwise having jurisdiction complete a full investigation and verify that all work on the fire suppression system in question has been performed by duly authorized persons.
- 31) Provides that, if an investigation determines that the work on a fire suppression system was not performed by those authorized, any pipe, riser, pump, or any other component thereof installed by an unauthorized person will be subject to removal by the State Fire Marshal or the authority otherwise having jurisdiction.
- 32) Provides that a person who violates this chapter will be subject to a notice of violation or correction order issued by the State Fire Marshal, its designee, or the authority otherwise having jurisdiction that will contain, at a minimum, the violator’s name, employer, certification or registration number, job location, date, and a description of the offense.
  - a) Provides that if the condition identified in a notice of violation or correction order is not corrected immediately upon issuance, the State Fire Marshal, its designee, or the authority otherwise having jurisdiction can issue a “stop work order,” as defined.
- 33) Requires the State Fire Marshal to implement provisions related to the administrative processes and fees for sprinkler fitter certifications and fire sprinkler fitter apprentice and trainee registrations, as described.
- 34) Requires the State Fire Marshal to penalize violators of this chapter, as specified.
- 35) Provides that a violation of this chapter, or any order, rule, or regulation made pursuant to this chapter, is a misdemeanor.
- 36) Provides that a person who violates this chapter, or any order, rule, or regulation made pursuant to this chapter, shall be subject to the penalties described in Section 13112.
- 37) Authorizes the State Fire Marshal to establish and collect fees no greater than the actual and reasonable costs necessary to implement this chapter, consistent with Section 3 of Article XIII A of the California Constitution.
- 38) Provides that no reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency

or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

## COMMENTS

### 1. Background:

#### Fire Sprinkler Fitters

According to the Senate Committee on Emergency Management, a fire sprinkler fitter is a specialized pipefitter trade within the building and construction industry focused on the design, installation, maintenance, and repair of all types of fire protection and fire suppression systems, including wet and dry pipe systems, deluge systems, and foam systems. A fire sprinkler fitter is responsible for reading blueprints and plan layouts and installing hangers and overhead piping in all types of buildings and construction. Fire sprinklers are found in a variety of commercial, industrial and residential buildings, including high-rises, warehouses, aircraft hangars, hotels, motels, and homes.

#### AB 433 (Gordon, 2013) and Automatic Fire Extinguishing Systems (AES) Fire Sprinkler Fitter Regulations

In 2013, AB 433 (Gordon, Chapter 377) was signed into law, which authorized the State Fire Marshal to propose, adopt, and administer the regulations they deem necessary to ensure fire safety in buildings and structures within this state.<sup>1</sup> Regulations went into effect on July 1, 2017, requiring Automatic Fire Extinguishing Systems (AES) Sprinkler Pipefitters to be certified by the Office of the State Fire Marshal (OSFM). The new regulations require anyone who installs or repairs water-based fire protection systems to possess the necessary skills and qualifications to safely and properly install the system so that it will be operable in its time of need. Regulations were developed with the help of a workgroup consisting of representatives from industry, labor, enforcing agencies, and OSFM staff.

The regulations specified the following requirements for fire sprinkler fitter certification, apprenticeship registration, and trainee registration:

- Fire Sprinkler Fitter Certification:
  - *Prior to January 1, 2018:* a person must be at least 16 years old; be a journeyman fire sprinkler fitter, active C-16 holder, or those who 1) have 7,000 hours and five years verified work experience *for commercial*, and (2) 3,500 hours and two years verified work experience *for multi-family residential*; and complete the required application and pay the application fee.
  - *After January 1, 2018:* a person must be at least 16 years old; be an active C-16 holder or have successfully completed a state or federally approved apprenticeship program; complete the required application and pay the application fee; and pass the written certification examination.
- Fire Sprinkler Fitter Apprentice Registration: a person must be 16 years of age or older, provide proof of registration into a state or federally approved apprenticeship

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<sup>1</sup> Health and Safety Code § 13110

program, provide proof of employment by a licensed C-16 contractor, work under the direct supervision of a certified fire sprinkler fitter, and complete the required application and pay the application fee.

- Fire Sprinkler Fitter Trainee Registration: a person must be 16 years of age or older, provide proof of employment by a licensed C-16 contractor, work under the direct supervision of a certified fire sprinkler fitter, be registered in a state or federally approved apprenticeship program *within one year of their hire date*, and complete the required application and pay the application fee. *A person not registered in a state or federally approved apprenticeship program will be registered as a trainee and may work as a trainee for up to one year.*

The regulations took effect on July 1, 2017, and can be found in the California Code of Regulations, Title 19, Division 1, Chapter 5.5. The regulations included an implementation period and specified that by January 1, 2019, all fitters shall possess a certification card, and all trainees and apprentices shall possess a registration card.

Legal challenge: Fire Sprinkler Fitters Licensing – Judgment and Injunction

In 2019, a coalition of contractors challenged the AES certification regulations in *Fire Guard Corporation, et al. v. California Department of Forestry and Fire Protection* citing violations under the rulemaking procedures of the Administrative Procedure Act (APA), which is designed to provide the public with a meaningful opportunity to participate in the adoption of state regulations and to ensure that regulations are clear, necessary and legally valid.

In December 2025, the Sacramento Superior Court issued its judgement and injunction, finding that the regulatory provisions related to the registration and supervision of fire sprinkler fitter trainees violated the appropriate public comment periods established in the APA and therefore deemed those provisions invalid. The judgement and injunction became effective on January 7, 2026.

In a January 2026 Informational Bulletin, the OSFM described the judgement and injunction by the Sacramento Superior Court.<sup>2</sup> The provisions that were stricken required trainees to be enrolled in a state or federally approved apprenticeship program within one year of the hire date and to work under the direct supervision of a certified fire sprinkler fitter. The stricken provisions also authorized a certified fire sprinkler to supervise apprentices and up to two trainees.

All other regulations in the California Code of Regulations Title 19, Division 1, Chapter 5.5, remain in full force and effect. The OFSM clarified that a fire sprinkler fitter trainee registration, fire sprinkler fitter apprentice registration, or fire sprinkler fitter certification is still required for people working as sprinkler fitters in California.

The OFSM states that it is actively working on a rulemaking package to address the invalidated provisions and to resubmit the stricken sections to the Office of Administrative

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<sup>2</sup> Cal Fire - OSFM Information Bulletin 26-001, Sprinkler Fitter Licensing – Judgment and Injunction, Jan. 2026. <https://34c031f8-c9fd-4018-8c5a-4159cdff6b0d-cdn-endpoint.azureedge.net/-/media/osfm-website/resources/information-bulletins/ib--26-001-sprinkler-fitter-judgment-and-injunction.pdf?rev=ac9055de0dcb45b5b7eeb59d062ffaa7&hash=ECE04DDA31466F9EADD1A27F61FDE7A3>

Law. This bill, SB 1299, seeks to codify most of the current regulations as well as the invalidated provisions into statute and applies to both water- and chemical-based fire suppression systems.

## 2. Need for this bill?

According to the author, “Fire sprinkler systems are one of our most critical tools for saving lives in a fire. When properly installed and maintained, they are extraordinarily effective — but that effectiveness depends entirely on the skill and training of the workers who install, inspect, and service them. SB 1299 ensures that California has a clear, enforceable framework for certifying and training fire sprinkler fitters. Every Californian deserves to know that the fire suppression systems protecting their homes, workplaces, and communities have been installed and maintained by qualified professionals. [...]

The Court in *Fire Guard Corporation* acknowledged that the certification program is necessary to protect public safety, validating the need for enforceable training standards. The regulatory gap created by the Court’s ruling has left California without the ability to ensure that individuals working on these life-safety systems meet minimum competency requirements, creating risk of improper installation, inspection, or maintenance that could result in system failure during a fire emergency. [...] By restoring enforceable experience standards, requiring direct supervision of trainees, mandating completion of approved apprenticeship programs, and providing robust enforcement tools, SB 1299 ensures that only properly trained and qualified individuals perform this critical life-safety work, thereby strengthening public safety and aligning California law with nationally recognized fire protection standards.”

## 3. Proponent Arguments:

According to the Sprinkler Fitter Association of California, the sponsors of the bill:

“SB 1299 closes a critical regulatory gap that currently undermines workforce standards and public safety in California’s fire protection industry. Fire suppression systems are among the most important life-safety features in residential, commercial, and industrial buildings. Their effectiveness depends entirely on proper installation, inspection, testing, and maintenance by individuals who possess the training, experience, and technical expertise required to perform this highly specialized work.

Prior to 2017, while C-16 Fire Protection Contractors were required to be licensed, individual sprinkler fitters were not subject to consistent qualification standards. Following the enactment of AB 433 (Gordon) in 2013, the State Fire Marshal established a certification framework under Title 19. However, in *Fire Guard Corporation, et al. v. California Department of Forestry and Fire Protection*, a coalition of contractors challenged those regulations. Importantly, the court’s ruling did not invalidate the certification program on its merits or question the need for training and apprenticeship standards; rather, the court identified technical issues under the Administrative Procedure Act and

The Sprinkler Fitters Association of California supports and works in partnership with rigorous, state approved apprenticeship programs that combine classroom instruction with thousands of hours of supervised on the job training. These programs are specifically designed to ensure that fire sprinkler systems perform as intended when lives depend on

them. Proper training is not optional in this trade, it is essential to protecting building occupants, first responders, and property.

Without clear statutory standards, unqualified or insufficiently trained individuals may perform highly technical fire suppression work, increasing the risk of system failure, property loss, and tragic consequences during an emergency. SB 1299 reaffirms California’s commitment to public safety by ensuring that only properly trained and certified professionals perform this critical life-safety work.”

**4. Opponent Arguments:**

None received.

**5. Dual Referral:**

The Senate Rules Committee referred this bill to the Senate Emergency Management Committee, where it passed with a vote of 9-0, and the Senate Labor, Public Employment and Retirement Committee.

**6. Prior Legislation:**

AB 433 (Gordon, Chapter 377, Statutes of 2013) authorized, until January 1, 2017, licensed plumbing contractors to install residential fire protection systems for single- and two-family homes; authorized the State Fire Marshal to propose, adopt and administer regulations in order to ensure fire safety in buildings and structures and made those regulations subject to certain requirements; required the OSFM to establish and collect reasonable fees to implement this bill; and made technical and clarifying changes.

**SUPPORT**

Sprinkler Fitters Association of California (Sponsor)  
Fire Sprinkler Advisory Board of Southern California  
National Fire Sprinkler Association  
National Fire Sprinkler Association, Los Angeles Area Chapter  
National Fire Sprinkler Association, San Francisco Bay Area Chapter

**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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<b>Bill No:</b>	SB 1207	<b>Hearing Date:</b>	April 22, 2026
<b>Author:</b>	Laird		
<b>Version:</b>	April 15, 2026		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Glenn Miles		

**SUBJECT:** California Conservation Corps

**KEY ISSUE**

This bill authorizes California Public Employees' Retirement System (CalPERS) members to buy back not more than three years of service credit for their prior service in the California Conservation Corps (CCC). The bill also makes changes to CCC's statutes to clarify the scope of authorized projects and to specifically permit CCC to contract with corps established by California Native American tribes.<sup>1</sup>

**ANALYSIS**

**Existing law:**

- 1) Permits a CalPERS member to elect at any time prior to retirement to receive credit for public service, as specified, in addition to the member's current and prior service credit, provided that the election is accompanied by a lump-sum payment of the contributions and interest required for the credit or by authorization for immediate institution of payroll deduction of installment payment of the contributions and interest. (Government Code § 21032 et seq.)
- 2) The right of election is subject to provisions that prohibit credit for the same service in two retirement systems and prohibit credit for more than one year of service for service rendered in any fiscal year. (Government Code § 21032, referencing §§ 20894 and 20961, respectively)
- 3) Provides several definitions for "public service" for purposes of purchasing service credit, including service with a state, school employer, or contracting agency prior to becoming a CalPERS member. (Government Code § 21020 et seq.)
- 4) Provides that the definition for "public service" for purposes of purchasing service credit, includes time served, not to exceed three years, as a volunteer in the Peace Corps, AmeriCorps VISTA, or AmeriCorps. (Government Code § 21023.5)
- 5) Authorizes CCC programs, including the management of environmentally important lands and water, public works projects, facilitating public use of resources, assistance in emergency

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<sup>1</sup> The bill's provisions related to CCC's scope and program elements are within the jurisdiction of the Senate Natural Resources Committee, which analyzed the bill prior to this committee. Please see SNRC's April 14, 2026, committee hearing policy analysis for a detailed analysis of those provisions.

operations, assistance in fire prevention and suppression, energy conservation, and environmental restoration. (PRC § 14300)

- 6) Specifies that, notwithstanding any other provision of law, corpsmembers and special corpsmembers, other than staff officers and employees, shall not receive state retirement benefits. (Public Resources Code § 14310)

**This bill:**

- 1) Includes in the definition of “public service” for purposes of purchasing CalPERS service credit, time served, not to exceed three years, as a corpsmember or special corpsmember with the CCC.
- 2) Requires any CalPERS member electing to receive credit for their CCC time to make contributions to CalPERS for the service credit cost, as specified.
- 3) Amends the prohibition in the Public Resources Code on CCC corpsmembers from receiving state retirement benefits to make an exception for CalPERS members who are purchasing service credit under this bill’s provisions, as specified.
- 4) Includes CCC participants in the Labor Code provision that excepts salesperson and participants in national service organizations from Labor Code provisions regulating wages, hours, and working conditions.
- 5) Makes other changes to Public Resources Code sections governing the CCC related to CCC’s scope and program elements.<sup>2</sup>

## COMMENTS

### 1. Background:

CalPERS pension benefits are principally determined by three factors: age at retirement, final compensation, and years of service (i.e., service credit). Increasing one or more of these factors generally results in a higher pension benefit at retirement.

Current law allows CalPERS members to purchase service credit for their time served in “public service” prior to becoming a CalPERS member, provided the member makes required pension contributions, as specified.

Generally, this option applies to a CalPERS member who initially worked for a public agency in a position or time-base ineligible for CalPERS membership but who later became a CalPERS member. However, CalPERS members can also purchase service credit of up to three years for time they worked with certain national service organizations such as the Peace Corps, AmeriCorps VISTA (Volunteers In Service To America), and AmeriCorps. This bill would add the CCC to the list of service organizations for which a CalPERS member could purchase service credit.

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<sup>2</sup> Ibid.

**2. Need for this bill?**

According to the author:

“Currently, individuals who serve in AmeriCorps programs (either within or outside of California) are permitted to purchase up to three years of retirement service credit through CalPERS, recognizing their national service while supporting their long-term retirement security. However, California Conservation Corps (CCC) Corpsmembers do not have the same ability to purchase service credit for their time with the CCC, despite undertaking a similar commitment and performing similar project work in emergency response and natural resource protection, specifically within and to benefit California. This creates an inequity, as only a small portion of the Corpsmember population has the option of enrolling in AmeriCorps while serving in the CCC if enrolled in the CCC’s two AmeriCorps-specific programs (Backcountry Trails [BCTP] and Watershed Stewards Program [WSP]).”

**3. Proponent Arguments:**

According to the California Association of Local Conservation Corps:

“SB 1207...ensures Corpsmembers are able to purchase comparable service credit toward their public-sector retirement. In fact, the opportunity is already available to other services like AmeriCorps and Peace Corps, where participants are able to purchase up to three years of state service credit. By passing this bill, the Legislature recognizes the civic responsibility and dedication of Corpsmembers, while encouraging them to enter full-time public service.”

According to the California Conservation Corps Foundation:

“Currently, Corpsmembers are unable to make that commensurate purchase. This stands in contrast to the Peace Corps and AmeriCorps, where participants have long been able to purchase comparable service credit toward their public-sector retirement.”

“For a half-century, the mission of the CCC has been to protect and enhance the state’s natural resources and communities while empowering young adults through training, hard work and education. By passing this bill, California will take an important step towards recognizing the civic responsibility and dedication of Corpsmembers, while encouraging them to enter full-time public service.”

**4. Opponent Arguments:**

None received.

**5. Dual Referral:** The Senate Rules Committee referred this bill to the Senate Natural Resources Committee and to the Senate Labor, Public Employment and Retirement Committee.**6. Prior Legislation:**

AB 2094 (Committee on Public Employment and Retirement, Chapter 546, Statutes of 2002) authorized CalPERS members to purchase up to three years of service credit for service performed as a volunteer in AmeriCorps.

AB 596 (Honda, Chapter 834, Statutes of 1999) authorizes CalPERS members to purchase up to three years of service credit for time served as a volunteer in the Peace Corps or Vista.

**SUPPORT**

California Association of Local Conservation Corps  
CCC Foundation

**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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**Bill No:** SB 1319 **Hearing Date:** April 22, 2026  
**Author:** Durazo  
**Version:** April 15, 2026  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Glenn Miles

**SUBJECT:** California Public Records Act: public investment funds

**KEY ISSUE**

This bill significantly expands the information subject to disclosure under the California Public Records Act (CPRA) related to public pension funds' investments in alternative investment vehicles (e.g., private equity, private credit, hedge funds, etc.) to include detailed information about the corresponding partnerships and limited liability companies; their partners or members; and the vehicles' holdings and investment strategies, as specified.

**ANALYSIS**

**Existing law:**

- 1) Affirms that the people have the right of access to information concerning the conduct of the people's business, and, therefore, the meetings of public bodies and the writings of public officials and agencies shall be open to public scrutiny. (Cal. Const., art. I, § 3(b)(1).)
- 2) Requires that any statute, court rule, or any authority that limits the right of public access shall be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. (Cal. Const., art. I, § 3(b)(2).)
- 3) Provides that nothing in Cal. Const., art. I, § 3 (b) repeals, nullifies, supersedes, or modifies protections for the confidentiality of proceedings and records of the Legislature, the Members of the Legislature, and its employees, committees, and caucuses provided by Section 7 of Article IV, state law, or legislative rules adopted in furtherance of those provisions; nor does it affect the scope of permitted discovery in judicial or administrative proceedings regarding deliberations of the Legislature, the Members of the Legislature, and its employees, committees, and caucuses. (Cal. Const., art. I, § 3(b)(6))
- 4) Establishes the California Public Records Act (CPRA), which provides that the Legislature, mindful of the right of individuals to privacy, finds and declares that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. (Government Code § 7921 et seq.)
- 5) Lists hundreds of provisions of law that may exempt certain records, or portions thereof, from disclosure under CPRA, including records regarding public investment funds' investments in alternative investments (Government Code § 7930.100 et seq. and specifically, § 7930.185)

- 6) Provides that “*notwithstanding any other provisions of law or this Constitution to the contrary*, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system” and that “the retirement board of a public pension or retirement system shall have the sole and exclusive fiduciary responsibility over the assets of the public pension or retirement system”. (CA CONST. art. XVI, § 17) (emphasis added)
- 7) Provides that the assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. (CA CONST. art. XVI, § 17 (a))
- 8) Requires the members of the retirement board of a public pension or retirement system to discharge their duties with respect to the system *solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries*, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. *A retirement board’s duty to its participants and their beneficiaries shall take precedence over any other duty.* (CA CONST. art. XVI, § 17 (b)) (emphasis added)
- 9) Requires the members of the retirement board of a public pension or retirement system to diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. (CA CONST. art. XVI, § 17 (d)) (emphasis added)
- 10) Permits the Legislature by statute to continue to prohibit certain investments by a retirement board where it is in the public interest to do so, and provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board. (CA CONST. art. XVI, § 17 (g))
- 11) Defines “public investment fund” for purposes of CPRA disclosure requirements to mean any public pension or retirement system, any public endowment or foundation, or a public bank, or the venture capital program, as specified. (Government Code § 7928.710 (a) (4))
- 12) Exempts the following information regarding alternative investments in which public investment funds invest from disclosure under the CPRA unless the information has already been released publicly by the keeper of the information:
  - a) Due diligence materials that are proprietary to the public investment fund or the alternative investment vehicle;
  - b) Quarterly and annual financial statements of alternative investment vehicles;
  - c) Meeting materials of alternative investment vehicles;
  - d) Records containing information regarding the portfolio positions in which alternative investment funds invest;
  - e) Capital call and distribution notices; and,
  - f) Alternative investment agreements and all related documents. (Government Code § 7928.710 (b))
- 13) Provides that specified information regarding alternative investments in which public investment funds invest is subject to disclosure under the CPRA and may not be considered a trade secret exempt from CPRA disclosure, including:

- a) The name, address, and vintage year of each alternative investment vehicle;
- b) The dollar amount of the commitment made to each alternative investment vehicle by the public investment fund since inception;
- c) The dollar amount of cash contributions made by the public investment fund to each alternative investment vehicle since inception;
- d) The dollar amount, on a fiscal year-end basis, of cash distributions received by the public investment fund from each alternative investment vehicle;
- e) The dollar amount, on a fiscal yearend basis, of cash distributions received by the public investment fund plus remaining value of partnership assets attributable to the public investment fund's investment in each alternative investment vehicle;
- f) The net internal rate of return of each alternative investment vehicle since inception;
- g) The investment multiple of each alternative investment vehicle since inception;
- h) The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis, by the public investment fund to each alternative investment vehicle; and,
- i) The dollar amount of cash profit received by public investment funds from each alternative investment vehicle on a fiscal year-end basis. (Government Code § 7928.710 (c))

**This bill:**

- 1) Requires public investment funds to disclose the following, in addition to existing CPRA disclosure requirements:
  - a) The name of each general partner or manager of the alternative investment vehicle and of each person with a direct or indirect interest in the general partner or manager;
  - b) The total amount of cash contributions made by all investors to the alternative investment vehicle;
  - c) A comparison of the results from the alternative investment vehicle against the performance the public investment fund would have experienced from investing the same amount in a public market index of corresponding assets traded in the public securities markets, after controlling for risk, liquidity, and expense. The index shall be chosen at the time the public investment fund commits to the alternative investment vehicle.
  - d) The basis for continued operation, the current value of assets of the alternative investment vehicle, and the amount of any management fees, carried interest, or other expenses continuing to be charged to the fund on an annual fiscal year-end basis for each alternative investment vehicle that remains active beyond the end of its originally stated term.
  - e) Any continuation fund, asset rollover or transfer, or similar transaction involving assets previously held by the alternative investment vehicle, including the financial terms of any such continuation fund or transaction, management fees, and the valuations of the assets involved in the transaction.
  - f) The identity of the enterprise or activity in which the investment is made, the geographic locations where the enterprise or activity takes place, and the number and classifications of employees at each such location, using the United States Bureau of Labor Statistics' 2018 Standard Occupational Classification system with respect to an alternative investment vehicle which has an objective of creating, acquiring, or developing an enterprise or activity in which natural persons are engaged to perform work;
  - g) The number and aggregate dollar value of loans valued by the alternative investment vehicle at less than 75 percent of face value if originated by the alternative investment vehicle, or less than 75 percent of cost to the alternative investment vehicle if purchased,

and a list of third-party rating agencies hired by the alternative investment vehicle to assign ratings to the loans with respect to alternative investment vehicles with debt investment.

- 2) Makes legislative findings and declarations required under the constitution when amending the CPRA that it is in the public interest, and furthers the purposes of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, to ensure that certain alternative investment vehicle information with respect to the activities of public investment funds is available to the public while balancing the protection of trade secrets.
- 3) Declare that this bill does not require a reimbursement for state mandated costs because the only costs that may be incurred by a local agency or school district under this act would result from a legislative mandate that is within the scope of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution.

## COMMENTS

### 1. Background

This bill seeks to obtain significantly more information from public pension funds than is currently subject to CPRA disclosure related to public pension funds' investments in alternative investment vehicles. Previous legislation regarding this issue recognized the careful balancing between the people's right to know what public officials are doing and the need for pension officials to have access to alternative investments. The bill appears to revise those previous understandings in an attempt to pierce the "corporate" veil behind the partnerships and limited liability companies that investors normally create to structure their investments in privately held companies. Unlike publicly held companies whose shares are traded on major stock exchanges, private companies face far fewer disclosure requirements generally. That is one of the key characteristics of being a privately owned business.

The bill's supporters appear to want to leverage public pension funds to force those private companies to get information that is not publicly available. They cite various reasons for this effort including the argument that heightened transparency is on its own an important value to hold government accountable; the need to understand how public pension capital is supporting egregious actions by private employers to reduce or eliminate unionized workforces in privately held companies; and the need to protect public employees and pensioners from the misallocation of capital into opaque and risky investments.

#### *On Transparency*

This rationale appeals to our civic instincts but any cursory analysis of the exceptions to the CPRA reveals that we constantly weigh the benefits of transparency with the necessities of creating and implementing public policy. The legislature itself has a constitutional exception to the CPRA. Statutes, including statutes that authorize collective bargaining in the public sector, provide that key activities, such as negotiating collective bargaining agreements, cannot be accomplished in the glare of public light. Indeed, the CPRA lists hundreds of statutes that provide hundreds of examples where transparency impedes the ability to accomplish key policy objectives. This case is no different. Presumably, the bill's advocates

expect CalPERS to solicit from its general partners and co-investors information those investors take great pains to keep to themselves for the simple reason that when you have a good investment idea, you want to execute on it before any of your competitors can. Rather than provide that information to CalPERS, those investors are more likely to disinvite California pension funds from the opportunities to participate in future investment vehicles. That bodes ill for our pension returns, if our top pension fund experts are to be believed. Also, the sponsors overestimate California's influence in the wider world. There are over 100 sovereign wealth funds each with over \$100 billion in assets under management. There is no shortage of suppliers of capital for the best performing alternative investment managers. Like our elite universities, they can and do pick from the best applicants.

*On Protecting Union Workforces from Union-Busting Private Companies*

Nothing concerns labor policy advocates more than wealthy capitalists suppressing working people's first amendment rights to free association. This bill's supporters appear to believe that conscripting public pension systems into that battle will be effective and viable in preventing private investors from disrupting the economic security of unionized workforces in privately held companies. If nothing else, they may think, this bill can effectively shut off capital flows to those investors. They are wrong. As previously mentioned, there is no shortage of institutional investors ready to take the spot of California funds and receive the out-sized returns associated with high-performing alternative investments. Otherwise, Taft-Hartley union pension funds would be alternative investment fund participants and would already be providing the desired information.

Regardless, this policy goal is impermissible under the state constitution. Pension funds are trust funds, not the public's funds. They are the collected deferred compensation for work already performed by public employees. The constitution and federal tax law require that they be used for the exclusive purpose of ensuring that promised pension benefits will be paid to pension members and their beneficiaries. Alternative objectives are not only impermissible violations of the pension board members' fiduciary duty but also expose the General Fund to significant liabilities to guarantee the pension funds. If pension funds' investment returns are insufficient to fund the promised benefits, the General Fund is on the hook, effectively transferring money from the state's other policy priorities and from future generations who will have to pick up the bill.

*On Protecting Public Employees and Retirees from Rapacious Fees and Bad Investments*

Some supporters of the bill focus on the high fees and potential risks associated with alternative investments as reason to implement the bill's provisions. However, even assuming they are correct, they have no role in determining public pension fund investment policy. The constitution grants that role exclusively to the pension systems' trustees. The larger funds have expert internal staff to advise them. The smaller funds rely on expert outside advisors. In both cases those advisors are simply that; advisors. The investment decisions must be made by, and only by, the trustees, all of whom sit on public boards with public meetings where this bill's supporters can go and provide their advice and express their concerns, as well.

In sum, although this bill is well-intentioned, it also creates problematic challenges to fulfilling the state's promise to our public employees and retirees.

## 2. Need for this bill?

According to the author:

“California public employee pension funds invest in alternative investments, such as private equity funds, that offer the promise of high returns. However, these investments often come at a high cost—both to the public investment funds that pay billions in fees to alternative investment managers and to the workers who often face abuse, sexual harassment, and violations of local, state and federal laws at the hands of employers controlled by alternative investment managers.”

“Private equity firms Apollo Management, Capitol Meridian Partners and Sterling Group, which all receive investment from California pension funds, exemplify the high cost of alternative investment for investors and workers. Apollo-owned Cardenas Markets faces allegations of sexual harassment and anti-union activity. In California, Cardenas is a defendant in eight cases alleging sexual harassment and retaliation against workers who report it. Cardenas is also the defendant in three outstanding class action lawsuits alleging violations of California Labor Code, having already settled class action lawsuits – one with similar allegations – at a cost of \$4 million during Apollo’s ownership, without admitting wrongdoing.”

“Hundreds of workers at Phoenix Sky Harbor were fired when GAT/SkyCafe took over inflight catering for American Airlines, and GAT/SkyCafe failed to rehire many of these skilled workers and faces wage theft allegations from six workers. Instead of resolving the dispute, former GAT/SkyCafe owner Atlantic Street sold the company to Capitol Meridian Partners and Sterling Group, which have also failed to commit to rehiring the workers. Meanwhile, California pension funds pay investment fees to Apollo, Capitol Meridian Partners and Sterling Group.”

## 3. Proponent Arguments

According to UNITE HERE Local 11 and the UFCW Western States Council:

“In the State of California, 80 public investment funds collectively manage over \$1.4 trillion in retirement assets, providing security in retirement for millions of workers. CalPERS, CalSTRS and other public investment funds, allocate an increasing amount of their assets to alternative investments, which are expensive, opaque and illiquid. As of December 31, 2025, CalPERS had allocated \$212 billion, or 35 percent of its total portfolio, to alternative investments, while CalSTRS had allocated \$106 billion or 26 percent.

The American Investment Council estimated in 2022 that the State of California alone was home to 2,601 private equity-backed companies employing 1.5 million workers. However, public sector workers who participate in public pension plans lack clear information about how these companies are performing versus public market investments, and private sector workers are often left in the dark as to their employers’ true owners.

Alternative investments offer the promise of high returns but often come with high cost—both to the public investment funds that pay billions in fees to alternative investment managers, and to the workers who often face abuse, sexual harassment, and violations of local, state and federal laws at the hands of employers controlled by alternative investment managers. Because alternative investments are outside publicly traded markets, they are not

subject to transparent and market pricing, detailed federal reporting requirements, and other regulations that have been enacted to protect investors in publicly traded securities.”

#### 4. Opponent Arguments:

According to the State Association of County Retirement Systems (SACRS), representing 20 county retirement systems that collectively manage more than \$300 billion in assets on behalf of public employees and retirees:

##### *“Disclosure of Proprietary and Confidential Information”*

“SB 1319 requires expanded disclosure of alternative investment data, including performance comparisons and information related to underlying portfolio companies and other investors. While the bill maintains existing confidentiality protections, in practice, these requirements risk exposing sensitive information that retirement systems are contractually obligated to protect.”

“Retirement systems do not control underlying portfolio companies, yet the bill requires disclosure of detailed workforce and operational data from those entities. Alternative investment managers restrict the dissemination of fund and portfolio data through confidentiality agreements. Mandated disclosure may place retirement systems in conflict with those agreements, jeopardize relationships with managers, and limit access to high-performing funds—particularly in competitive markets such as private equity.”

##### *“Administrative Burden and Impact on Smaller Systems”*

“The bill also creates significant administrative challenges, especially for smaller systems with limited staff and resources. Producing standardized comparisons of private investments to public market benchmarks ‘after controlling for risk, liquidity, and Expense’ requires complex modeling, subjective assumptions, and data that systems often do not control.”

“Our retirement systems invest through pooled vehicles and rely on external managers, making compliance difficult and potentially costly. These added burdens would fall disproportionately on smaller systems and could reduce their ability to participate in certain investment strategies, limiting diversification and increasing risk.”

##### *“Impairment of Fiduciary Duty”*

“SB 1319 also risks impairing the fiduciary duty of retirement boards under Article XVI, Section 17 of the California Constitution. By imposing requirements that may restrict investment opportunities, increase costs, or elevate public reporting considerations over investment merit, the bill introduces factors unrelated to maximizing risk-adjusted returns.”

##### *“Conclusion”*

“SACRS supports transparency and has long complied with robust disclosure requirements under existing law. However, SB 1319 creates risks to investment access, increases administrative burdens, and interferes with the fiduciary responsibilities of retirement boards.”

**5. Prior Legislation:**

AB 2833 (Cooley, Chapter 361, Statutes of 2016) required every public investment fund, as defined, to require each alternative investment vehicle in which it invests to make specified disclosures related to management fees and charges and to present the disclosed information in a report at a public meeting at least annually

SB 574 (Pan, 2015) would have required the University of California (UC) to obtain the specified information from each private equity fund, venture fund, hedge fund, or absolute return fund in which the UC provides or has provided funds for investment. The bill was held in Assembly Appropriations.

SB 439 (Simitian, Chapter 258, Statutes of 2005) specified information and records relating to public investment funds invested in alternative investments that are subject to disclosure under the California Public Records Act, and records that are confidential in nature and protected from disclosure under the Act, unless previously published by the keeper of the information.

**SUPPORT**

Unite Here Local 11 (co-sponsor)  
United Food and Commercial Workers Union, Western States Council (co-sponsor)  
Alliance of Californians for Community Empowerment (ACCE) Action  
Americans for Financial Reform  
California Federation of Labor Unions  
Retired Public Employees Association  
UAW Region 6  
Unite Here International Union

**OPPOSITION**

California State Association of Counties  
Rural County Representatives of California  
State Association of County Retirement Systems  
Urban Counties of California

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

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<b>Bill No:</b>	SB 1012	<b>Hearing Date:</b>	April 22, 2026
<b>Author:</b>	Smallwood-Cuevas		
<b>Version:</b>	April 15, 2026		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Jazmin Marroquin		

**SUBJECT:** Employment of inmates

**KEY ISSUE**

This bill requires a joint advisory committee, as specified, in consultation with the Department of Corrections and Rehabilitation (CDCR), the Department of Forestry and Fire Protection (CAL FIRE), the Department of Industrial Relations (DIR), and the California Conservation (fire) Camp program, to facilitate the admission of graduates of the program, after release, into any relevant state-approved apprenticeship and for state-approved apprenticeship programs in the building and construction trades, as specified, to evaluate such individuals for admission with advanced standing based on prior coursework and work experience. It also requires CDCR, in partnership with the CAL FIRE and the fire camp program, to ensure that all individuals who complete the program receive a certification acknowledging their fire camp training and work experience to ensure eligibility for state-approved apprenticeship programs in the building and construction trades.

**ANALYSIS**

**Existing law:**

- 1) Establishes the California Department of Corrections and Rehabilitation (CDCR) and provides that the primary objective of adult incarceration in CDCR is to facilitate the successful reintegration of the individuals in the department's care back to their communities equipped with the tools to be drug-free, healthy, and employable members of society by providing education, treatment, and rehabilitative and restorative justice programs, all in a safe and humane environment to promote personal growth for all residents, as specified. (Penal Code §§5000-5035)
- 2) Provides that CDCR must require every able-bodied incarcerated individual imprisoned in any state prison as many hours of faithful labor in each day and every day during the person's term of imprisonment as is prescribed by the rules and regulations of the Secretary. (Penal Code §2700)
- 3) Authorizes CDCR to cause prisoners in the prisons of this state to be employed in the rendering of emergency services for the preservation of life or property within the state, as specified, when a county level state of emergency has been declared due to a natural disaster and the local governing board has requested the assistance of CDCR. (Penal Code §2701)

- 4) Provides that, in addition to specified credits, incarcerated individual hand crew members shall be paid an hourly wage equal to seven dollars and twenty-five cents (\$7.25) while assigned to an active fire incident. The wage rate shall be reviewed annually. (Penal Code §2714).
- 5) Establishes the Pre-Release Construction Trades Certificate Program, administered by CDCR, to increase employment opportunities in the construction trades for inmates upon release. (Penal Code §2716.5)
  - a) Requires CDCR to establish a joint advisory committee for the purpose of implementation of this program.
  - b) Requires the committee to be composed of representatives from building and construction trades employee organizations, the State Building and Construction Trades Council of California, joint apprenticeship training programs, the California Correctional Training and Rehabilitation Authority, the Division of Apprenticeship Standards, the Labor and Workforce Development Agency, and any other representatives the department determines appropriate. Requires the committee to:
    - i) Develop guidelines for the participation of inmates in preapprenticeship training programs, as described. The guidelines will provide for the integration, for all inmate preapprenticeship training programs in the building and construction trades, of the multicraft core curriculum implemented by the State Department of Education for its California Partnership Academies pilot project and by the California Workforce Development Board and local boards.
    - ii) Develop and implement a prerelease construction trades certification that validates that an inmate completed instruction, skills, and competencies required by and recognized by the participating building and construction trades.
    - iii) Ensure compliance with any applicable requirements and regulations of the Division of Apprenticeship Standards (DAS).
    - iv) Evaluate prerelease on-the-job training opportunities to compare and match competencies with those of registered apprentices in the building and construction trades.
    - v) Explore the feasibility of the electronic tracking of each participating inmate's relevant activities to efficiently capture competencies related to the certification.
    - vi) Explore the prerelease awarding of formal credit for apprenticeship hours recognized by joint apprenticeship training programs and the DAS.
    - vii) Facilitate the admission of graduates of inmate preapprenticeship programs, after release, into state-approved apprenticeship programs and for apprenticeship programs to evaluate such individuals for admission with advanced standing based on prior coursework and work experience.
- 6) Establishes the California Conservation Camp Program to provide for the training and use of the inmates and wards assigned to conservation camps in the furtherance of public conservation. Provides that it is the policy of the state to require the inmates and wards assigned to such camps to perform public conservation projects including, but not limited to, forest fire prevention and control, forest and watershed management, recreation, fish and game management, soil conservation and forest and watershed revegetation. (Public Resources Code §§4951-4958)
- 7) Provides that, notwithstanding any other law, any inmate assigned to a conservation camp by CDCR, who is eligible to earn one day of credit for every one day of incarceration, as

specified, will instead earn two days of credit for every one day of service. (Penal Code § 2933.3)

- 8) Establishes the Department of Forestry and Fire Protection (CAL FIRE) to oversee and administer programs related to forest health and fire prevention and response. (Public Resources Code §701)
- 9) Establishes the Department of Industrial Relations (DIR) in the Labor and Workforce Development Agency (LWDA), and vests it with various powers and duties to foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. (Labor Code §50.5)
- 10) Establishes the Division of Apprenticeship Standards (DAS) within DIR to oversee apprenticeship programs and requires the Chief of the Division to perform various functions to promote the welfare of apprentices. (Labor Code §3070 et seq.)
- 11) Creates, within DAS, the California Apprenticeship Council (CAC), which issues rules and regulations that establish standards for minimum wages, maximum hours, and working conditions for apprentice agreements in the building and construction trades and for firefighter occupations, as specified. (Labor Code §3070 et seq.)
- 12) Creates, within DAS, the Interagency Advisory Committee on Apprenticeship (IACA), which provides advice and guidance to the Administrator of Apprenticeship and Chief of DAS on the development and administration of standards governing preapprenticeship, certification, and on-the-job training and retraining programs *outside* the building and construction trades and firefighters. (Labor Code §3071.5)
- 13) Authorizes a joint apprenticeship committee, unilateral management or labor apprenticeship committee, or an individual employer to administer an apprenticeship program. The Chief may approve programs in any trade in the state or in a city or trade area, whenever the apprentice training needs justify the establishment. Where a collective bargaining agreement exists, a program shall be jointly sponsored unless either party to the agreement waives its right to representation in writing. (Labor Code §3075)
- 14) Defines “apprentice” to mean a person at least 16 years of age who has entered into a written agreement, or apprentice agreement, with an employer or program sponsor. The Chief shall approve the term of apprenticeship for each apprenticeable occupation, as specified. (Labor Code §3077)
- 15) Provides that the term of apprenticeship may be measured either through the completion of the industry standard for hours of on-the-job learning and related and supplemental instruction, attainment of competency, or a hybrid blend of the time-based and competency-based approaches, as specified, but that programs in the building and construction trades and for firefighters shall use the time-based approach. (Labor Code §3078.5)
- 16) Establishes the California Workforce Development Board (CWDB), under the purview of the LWDA, as the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California’s workforce system, including its alignment to the needs of the economy and the workforce. (Unemployment Insurance Code §14010 et seq.)

- 17) Requires the CWDB and each local board to ensure that programs and services, as specified, including preapprenticeship training, are conducted, to the maximum extent feasible, in coordination with one or more apprenticeship programs approved by the DAS for the occupation and geographic area, as specified. (Unemployment Insurance Code §14230)

**This bill:**

- 1) Requires the joint advisory committee, as specified, in consultation with specified state entities, to additionally facilitate the admission of *graduates of the California Conservation Camp program* after release into state-approved apprenticeships and apprenticeship programs, as specified.
- 2) Requires the joint advisory committee, as specified, in consultation with CDCR, CAL FIRE, DIR, and the fire camp program, to facilitate the admission of graduates of the program, after release, into any relevant state-approved apprenticeship and for state-approved apprenticeship programs in the building and construction trades, including those in general construction, to evaluate such individuals for admission with advanced standing based on prior coursework and work experience.
- 3) Provides that successful completion of conservation camp programs, including, but not limited to, wildland firefighter training, such as environmental remediation and forestry management, emergency response, and hazardous waste cleanup, constitutes qualifying experience for a state-approved apprenticeship in the building and construction trades under the DAS.
- 4) Requires CDCR, in partnership with the CAL FIRE and the fire camp program, to ensure that all individuals who complete the program receive a certification acknowledging their fire camp training and work experience to ensure eligibility for state-approved apprenticeship programs in the building and construction trades.
- 5) Provides that nothing in this section will preclude state-approved apprenticeship programs outside of the building and construction trades under the DAS from evaluating graduates of the fire camp program for admission with advanced standing based on prior coursework and work experience.

**COMMENTS**

**1. Background:**

*Apprenticeships and Preapprenticeships*

The DAS administers the state's apprenticeship laws and enforces apprenticeship standards for wages, hours, working conditions and the specific skills required for state certification as a journey person in an apprenticeable occupation. In general, apprenticeship programs provide instruction that combines a formal course of in-class instruction with practical "on-the-job" training.

Preapprenticeship services and programs are designed to prepare individuals to enter and succeed in registered apprenticeship programs. These programs have a documented partnership with at least one registered apprenticeship program sponsor and together, they expand the participant's career pathway opportunities with industry-based training coupled with classroom instruction.

The Multi-Craft Core Curriculum (MC3) is a pre-apprenticeship training program that was developed in 2007 by North America's Building Trades Union. It was designed to identify common elements in all building and construction trades' apprenticeship programs and combine them into one curriculum encompassing 120 hours of training. Among other things, the curriculum includes general orientation to apprenticeships, an introduction to the construction industry, cardiopulmonary resuscitation and first aid, an Occupational Safety and Health Administration 10-hour certification course, applied mathematics for construction, and blueprint reading.

*Pre-Release Construction Trades Certificate Program*

In 2018, the Legislature established the Pre-Release Construction Trades Certification Program, administered by CDCR, to increase employment opportunities in the construction trades for inmates upon release. The program is overseen by a joint advisory committee, composed of representatives from building and construction trades employee organizations, the State Building and Construction Trades Council of California, joint apprenticeship training programs, the California Correctional Training and Rehabilitation Authority, the DAS, the LWDA, and any other representatives the department determines appropriate.

The joint advisory committee is tasked with developing guidelines for the participation of inmates in preapprenticeship training programs. The guidelines must include the integration of the MC3 implemented by the State Department of Education for its California Partnership Academies pilot project and by the CDWB and local workforce development boards for all inmate preapprenticeship training programs in the building and construction trades. The joint advisory committee must also develop and implement a prerelease construction trades certification that validates an individual's completed instruction and skills required by and recognized by the participating building and construction trades. The committee facilitates the admission of graduates of inmate preapprenticeship programs, after release, into state-approved apprenticeship programs and for apprenticeship programs to evaluate such individuals for admission with advanced standing based on prior coursework and work experience.

*California Conservation Camp program*

The primary mission of the Conservation (Fire) Camp Program is to support state, local, and federal government agencies as they respond to emergencies including fires, floods, and other natural disasters.

CDCR initiated the Fire Camp Program to provide able-bodied incarcerated people with the opportunity to work on meaningful projects throughout the state.<sup>1</sup> The CDCR road camps were established in 1915. During World War II (WWII), much of the workforce that was used by the Division of Forestry (now known as CAL FIRE) was depleted so CDCR provided the necessary workforce by having incarcerated people occupy "temporary camps" to augment the regular firefighting forces. During WWII, there were 41 "interim camps,"

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<sup>1</sup> <https://www.cdcr.ca.gov/facility-locator/conservation-camps/>

which would become the foundation for the network of camps in operation today. CDCR, in cooperation with the CAL FIRE and the Los Angeles County Fire Department (LACFD), jointly operates 35 conservation camps, commonly known as fire camps, located in 25 counties across California. Two of the camps are for incarcerated women. All camps are minimum-security facilities and staffed with correctional staff.

CDCR employees oversee the fire camps and CDCR is responsible for the selection, supervision and discipline of camp participants. When responding to a wildfire or working on conservation projects, a CAL FIRE fire captain is responsible for their custody. The fire captain acts as the supervisor for the hand crew, which can include up to 17 people. Custody transfers back to correctional staff when the hand crews end their shift and return to either the camp or a base camp. Crews are directly supervised 24 hours per day on work projects and while assigned to emergencies. CAL FIRE assigns conservation projects for the crews. Prior to the start of a project, CDCR and CAL FIRE staff members evaluate the project site to ensure there are no security issues.

The Fire Camp Program paves the way for several job opportunities and benefits after release, including advanced training and criminal record expungement. When not assigned to an emergency, crews complete community service projects in areas close to their camp. Hand crews use hand tools to aid fire suppression during wildland fires, they do not use water or hoses. Participants can also work as camp support and maintenance staff including cooks, laundry workers, landscapers and water treatment plant operators. These pathways allow formerly incarcerated people to seek professional emergency response certifications that were not previously available to them.

According to the CDCR website, incarcerated fire crew members assigned to conservation camps earn between \$5.80 and \$10.24 per day while housed, working, and training at the camp, paid by CDCR, depending on skill level. In 2025, the Governor signed AB 247 (Bryan, Chapter 681) into law, which increased the hourly wage for fire camp participants to \$7.25 per hour while assigned to an active fire incident, regardless of skill level. During emergencies, crews may work 24-hour shifts followed by 24 hours of rest. Fire camp participants also earn time credits. Most incarcerated fire crew members receive 2-for-1 credits, meaning they receive two additional days off their sentence for every one day they serve on a fire crew. Fire camp volunteers who work as support staff, but not on a fire crew, receive day-for-day credits, meaning they receive one day off their sentence for every one day they serve as a firefighter. Incarcerated firefighters may gain employment with CAL FIRE after their release because a felony conviction does not disqualify employment with CAL FIRE. Many former fire camp firefighters go on to gain employment with CAL FIRE and the United States Forest Service.<sup>2</sup>

## **2. Need for this bill?**

According to the author, “Successful reentry into society after incarceration remains a significant challenge, as formerly incarcerated individuals often face systemic barriers to

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<sup>2</sup> CAL FIRE, California Conservation Corps, and CDCR, in partnership with the Anti-Recidivism Coalition, developed an 18-month enhanced firefighter training and certification program at the Ventura Training Center (VTC), located in Ventura County. The VTC trains formerly incarcerated people on parole who have recently been part of a trained firefighting workforce housed in fire camps or institutional firehouses operated by CAL FIRE and CDCR. VTC cadets who complete the program are qualified to apply for entry-level firefighting jobs with local, state, and federal firefighting agencies. <https://www.cdcr.ca.gov/facility-locator/conservation-camps/ventura/>

sustainable, long-term careers. Despite past investments, the state has for far too long exploited incarcerated fire crews, putting them in harm's way with little opportunity for stable employment upon release. Expanding meaningful, stable employment opportunities is necessary to improve reentry outcomes.

SB 1012 will support equitable and sustainable pathways for incarcerated individuals to access union-affiliated skilled trades careers by ensuring that successful completion of the CA Conservation (Fire) Camp Program results in clear eligibility and streamlined admission into state-approved apprenticeships after release.”

### **3. Proponent Arguments:**

According to the California State Council of Laborers, co-sponsors of this bill:

“This critical legislation addresses a long-standing inequity by ensuring that the sacrifice and skilled training of incarcerated fire camp participants are recognized as the professional assets they truly are. Successful reentry into society after incarceration remains a significant challenge, as formerly incarcerated individuals often face systemic barriers to sustainable, long-term careers. Despite past investments, the state has for far too long exploited incarcerated fire camp participants, putting them in harm's way with little opportunity for stable employment upon release.

California has made significant investments in rehabilitation and post-release employment outcomes. These include pre-apprenticeship programs such as the Pre-Release Construction Trades Certificate Program, which allow incarcerated individuals to complete industry-recognized training and education to prepare for registered apprenticeships upon release. Like pre-apprenticeship programs, the California Conservation (Fire) Camp program also provides incarcerated individuals with extensive training and real work experiences, such as responding to wildfires and performing critical vegetation and forestry management work.

The state has relied on the courage of incarcerated individuals to battle our most devastating wildfires-most recently deploying over 1,000 as first responders during the 2025 Los Angeles wildfires-only for them to face systemic barriers to those same careers upon release. These individuals perform grueling, dangerous work in vegetation management, emergency response, and hazardous waste clean-up-skills that are directly applicable to our organization and other union-affiliated crafts.

The Laborers are not just supporters of this movement; we are leaders in this space. We have long been firm believers in second chances, understanding that providing opportunities to those affected by the criminal justice system is what builds a strong community. By championing SB 1012, we are formalizing our commitment to transforming ‘hard time’ into ‘career time.’”

### **4. Opponent Arguments:**

None received.

**5. Dual Referral:**

The Senate Rules Committee referred this bill to the Senate Public Safety Committee, where it passed with a vote of 6-0, and the Senate Labor, Public Employment and Retirement Committee.

**6. Prior/Related Legislation:**

SB 75 (Smallwood-Cuevas, 2025) would have required the CDCR, in partnership with DIR and recognized building and construction trades councils to establish the Pre-apprenticeship Pathways to Employment Pilot Program to provide incarcerated individuals with access to pre-apprenticeship training aligned with state-registered apprenticeships in the building and construction trades, no later than January 1, 2028. *This bill was vetoed by Governor Newsom.*

AB 247 (Bryan, Chapter 681, Statutes of 2025) requires that individual hand crew members incarcerated in a state prison or county jail, or a ward hand crew member placed at Pine Grove Youth Conservation Camp, be paid an hourly wage of \$7.25 while assigned to an active fire incident.

SB 423 (Smallwood-Cuevas, 2025) would have required the CDCR and the office of the Chancellor of the California Community Colleges to expand access to community college courses that lead to degrees or certificates in fire science, forestry, basic emergency medical technician, or related subjects; requires CAL FIRE in collaboration with the California Conservation Corps and CDCR, and upon an appropriation, to (2) operate an enhanced firefighter training and certification program; and (3) authorizes the Los Angeles County Fire Department, upon an appropriation, to establish the Local Handcrew Pilot Program. *This bill was gutted and amended into a new bill with unrelated provisions.*

AB 1380 (Elhawary, 2025) would have directed CAL FIRE to implement a standardized process to ensure that all individuals who complete the department's firefighting training program while incarcerated receive official written certification before their release; required CDCR to award hiring preference to qualified formerly incarcerated individuals; and track incarcerated individuals who have completed the firefighting training program and report to the Legislature the effectiveness of the program. *This bill was held in the Senate Appropriations Committee.*

AB 2147 (Reyes, Chapter 60, Statutes of 2020), allows a person who has successfully participated in the California Conservation Camp Program or in a county incarcerated individual hand crew to petition for expungement of their conviction

SB 866 (Committee on Budget and Fiscal Review, Chapter 53, Statutes of 2018) which among other things, establishes the Pre-Release Construction Trades Certification Program to increase employment opportunities in the construction trades for inmates upon release. The bill requires CDCR to establish a joint advisory committee, composed of representatives from specified organizations and state agencies, for the purpose of implementation of the program and specified the duties of the committee with respect to the program.

SB 835 (Beall, 2018) would have required the CDCR to develop guidelines for inmate participation in pre-apprenticeship training programs, as specified, and would have required CDCR to coordinate with local state-approved apprenticeship programs and local building

trade councils so that inmates who complete an inmate pre-apprenticeship program have a pathway to employment upon release. *This bill died in the Senate Public Safety Committee.*

**SUPPORT**

California State Council of Laborers (Co-Sponsor)  
NextGen California (Co-Sponsor)  
ACLU California Action  
Associated General Contractors, California Chapters  
California Federation of Labor Unions  
California Public Defenders Association

**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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**Bill No:** SB 1284 **Hearing Date:** April 22, 2026  
**Author:** Smallwood-Cuevas  
**Version:** March 25, 2026  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Jazmin Marroquin

**SUBJECT:** Medi-Cal benefits: employer reports

**KEY ISSUE**

This bill requires California Health and Human Services (CHHS), after obtaining specified information from Employment Development Department (EDD), to prepare and submit a report, as specified, that identifies employers in California that employ 50 or more employees and that have any employees who receive benefits from the Medi-Cal program, as specified, while employed in the past calendar year.

**ANALYSIS**

**Existing federal law:**

- 1) Establishes the Medicaid program to enable each state to furnish medical assistance on behalf of individuals whose income and resources are insufficient to meet the costs of necessary medical services. (42 USC §1396, et seq.)
- 2) Requires states to provide safeguards restricting the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the program with limited exceptions for school nutrition programs. (42 USC §1396(a))
- 3) Starting January 1, 2027, as enacted by H.R. 1 (Public Law No. 119-21), requires individuals with incomes below 138% of the federal poverty level who are under age 65, not pregnant, and have no Medicaid-eligible dependents to demonstrate community engagement through at least 80 hours of work, community service, or participation in a work program, or at least half-time participation in an educational program, or have a monthly income not less than 80 times the federal minimum wage in a specified month. Provides for some exceptions to this requirement. This is referred to as the “work and community engagement” requirements. (42 USC §1396(a))
- 4) Requires an applicable large employer, defined as an employer with an average of 50 or more full-time equivalent employees in a calendar year, to offer its full-time employees and their dependents the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan or be subject to an assessable payment if any of their full-time employees enroll in a state-based health insurance exchange. (26 USC §4980(h))

**Existing state law:**

- 1) Establishes the California Health and Human Services Agency (CHHS), which consists of the following departments and offices: Aging, Child Support Services, Community Services and Development, Developmental Services, Health Care Access and Information, Health Care Services (DHCS), Managed Health Care, Public Health, Rehabilitation, Social Services (DSS), State Hospitals, the Center for Data Insights and Innovation, the Emergency Medical Services Authority, the Office of Technology and Solutions Integration, the Office of Law Enforcement Support, the Office of the Surgeon General, the Office of Youth and Community Restoration, and the State Council on Developmental Disabilities. (Government Code §12803 and §12806)
- 2) Establishes the Medi-Cal program, administered by DHCS, under which qualified low-income individuals receive health care services. (Welfare and Institutions Code §14000, et seq.)
- 3) Requires an individual's information given for purposes of receiving Medi-Cal to be kept confidential and not open to examination other than for purposes directly connected with the administration of the program. Limits the use of Medi-Cal applicant and recipient information to encompass those activities and responsibilities in which DHCS and its agents are required to engage in to ensure effective program operations, which include but are not limited to, establishing eligibility and methods of reimbursement; determining the amount of medical assistance; providing services for recipients; conducting or assisting an investigation, prosecution, or civil or criminal proceeding related to the administration of the Medi-Cal program; and conducting a legislative investigation or audit related to the administration of the Medi-Cal program, with limited exceptions for the coordination of other benefits, namely school nutrition programs. (Welfare and Institutions Code §14100.2)
- 4) Establishes the EDD within the Labor and Workforce Development Agency (LWDA). EDD is responsible for, among other duties, the administration of the Unemployment Insurance (UI) and Disability Insurance (DI) programs. (Unemployment Insurance Code §301)
- 5) Authorizes EDD to share wage and employment data, under specified conditions, for specified purposes and enumerates the programs for which data can be shared. (Unemployment Insurance Code §1095)

**This bill:**

- 1) Requires the EDD Director to permit the use of any information in their possession to the extent necessary, as specified, to enable the California Health and Human Services Agency (CHHS) to prepare and submit the report required, as specified, that identifies all employers in California that employ 50 or more employees and that have any employees who receive benefits from the Medi-Cal program, as specified, while employed in the past calendar year.
  - a) Provides that the information used for this purpose is limited to information from the administration of personal income tax wage withholding, as specified, and the disability insurance program and may be disclosed to CHHS only for the purpose of preparing and submitting the report and only to the extent not prohibited by federal law.

## SB 1284 (Smallwood-Cuevas) Page 3 of 12

- 2) Defines, for purposes of this section, “employer” to mean an individual or type of organization that employs for wages and salary 50 or more employees and has any employees enrolled in the Medi-Cal program, as specified, at any point during the reporting year while employed by the employer.
- 3) Requires CHHS, after obtaining the information from EDD, as specified, to prepare a report that includes all of the following:
  - a) The name and address of each employer.
  - b) The parent company of the employer, if applicable.
  - c) The Employer Identification Number (EIN) of the employer.
  - d) The North American Industry Classification System (NAICS) code assigned to the employer.
  - e) The total number of employees of that employer.
  - f) The number of employees of that employer enrolled in the Medi-Cal program by category of aid at any point during that reporting year.
  - g) The number of months the employee received benefits through the Medi-Cal program while employed.
  - h) The number of dependents of employees of that employer enrolled in the Medi-Cal program.
  - i) The estimated annual cost to the Medi-Cal program provided to each identified employer’s employees and their dependents enrolled in the Medi-Cal program.
  - j) A summary of the 100 employers with the highest number of employees and dependents enrolled in the Medi-Cal program and a summary of the 100 employers with the lowest number of employees and dependents enrolled in the Medi-Cal program.
  - k) A summary of the 100 employers with the highest percent of employees and dependents enrolled in the Medi-Cal program and a summary of the 100 employers with the lowest percent of employees and dependents enrolled in the Medi-Cal program.
- 4) Requires CHHS to submit the prepared report to the Legislature no later than July 1, 2027, and annually thereafter, as specified.
- 5) Provides that individually identifiable information about employees or Medi-Cal enrollees contained in the prepared report, as specified, is exempt from disclosure under the California Public Records Act.
- 6) Provides that nothing in this section will be construed to permit authorization or publication of identifying information of employees enrolled in the Medi-Cal program.
- 7) Authorizes CHHS and EDD to enter into data-sharing agreements as necessary to implement this section, consistent with state and federal privacy laws.
- 8) Repeals an outdated provision, as specified, that sunset on January 1, 2020 and is now repealed.
- 9) Makes a finding and declaration that in order to ensure adequate privacy protections for Medi-Cal enrollees and beneficiaries, it is necessary for their individually identifiable information to be kept confidential.
- 10) Provides that no reimbursement is required by this act, as specified.

COMMENTS

1. **Background:**

*EDD and Employer Reporting Requirements*

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. Employers are also required to withhold mandatory employee payroll deductions (State Disability Insurance (SDI) and Personal Income Tax (PIT)) and forward these to the EDD.

EDD is currently permitted to share data, but *only* with specified state agencies and for specific allowable purposes through Unemployment Insurance Code (UI Code) Section 1095 that outlines what the data can and cannot be used for.<sup>1</sup> 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 EDD to requirement reimbursement for all direct costs incurred.

*DHCS and Medi-Cal*

The California Department of Health Care Services (DHCS) is single state agency overseeing Medi-Cal, California's Medicaid program, and it provides health care for more than 14 million low-income people (around one-third of all Californians). DHCS provides health care to low-income individuals, children, older adults, and persons with disabilities. Medi-Cal covers physical and mental health, substance use disorder treatment, dental, pharmacy, and long-term services and supports. DHCS is also the single state agency for the Substance Use and Mental Health Services Administration for mental health and substance use disorder services.

*Employer Mandate*

As stated in the Senate Health Committee analysis, "According to the Internal Revenue Service (IRS), the [Affordable Care Act (ACA)] requires most employers with an average of 50 or more full-time equivalent employees in a calendar year to offer their full-time employees minimum essential health coverage that is affordable and provides a minimum value, as defined, to their employees or to potentially make an employer shared responsibility payment to the IRS. These provisions are also known as the "employer mandate."

Employers are subject to this provision: 1) if they do not offer minimum essential coverage to at least 95% of their employees and have at least one full-time employee who receives premium tax credits through the state's health insurance exchange (e.g. Covered California), or 2) if they do offer coverage to at least 95% of their employees, but a full-time employee gets premium tax credits because that employee was not offered coverage or the coverage was insufficient. In the first case, the 2024 amount of the penalty was \$2,970 per employee, with the first 30 employees excluded from the calculation. In the second case, the 2024 amount of the penalty was \$4,460 for each full-time employee receiving premium tax credits.

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<sup>1</sup> UI Code Section 1095

Notably, there is only shared responsibility for employers if one of the employer’s full-time employees enrolls in Covered California and gets premium tax credits. If the employee is part-time, including part-time at multiple jobs, or their pay and household size make them ineligible for premium tax credits whether because they earn too much or too little, the employer pays nothing.”

*H.R. 1 Work Requirements*

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. 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.<sup>2</sup> 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.

*AB 1792 (Gomez, 2014)*

In 2014, AB 1792 (Gomez, Chapter 889) was signed into law, which required DHCS to annually inform EDD of the names and social security numbers of all recipients of the Medi-Cal program. It required DHCS to determine the average per individual cost of the state and federally funded benefits provided by the Medi-Cal program and inform EDD of those costs. EDD was required to collaborate with DHCS and DSS<sup>3</sup> to determine the total average cost of state and federally funded benefits provided to each identified employer’s employees.

AB 1792 also required the Department of Finance (DOF) to prepare a report that included the following information obtained by EDD:

- the employer’s name
- the employer’s address
- the number of beneficiaries each employer employs who are enrolled in a public assistance program
- the percentage of the employer’s total workforce in the state that are beneficiaries
- the total average cost of state and federally funded benefits provided to each identified employer’s employees who are beneficiaries calculated using the average per individual cost of state and federally funded benefits excluding administrative costs, and
- the methodology used by DHCS, EDD, CDSS, and the DHCS to calculate the average total cost of state and federally funded benefits provided to an identified employer’s employees who are beneficiaries.

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<sup>2</sup> *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>

<sup>3</sup> California Department of Social Services

Additionally, the DOF report was required to be annually transmitted to the Legislature beginning in 2016 and posted on DHCS's website and only list the 500 employers in the state with the most number of employees enrolled in a public assistance program ranked by the number of those employees. The report, and any list provided to the department, was not allowed to include the name or identifying information of an individual beneficiary.

AB 1792 also contained protections for employees from discrimination and retaliation in the workplace for applying to be or being enrolled in the Medi-Cal program. AB 1792 had a sunset date of January 1, 2020, and its provisions are now repealed.

*This bill, as proposed to be amended*

**Note:** The bill in print requires CHHS to prepare the below specified report, but the author has agreed to amend the bill to instead require that DHCS will be tasked with preparing the report, since DHCS administers the Medi-Cal program and is more equipped with the appropriate information. The author has also agreed to amend the bill to define an employer as an employer that has 100 or more employees, instead of 50 or more employees. **Below, there is a description of the bill, as proposed to be amended (please see comment #2 below for specific language).**

As proposed to be amended, this bill will require DHCS to prepare a report, after obtaining information from EDD, that identifies all employers in California that employ 100 or more employees and that have any employees who receive benefits from the Medi-Cal program, as specified, while employed in the past calendar year.

SB 1284 will require the report to be submitted to the Legislature no later than July 1, 2027, and annually thereafter, and to include the following information:

- The name and address of each employer.
- The parent company of the employer, if applicable.
- The Employer Identification Number (EIN) of the employer.
- The North American Industry Classification System (NAICS) code assigned to the employer.
- The total number of employees of that employer.
- The number of employees of that employer enrolled in the Medi-Cal program by category of aid at any point during that reporting year.
- The number of months the employee received benefits through the Medi-Cal program while employed.
- The number of dependents of employees of that employer enrolled in the Medi-Cal program.
- The estimated annual cost to the Medi-Cal program provided to each identified employer's employees and their dependents enrolled in the Medi-Cal program.
- A summary of the 100 employers with the highest number of employees and dependents enrolled in the Medi-Cal program.
- A summary of the 100 employers with the highest percent of employees and dependents enrolled in the Medi-Cal program.

This bill also contains clarifying language around data de-identification for any public reporting and prohibits employers from discriminating and retaliating against employees for applying to be or enrolling in the Medi-Cal program. It authorizes DHCS and EDD to enter

into data-sharing agreements as necessary to implement these requirements, consistent with state and federal privacy laws.

## 2. Amendments Taken in this Committee:

### *Senate Health Committee amendments*

The author agreed to amendments in the Senate Health Committee, but due to timing, the author will be taking the agreed-upon amendments in this committee. The amendments agreed to in the Senate Health Committee:

- 1) Clarify that DHCS, not CHHS, is tasked with completing the report.
- 2) Increase the 50-employees threshold to 100 employees in the definition of employer.
- 3) Add findings to specify that the legislative intent is to ensure that the Medi-Cal program continues to operate as the payor of last resort, and to support the effective administration, oversight, and evaluation of the program by improving transparency regarding the relationship between employment and Medi-Cal enrollment.
- 4) Delete the requirement that the report includes a summary of the 100 employees with the lowest number *and* percentage of employees and dependents enrolled in the Medi-Cal program.
- 5) Add clarifying language around data de-identification for any public reporting.

### *Author's amendments*

The author's office plans to amend the bill in committee to 1) make a clarifying change to the definition of an employer and 2) add language to prohibit employers from discriminating and retaliating against employees for applying to be or enrolling in the Medi-Cal program.

Below is a mock-up of the Senate Health Committee and author's amendments that will be taken in this committee:

**UIC 1095.** The director shall permit the use of any information in the director's possession to the extent necessary for any of the following purposes, and may require reimbursement for all direct costs incurred in providing any and all information specified in this section, except information specified in subdivisions (a) to (e), inclusive: [ . . . ]

(af) To enable the ~~California Health and Human Services Agency~~ Department of Health Care Services to prepare and submit the report required by Section 11024.5 of the Welfare and Institutions Code that identifies all employers in California that employ ~~50~~ 100 or more employees and that have any employees who receive benefits from the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code) while employed in the past calendar year. The information used for this purpose shall be limited to information from the administration of personal income tax wage withholding pursuant to Division 6 (commencing with Section 13000) and the disability insurance program and may be disclosed to the ~~California Health and Human Services Agency~~ Department of Health Care Services only for the purpose of preparing and submitting the report and only to the extent not prohibited by federal law.

**WIC 11024.5. (a) The Legislature makes the following findings:**

**(1) Medi-Cal is intended to function as a public safety net and as the payor of last resort, consistent with state and federal law, providing coverage only when other sources of health coverage are unavailable or insufficient.**

**(2) One in three working Californians rely on Medi-Cal for health coverage, including individuals employed by employers that do not provide affordable employer-sponsored coverage or that pay wages insufficient to meet basic health care needs.**

**(3) House Resolution 1 (Public Law 119-21) work requirements have brought the intersection of work, employer-sponsored health care coverage, and Medi-Cal back to the forefront. To best administer the Medi-Cal program, policymakers need empirical data to understand if H.R. 1 requirements are leading to changes in the number of uninsured, number of persons covered by employer-sponsored coverage, and enrolled in Medi-Cal by employer, business type and industry.**

**(4) It is the intent of the Legislature in enacting this section to ensure that the Medi-Cal program continues to operate as the payor of last resort, and to support the effective administration, oversight, and evaluation of the program by improving transparency regarding the relationship between employment and Medi-Cal enrollment.**

**(b)** For purposes of this section, “employer” means **a private employer that has 100 or more employees** ~~an individual or type of organization that employs for wages and salary 50 or more employees~~ and has any employees enrolled in the Medi-Cal program (Chapter 7 (commencing with Section 14000)) at any point during the reporting year while employed by the employer.

**(c)** The ~~California Health and Human Services Agency~~ **State Department of Health Care Services** shall, after obtaining the information from the Employment Development Department pursuant to subdivision (af) of Section 1095 of the Unemployment Insurance Code, prepare a report that includes all of the following:

- (1) The name and address of each employer.
- (2) The parent company of the employer, if applicable.
- (3) The Employer Identification Number (EIN) of the employer.
- (4) The North American Industry Classification System (NAICS) code assigned to the employer.
- (5) The total number of employees of that employer.
- (6) The number of employees of that employer enrolled in the Medi-Cal program by category of aid at any point during that reporting year.
- (7) The number of months the employee received benefits through the Medi-Cal program while employed.
- (8) The number of dependents of employees of that employer enrolled in the Medi-Cal program.
- (9) The estimated annual cost to the Medi-Cal program provided to each identified employer’s employees and their dependents enrolled in the Medi-Cal program.
- (10) A summary of the 100 employers with the highest number of employees and dependents enrolled in the Medi-Cal program ~~and a summary of the 100 employers with the lowest number of employees and dependents enrolled in the Medi-Cal program.~~
- (11) A summary of the 100 employers with the highest percent of employees and dependents enrolled in the Medi-Cal program ~~and a summary of the 100 employers with the lowest percent of employees and dependents enrolled in the Medi-Cal program.~~

**(d)** Notwithstanding Section 10231.5 of the Government Code, the California Health and Human Services Agency shall submit the report prepared pursuant to subdivision (b) to the Legislature no later than July 1, 2027, and annually thereafter, in accordance with Section

9795 of the Government Code. **Any public reporting shall adhere to the department's existing guidelines on data de-identification.**

(e) Individually identifiable information about employees or Medi-Cal enrollees contained in the report prepared pursuant to subdivision (b) shall be exempt from disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) **in accordance Section 7930.170 of the Government Code and Section 14100.2 of the Welfare and Institutions Code.**

(f) Nothing in this section shall be construed to permit authorization or publication of identifying information of employees enrolled in the Medi-Cal program.

(g) The ~~California Health and Human Services Agency~~ **State Department of Health Care Services** and the Employment Development Department may enter into data-sharing agreements as necessary to implement this section, consistent with state and federal privacy laws.

**(h) Nothing in this section shall be construed to authorize an employer to engage in any conduct against an employee or an applicant for employment in violation of Section 230.9 of the Labor Code, including, but not limited to, discouraging or preventing an employee from applying for or enrolling in the Medi-Cal program.**

**LAB 230.9 (1) An employer shall not discharge or in any manner discriminate or retaliate against an employee who applies for, or is enrolled in, the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code).**

**(2) An employer shall not refuse to hire a person because that person is enrolled in the Medi-Cal program.**

### 3. Need for this bill?

According to the author, “More than 3 million working Californians rely on Medi-Cal, not because they are unemployed, but because their wages are too low or employer coverage is unaffordable. Medi-Cal was designed to be a safety net and a last resort. But when wages do not keep pace and coverage is out of reach, Medi-Cal fills that gap—and taxpayers bear the cost. At a time when the state faces a real budget crisis, federal cuts threaten to weaken Medi-Cal further, and families are struggling to get by, we have to ask: Is it fair or sustainable for taxpayers to subsidize the labor costs of billion-dollar corporations?”

SB 1284 increases transparency by requiring the state to publish an annual report identifying employers whose workers are enrolled in Medi-Cal and estimating the associated cost to taxpayers. If public dollars are being used to support a company’s workforce, the public deserves to know. The bill ensures the public has access to information about how Medi-Cal supports California’s workforce, and which large employers rely most heavily on the program. Specifically, SB 1284 requires the California Department of Health Care services to produce an annual public report identifying employers with 100 or more employees and at least 10 full-time employees enrolled in Medi-Cal during the reporting year.”

**4. Proponent Arguments:**

According to the co-sponsors of this bill, SEIU California:

“Employers that pay low wages and offer no or unaffordable benefits shift the costs of doing business onto taxpayers. The social and economic burden created by the lack of health care coverage for some workers and the coverage of other workers through the Medi-Cal program creates a burden on the state, affected workers, and the families of affected workers who suffer ill health and risk financial ruin. Employers that shift the costs of their business expenses onto taxpayers put responsible employers at a competitive disadvantage too, creating an unfair playing field for business in the state.

As H.R. 1 work requirements have brought the intersection of work, employer-sponsored health care coverage, and Medi-Cal back to the forefront, policymakers should have empirical data to understand if H.R. 1 requirements are leading to changes in the number of uninsured, number of persons covered by employer-sponsored coverage, and enrolled in Medi-Cal by business type and industry. To promote a deeper understanding of the dynamics of health care coverage and employment, and the economic impacts on Californians, business, and the state budget, it is appropriate for policymakers to possess a broader set of empirical data at the employer level with which to make informed decisions. SB 1284 is a critical step forward to accomplish this.”

**5. Opponent Arguments:**

According to the Chamber of Commerce, opponents of this bill:

“SB 1284 would require the State Department of Health Care Services (DHCS) to report employer-specific data on employees enrolled in Medi-Cal to and then make that information available, identified by employer name. While SB 1284 does not expressly state that the names of employers will be disclosed publicly, it can be inferred that when DHCS submits the report to the legislature no later than July 1, 2027, there will likely be a hearing on the findings. In that hearing, that would be open to the public, there is a high likelihood that individual employers’ names are divulged or at minimum posted on the agency website. By placing individual employer names alongside the number of their workers receiving state-funded health care, SB 1284 would effectively create a government operated public shaming registry. One built on incomplete, decontextualized data that says nothing definitive about how an employer treats its workforce.

This implicit premise in SB 1284’s purpose is deeply concerning, and that premise is that any employer with workers on Medi-Cal is offloading its obligations onto taxpayers. This premise, however, is demonstrably false, and using a state database to broadcast it will cause serious, undeserved harm to countless California employers, including small businesses.

Medi-Cal enrollment is driven by a complex set of factors that have nothing to do with employer malfeasance, including but not limited to:

- Workers who voluntarily choose Medi-Cal over employer sponsored coverage because it is more affordable or comprehensive for their family situation;
- Part-time or seasonal workers who are not eligible for employer-sponsored benefits under existing law;

- Workers whose income qualifies them for Medi-Cal regardless of whether their employer offers coverage;
- New hires still in waiting periods before employer benefits take effect;
- Workers in households with other enrolled family members who are on Medi-Cal for independent reasons;
- Industries such as agriculture, construction, food service, retail, and healthcare that employ high proportions of lower-wage workers who qualify for Medi-Cal by income threshold, regardless of an employer's robust benefit offerings.

SB 1284 does nothing to account for any of these factors. Sharing an employer's name alongside a Medi-Cal enrollment count, without context or explanation, implies that the employer is wholly responsible, when the reality is far more complicated and nuanced.”

## **6. Dual Referral:**

The Senate Rules Committee referred this bill to the Senate Health Committee, where it passed with a vote of 8-1, and the Senate Labor, Public Employment and Retirement Committee.

## **7. Prior/Related Legislation:**

SB 1054 (Cabaldon, 2025) would require specified employers and other affected entities to also report total monthly wage, industry, occupation, worker type, and hours worked for each employee, as specified. *This bill is currently pending in the Senate Appropriations Committee.*

SB 1202 (Weber Pierson, 2025) requires DHCS to establish a dashboard to track enrollment data related to the implementation of recently enacted federal enrollment barriers, including work requirements. Requires DHCS, counties, and Medi-Cal managed care plans to undertake linguistically and culturally appropriate outreach efforts to Medi-Cal recipients to educate them on the changes to federal law and maintaining Medi-Cal eligibility. *This bill is pending in the Senate Appropriations Committee.*

AB 2161 (Bonta, 2025) codifies H.R. 1's work requirements; requires DHCS to implement H.R. 1's work requirements in California in the least administratively burdensome way to Medi-Cal applicants and recipients as possible; and prohibits DHCS from applying H.R. 1's work requirements to state-only Medi-Cal populations. *This bill is pending in the Assembly Appropriations Committee.*

AB 2729 (Bonta, 2025) creates the Employer Responsibility for Medi-Cal Trust Fund consisting of new taxes and deposits, including employer penalties, to fund direct and indirect costs of administering the Medi-Cal program in a manner necessary to prevent the loss of or restore health care coverage, benefits, or access to care, following the passage of H.R. 1. *This bill is pending in the Assembly Health Committee.*

AB 1792 (Gomez, Chapter 889, Statutes of 2014) required the Department of Health Care Services (DHCS) to annually inform the Employment Development Department (EDD) of the names and social security numbers of all recipients of the Medi-Cal program; required DHCS to determine the average per-individual cost of state and federally funded benefits

provided by the Medi-Cal program and inform EDD of these costs; defined an employer as an individual or organization that employs 100 or more beneficiaries of the Medi-Cal program; required the Department of Finance (DOF) to, after obtaining specified information from EDD, annually transmit to the Legislature and post on the DOF Internet Web site a report that, among other things, identified the 500 employers in the state with the most number of employees enrolled in a public assistance program ranked by the number of those employees, as specified; and established a January 1, 2020 sunset date.

AB 880 (Gomez, 2013) would have required employers with 500 or more employees to pay an employer responsibility penalty if their employees working more than 12 hours per week and more than 45 days in a calendar year are enrolled in Medi-Cal based on the Modified Adjusted Gross Income eligibility standard. *This bill failed on the Assembly Floor.*

**SUPPORT**

California Federation of Labor Unions (Co-Sponsor)  
California State Council of Service Employees International Union (SEIU California) (Co-Sponsor)  
California LGBTQ Health and Human Services Network  
California Physicians Alliance  
CFT – a Union of Educators & Classified Professionals  
Courage California  
End Poverty in California (EPIC)  
Health Access California  
Teamsters California  
UFCW - Western States Council  
United Domestic Workers/AFSCME Local 3930

**OPPOSITION**

California Chamber of Commerce

**-- END --**

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

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**Bill No:** SB 1444 **Hearing Date:** April 22, 2026  
**Author:** Committee on Labor, Public Employment and Retirement  
**Version:** March 17, 2026  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Alma Perez-Schwab

**SUBJECT:** Employment

**KEY ISSUES**

This omnibus bill makes statutory updates to improve efficiency, clarity, and modernization across several state programs. Specifically, the bill: 1) grants an additional 30 days to Public Employees' Retirement System members to make post-retirement decisions, as specified; 2) streamlines the Labor Commissioner wage claims processes to allow for electronic communication; 3) consolidates duplicative Employment Development Department (EDD) reports and shortens EDD's automation planning horizon to account for evolving technologies; 4) removes outdated firefighter training references in specified workers' compensation firefighter presumptions; and 5) makes other technical clarifying changes.

**ANALYSIS**

**Existing law:**

- 1) Under the Public Employees' Retirement Law, authorizes a member of the Public Employees' Retirement System (CalPERS) to elect from among several optional settlements for the purpose of structuring the member's retirement allowance. Requires a member to make an election, revocation, or change of election within 30 calendar days after the making of the first payment on account of any retirement allowance or, in the event of a change of retirement status after retirement, within 30 calendar days after making the first payment on account of that change in retirement status. (Government Code §21472)
- 2) Establishes, within the Department of Industrial Relations (DIR), the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner (LC), and empowers the LC with ensuring a just day's pay in every workplace and promotes economic justice through robust enforcement of labor laws. (Labor Code §79-107)
- 3) Authorizes the LC to investigate employee complaints and provide for a hearing in any action to recover wages, penalties, and other demands for compensation, including liquidated damages if the complaint alleges payment of a wage less than the minimum wage, as specified. Requires a party who has received actual notice of a claim before the LC to notify the LC in writing of any changes in that party's business or personal address within 10 days after the change in address occurs. Existing law additionally requires a copy of the complaint to be served on all parties when a hearing is set, and specifies the copy shall be served personally, by certified mail, or pursuant to specified provisions authorizing certain service in lieu of personal delivery. (Labor Code §98)

- 4) Makes it unlawful for any person or employee to engage in willful misclassification of an individual as an independent contractor and imposes certain civil penalties and damages for violations of those provisions. With regards to enforcement of these provisions, it specifies that for each public employee subject to specified statutes, the Labor Commissioner or a public prosecutor may alternatively recover the above-referenced civil penalties as damages payable to the employee, as specified. (Labor Code §226.8)
- 5) Establishes a workers' compensation system to compensate an employee for injuries sustained in the course of employment. As part of this system, creates a rebuttable presumption that specified injuries, including cancer and post-traumatic stress disorder, that developed or manifested during a period in which the person is serving as a first responder, as specified, arose out of and in the course of employment. Existing law makes these provisions applicable to active firefighting members of a fire department that provides fire protection to a commercial airport regulated by the Federal Aviation Administration, as specified, and that are trained and certified by the State Fire Marshal as meeting the standards of Fire Control 5 and a specified section of the Code of Federal Regulations. (Labor Code §3212)
- 6) Establishes the Employment Development Department (EDD) in the LWDA and vests it with various duties and responsibilities including the administration of the Unemployment Insurance (UI) program that provides weekly unemployment insurance benefits for workers who lose their job through no fault of their own. Among other things, existing law:
  - a) Requires the Director of EDD to calculate the experiences of school employers relative to usage of the Unemployment Fund and to provide this information, among other things, to the affected school employer and governing body thereof at least annually.
  - b) Requires the Director of EDD to develop experience relationships on all benefits paid to employees via the School Employees Fund and on school employers' experience related to use and exposure, and to report this each year to the Legislature before March 31. Requires the report to contain comments and recommendations on improvement to administration, enforcement, and financing of the provisions relative thereto.
  - c) Requires the Director of EDD to prepare a biennial report to the Legislature on the department's automation plans that, among other things, provides a strategic information technology plan that describes the long-term goals and strategies that shall be undertaken by the department covering a 10-year planning horizon, as specified. (Unemployment Insurance Code §832 & §4902)

**This bill:**

*Regarding CalPERS:*

- 1) Extends the timeframe under which CalPERS members can modify their post-retirement option beneficiary designations from 30 to 60 days after the making of the first payment.

*Regarding LC wage claims processes:*

- 2) Makes various changes to provisions governing the communication of the LC to employees filing wage claims to:
  - a) Require that a party, while the matter is before the LC, notify the LC of any changes to that party's electronic address within 10 days after the change in address occurs.

- b) Revise the manner in which notice is required to be given to include first-class mail, registered mail, in the manner specified in Section 415.20 of the Code of Civil Procedure, or by any manner that the party agrees to accept service, including, but not limited to, electronic service.
- c) Specify that any party that is represented by an attorney shall be required to accept electronic service from the Labor Commissioner.

*Regarding existing misclassification of employees:*

- 3) Clarifies that for enforcement of misclassification of employees provisions, each employee, the LC, or a public prosecutor may alternatively recover the specified civil penalties as damages payable to the employee, as specified. (This is consistent with existing law; this technical correction clarifies that)

*Regarding existing workers' compensation firefighter provisions:*

- 4) For purposes of specified workers' compensation presumptions applicable to certain firefighters, eliminates the requirement that the active firefighters be trained and certified by the State Fire Marshal as meeting the standards for the presumptions to apply and instead specifies that it applies to firefighters regulated by the Federal Aviation Administration under existing Code of Federal Regulations and trained in accordance with those regulations.

*Regarding the EDD provisions:*

- 5) Makes various modifications and clarifications to the existing reporting provisions to:
  - a) Revise and consolidates the existing School Employees Fund report to require that the information be included as part of the Unemployment Fund report.
  - b) Require that the usage of the Unemployment Fund report, now containing the specified School Employees Fund information, be submitted in compliance with existing Government Code Section 9795 and additionally submitted to the Legislature.
  - c) For the currently required biennial report to the Legislature on the department's automation plans, require that the report include a plan covering a 3-year planning horizon instead of the current 10-year planning horizon. Additionally, requires that the report be submitted in compliance with existing Government Code Section 9795.

## COMMENTS

### 1. Background and need for this bill?

This omnibus bill makes statutory updates to improve efficiency, clarity, and modernization across several state programs within the jurisdiction of the Senate Labor, Public Employment and Retirement Committee.

*CalPERS' Option Beneficiary:*

A CalPERS member may provide a lifetime allowance to a designated beneficiary upon the member's death by selecting an optional contract for a reduction to their unmodified pension allowance. Under current law, the member may make a change to their option beneficiary prior to receiving their first pension check, which occurs approximately 30 days after their retirement date. **This bill** provides CalPERS members an *additional* 30 days to modify their

option beneficiary to ensure they have fully considered the lifelong consequence to their pension benefit before their selection becomes irrevocable.

*Email Services and Drafting Error:*

Currently, the Labor Commissioner's Office (LCO) Wage Claims Adjudication Unit spends a significant amount of its already limited time and resources mailing out notices to the parties in Berman wage claim proceedings, even in cases where the parties have engaged with LCO through email and may be amenable (or may even prefer) service by email. LCO also spends a significant amount of money on postage getting these notices out. **This bill** makes changes that will save staff time and resources in the Berman wage claim process, creating efficiencies and helping to reduce backlogs.

Last year, the LCO identified a drafting error in Labor Code section 226.8(g)(2). **This bill** corrects a drafting error in AB 594 (Maienschein, Chapter 659, Statutes of 2023) to allow workers to recover the same misclassification penalty in all LCO proceedings.

*EDD Reports:*

Employment Development Department administers the School Employee Fund (SEF), which helps finance unemployment claims filed by school employees. Existing law requires EDD to publish two annual SEF reports and provide the report to the Legislature and SEF participants. **This bill** consolidates the annual SEF Report provided to both the Legislature and SEF participants, into one, single annual report, streamlining the reporting requirement for EDD, the Legislature, and SEF participants.

EDD is also required to prepare and submit a biennial IT Automation report, detailing a ten-year automation plan, including recommendations on improvements for consideration by both policy and fiscal committees of the Legislature, on or before February 1 of each even-numbered year. **This bill** reduces EDD's ten-year IT automation plan requirement to three years. With a shorter plan duration, the report provides the Legislature with a plan that is more realistically aligned with quickly emerging technology trends, while continuing to offer transparency, oversight, and accountability over the Department's IT infrastructure.

*Firefighter Workers' Compensation:*

Last year, the Legislature passed SB 230 (Laird, Chapter 404, Statutes of 2025), which expanded rebuttable presumptions that specified diagnoses are occupational and therefore covered by workers' compensation to covered active firefighting members. Under current law, active firefighters for a commercial airport must meet specified standards of Fire Control 5 under the purview of the State Fire Marshal to be eligible for these presumptions. The committee has been informed that the State Fire Marshal is in the process of discontinuing this training because it is a "legacy" training or there may be other more commonly used trainings nationwide. Therefore, **this bill** removes the outdated training reference while preserving the requirement for firefighters to be trained in accordance with specified existing FAA standards.

**2. Committee Amendments:**

The Committee has identified an additional section of the Labor Code where the electronic communication provisions need to be included to be consistent with the changes proposed in this bill with regards to the Labor Commissioner communications. Committee amendments will amend Labor Code Section 98.1 with the same language in Labor Code Section 98

proposed to be amended with this bill. Additionally, committee amendments make a couple clarifying changes to the electronic service provisions to specify that a party that is represented by an attorney must provide the Labor Commissioner with the attorney's email address where the electronic communication will be sent.

Below are the amendments to be taken in Committee:

- Section 2. Section 98 of Labor Code is amended as follows:
  - Page 5, line 5-11: A party who has received actual notice of a claim before the Labor Commissioner shall, while the matter is before the Labor Commissioner, notify the Labor Commissioner in writing of any change in that party's business, **business address**, personal address, or electronic address within 10 days after the change in address
  - Page 7, line 34: (B) A party that is represented by an attorney shall **provide the Labor Commissioner with the attorney's electronic mail address and shall** accept electronic service from the Labor Commissioner.
- Add Section 3. Section 98.1 of the Labor Code is amended to read:

98.1. (a) **(1)** Within 15 days after the hearing is concluded, the Labor Commissioner shall file in the office of the division a copy of the order, decision, or award. The order, decision, or award shall include a summary of the hearing and the reasons for the decision. Upon filing of the order, decision, or award, the Labor Commissioner shall serve a copy of the decision ~~personally, by first-class mail, or in the manner specified in Section 415.20 of the Code of Civil Procedure on the parties.~~ **in compliance with paragraph (2).** The notice shall also advise the parties of their right to appeal the decision or award and further advise the parties that failure to do so within the period prescribed by this chapter shall result in the decision or award becoming final and enforceable as a judgment by the superior court.

**(2) (A) The Labor Commissioner shall serve the notice required by this subdivision by personal service, first-class mail, certified mail, registered mail, in the manner specified in Section 415.20 of the Code of Civil Procedure, or by any manner that the party agrees to accept service, including, but not limited to, electronic service.**

**(B) A party that is represented by an attorney shall provide the Labor Commissioner with the attorney's electronic mail address and shall accept electronic service from the Labor Commissioner.**

(b) For the purpose of this section, an award shall include any sums found owing, damages proved, and any penalties awarded pursuant to this code.

(c) All awards granted pursuant to a hearing under this chapter shall accrue interest on all due and unpaid wages at the same rate as prescribed by subdivision (b) of Section 3289 of the Civil Code. The interest shall accrue until the wages are paid from the date that the wages were due and payable as provided in Part 1 (commencing with Section 200) of Division 2.

**3. Proponent Arguments:**

Proponents, including the Association of California State Supervisors and the California State Retirees, are in support of extending the timeframe for CalPERS members to make elections for the purpose of structuring retirement allowances. They argue that providing CalPERS members an additional 30 days to modify their post-retirement beneficiary designation will ensure that CalPERS members have ample time to make an informed decision regarding the long-term impact of their selection.

**4. Opponent Arguments:**

None received.

**5. Prior/Related Legislation:**

SB 230 (Laird, Chapter 404, Statutes of 2025), for injuries occurring on or after January 1, 2026, expands rebuttable presumptions that specified diagnoses are occupational and therefore covered by workers' compensation to active firefighting members of a fire department that serve a United States Department of Defense (DOD) installation, a National Aeronautics and Space Administration (NASA) installation, and provide fire protection to a commercial airport, as specified.

**SUPPORT**

Association of California State Supervisors  
California State Retirees

**OPPOSITION**

None received

**-- END --**