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

Bill No:	AB 1729	**Hearing Date:**	June 17, 2026
Author:	Lee		
Version:	May 18, 2026		
Urgency:	Yes	**Fiscal:**	Yes
Consultant:	Glenn Miles		

SUBJECT: State employment: telework programs

KEY ISSUE

This bill amends and renames the existing State Employee Telecommuting Program; requires state agencies to evaluate their (now named) telework programs every 10 years, as specified; requires state agencies to provide a detailed, written justification to CalHR and to the agency's employees if the agency requires its employees to report to a workplace; and requires the Department of General Services (DGS) to establish a telework dashboard displaying the cost benefits of state telework programs.

ANALYSIS

Existing law:

1) Defines "telecommuting" to mean the partial or total substitution of computers or telecommunication technologies, or both, for the commute to work by employees residing in California. (Government Code § 14200)

2) Finds and declares the following:
   a) Telecommuting can be an important means to reduce air pollution and traffic congestion and to reduce the high costs of highway commuting.
   b) Telecommuting stimulates employee productivity while giving workers more flexibility and control over their lives.
   c) It is the intent of the Legislature to encourage state agencies to adopt policies that encourage telecommuting by state employees to ensure the cost-effective and efficient delivery of services to taxpayers. (Government Code § 14200.1)

3) Requires state agencies to review work operations to determine where telecommuting provides them a practical benefit, and on or before July 1, 1995, to develop and implement a telecommuting plan, as specified. (Government Code § 142001)

4) Requires agencies that participated in specified experimental telework studies to continue and expand those programs, allows other agencies to offer telecommuting programs by partnering with a multiagency group that participated in the experimental studies, as specified, and requires the Department of General Services to establish an internal unit to oversee agency telecommuting programs and perform specified duties. (Government Code § 142001)

5) Requires each state agency to evaluate its telecommuting program and requires DGS to establish criteria for evaluating the state's telecommuting program and recommend modifications, if necessary. (Government Code § 142003)

This bill:

1) Denominates the "telecommute" program as the "telework" program and makes conforming changes to existing statute.

2) Finds and declares that telework schedules could reduce state-owned and leased office space by approximately 30 percent according to the Department of General Services, which the California State Auditor estimates could generate annual cost savings of as much as two hundred twenty-five million dollars ($225,000,000).

3) Updates statutory provisions by:
   a) Replacing references to reviewing telecommuting programs and with language that requires the development and implementation of telework programs, as specified.
   b) Requiring an agency to provide a detailed, written justification to CalHR and to the agency's employees where its unique operational needs and programmatic mission require employees to report to a workplace.

4) Requires DGS' specified unit responsible for developing telework guidelines to establish a telework dashboard that displays the cost-effectiveness and efficiency benefits of state telework programs, including documenting the annual savings to the state of reduced office space and operating costs, cuts in emissions and energy use, the decrease in vehicle miles traveled, and other benefits that save taxpayer dollars while delivering high-quality services to taxpayers.

5) Requires each state agency, every 10 years, to evaluate its telework program to ensure that it aligns with the state agency's unique operational needs to carry out its programmatic missions and to help recruit and retain a qualified workforce.

6) Contains an urgency clause, as specified.

COMMENTS

1. Background:

This bill comes before the committee in the context of the Governor's return to work order aimed at ending state government telework programs that the state implemented during the COVID-19 pandemic. That context also includes state employees efforts to retain those telework programs, the state employee unions' ongoing collective bargaining with the Administration over state employee MOUs, pressure from both private and public sector actors to require public employees to return to commercial centers in order to aid in those centers' economic recovery, and existing disputes as to whether the Governor sufficiently weighed the economic and environmental costs of eliminating or restricting the state telework programs.

According to the Assembly Appropriations Committee:

"In 1990, the Legislature established the State Employee Telecommuting Program as a voluntary pilot program and in 1995 all state agencies were required to develop and implement a telecommuting plan for work areas where telecommuting is identified as

practical and beneficial. While telecommuting has proliferated significantly in the intervening years, particularly post the COVID-19 Pandemic, this program has yet to be updated by subsequent legislation."

"In August of 2025, the California State Auditor (CSA) released a report on state telework policies. While the report is extensive and contains various findings, one of the most pertinent points for this bill is the finding that "the Governor's return-to-office order could have made better use of important information regarding departments' needs and costs" in regard to the Governor's April 2024 directive for state employees to return-to-office two days per week and the March 2025 executive order directing return-to-office four days per week. The report cites an estimated $117 million in fiscal year 2024-25 spent by the 19 departments reviewed on unused office space facilitated by the two-day in-office schedule. The CSA warns that such savings, potentially as much as $225 million statewide for all agencies, are not possible under a four-day in-office schedule."

"This bill, among other things, requires each state agency to provide justification for requiring employees to report to the workplace based on operational needs and programmatic mission requirements and requires each state agency to evaluate its existing telework program every 10 years."

2. **Need for this bill?**

According to the author:

"This bill updates state telework statutes to reflect the reality that large portions of the state workforce are teleworking and have been doing so for approximately six years."

3. **Proponent Arguments:**

According to the Professional Engineers in California Government:

"AB 1729 will save taxpayers hundreds of millions of dollars, reduce traffic congestion and emissions, and allows the state to hire and retain state qualified staff during a period of ongoing wage freezes."

According to the Service Employees International Union, California:

"Telework has proven to be a reliable and effective tool to maintain service delivery while improving working conditions and operational efficiency. AB 1729 helps ensure that these programs are guided by data, consistency, and accountability across departments."

"Findings from the California State Auditor reinforce the value of telework. The Auditor identified that expanded telework can generate significant cost savings for the state, estimating up to $225 million annually, while also reducing the need for leased office space. At a time when the state must be thoughtful about both fiscal stewardship and workforce stability, this bill moves us in the right direction."

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

AB 1729 also advances fairness and consistency across state service by establishing clearer expectations around telework eligibility and implementation. Our members have demonstrated their ability to meet performance standards and public service obligations while teleworking, and this bill helps ensure telework decisions are made transparently and equitably.

According to the Association of California State Supervisors:

"AB 1729 will help maintain flexible telework policies for eligible state employees, including state supervisors and managers."

"AB 1729 reiterates legislative support for telework and recognizes that it has proven to be a cost-effective and efficient way to deliver services to California taxpayers. This bill also clarifies the existing telework statutes to require a state agency to identify operational needs, and provide detailed, written justification when employees are required to report to a workplace."

4. **Opponent Arguments:**

   None received.

5. **Dual Referral:** The Senate Rules Committee referred this bill to the Senate Labor, Public Employment and Retirement Committee and to the Senate Governmental Organization Committee.

6. **Prior Legislation:**

   AB 2672 (Cortese), Chapter 1209, Statutes of 1994, authorized state agencies to incorporate a telecommuting work option as an element of its transportation management programs, required state agencies to review work operations to determine where telecommuting provides them a practical benefit, and on or before July 1, 1995, to develop and implement a telecommuting plan, as specified.

   AB 2963 (Klehs), Chapter 1389, Statutes of 1990, authorized agencies that participated in specified experimental telework studies to continue and expand those programs, as specified, and required the Department of General Services to establish an internal unit to oversee agency telecommuting programs and perform specified duties.

SUPPORT

Professional Engineers in California Government (Co-Sponsor)
Association of California State Supervisors (Co-Sponsor)
American Federation of State, County and Municipal Employees (co-sponsor)
California Association of Professional Scientists (co-sponsor)
California Attorneys Administrative Law Judges and Hearing Officers in State Employment (co-sponsor)
Service Employees International Union, California (co-sponsor)
Service Employees International Union, Local 1000 (co-sponsor)
Association of California State Employees With Disabilities

California Faculty Association
California Federation of Labor Unions
Statewide Disability Advisory Council
UAW Region 6
7 individuals

OPPOSITION

None received

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

Bill No:	AB 72	**Hearing Date:**	June 17, 2026
Author:	Jackson		
Version:	January 5, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: Electric Vehicle Economic Opportunity Zone: County of Riverside

KEY ISSUE

This bill directs the Labor Workforce and Development Agency (LWDA) to administer, upon appropriation, an Electric Vehicle Economic Opportunity Zone (EVEOZ) for the County of Riverside, to increase the accessibility of electric vehicle manufacturing jobs and education, as specified.

ANALYSIS

Existing law:

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

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

3) Establishes, within the LWDA, the position of Deputy Secretary for Climate to assist in the oversight of California's workforce transition to a sustainable and equitable carbon neutral economy. (Government Code §15563.2)

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

5) Provides that members of the CWDB are appointed by the Governor and are representative of the areas of business, labor, public education, higher education, economic development, youth activities, employment and training, as well as the Legislature (Unemployment Insurance Code §14011 and §14012)

6) Authorizes the California Air Resources Board (CARB) to protect public health from the harmful effects of air pollution and lead state efforts to address global climate change (Health and Safety Code §38510 & §38600 et seq.)

This bill:

1) Establishes, upon appropriation by the Legislature, an Electric Vehicle Economic Opportunity Zone (EVEOZ) for the County of Riverside that is administered by the LWDA for the purpose of creating programs to make electric vehicle manufacturing jobs and education more accessible to lower income communities.

2) Requires the LWDA to collaborate with the County of Riverside in determining the geographical boundaries of the EVEOZ.

3) Authorizes the LWDA to partner with educational institutions to develop EVEOZ education and training programs that may include, but are not limited to, any of the following:

    a) A fully accredited associate or bachelor's collegiate electric vehicle manufacturing and engineering program.
    b) Workforce development related to electric vehicle and electric vehicle battery manufacturing.
    c) Career pathway, education, training, and support programs for electric vehicle service technician development.
    d) Career pathway, education, training, and support programs for electric vehicle charging station installation and service.
    e) Electric vehicle apprenticeship programs.

4) Authorizes the LWDA to partner with electric vehicle manufacturing businesses and local and national financial intuitions to develop EVEOZ investment programs that may include, but are not limited to, any of the following:

    a) Incentives, including providing business loans, tax credits, and grants, to build, modify, or upgrade electric vehicle manufacturing facilities within the geographical boundaries of the EVEOZ.
    b) Hiring programs and corporate subsidies for companies to onboard, train, and retain workers who reside within the geographical boundaries of the EVEOZ.

5) Requires any EVEOZ program to prioritize the recruitment and enrollment of workers or students of underprivileged economic status, as determined by the LWDA, that reside within the geographical boundaries of the EVEOZ.

6) Declares that establishing an EVEOZ in the County of Riverside would empower the people with economic and engineering skills, help make the transition to zero-emission vehicles more seamless, and would serve as a model for the establishment of future EVEOZs across the state.

COMMENTS

1. Background:

Race to Zero Emission Vehicles
On September 23, 2020, Governor Newsom issued Executive Order (EO) No. N-79-20, setting new statewide goals for phasing out gasoline-powered vehicles. Under the EO, 100 percent of in-state sales of new passenger cars and trucks will be zero-emission by 2035 and

100 percent of medium-and heavy-duty vehicles in the State will be zero-emission by 2045, where feasible. CARB, the Energy Commission, the Public Utilities Commission, and other agencies have been directed to accelerate deployment of affordable fueling and charging options for zero-emission vehicles in ways that serve all communities, particularly low-income and disadvantaged ones. In August of 2022, CARB adopted standards intended to further the EO and set interim targets. In the lead up to the 2035 deadline, 35 percent of new passenger vehicles sold by 2026 will be zero-emission and 68 percent will be by 2030. Transportation is the State's top source of planet-warming greenhouse gas emissions. These mandates are an enormous step towards reducing dependence on fossil fuels and meeting our climate goals.

The transition to zero emissions will not be easy. For many people the price of an electric vehicle is prohibitive. State subsidies meant to assist with the purchase are inconsistent and underfunded. An article from CalMatters identified a "strikingly homogenous" portrait of who owns electric vehicles in California. Communities with mostly white and Asian, college-educated and high-income residents have the state's highest contributions of zero-emission cars and most are concentrated in Silicon Valley or affluent coastal areas of Los Angeles and Orange counties.[1] In the 20 California zip codes where Latinos make up more than 95% of the population, including parts of Kings, Tulare, Fresno, Riverside, and Imperial counties, less than 1 percent of cars are electric.[2]

California's workforce will need to transform to meet the state's ambitious climate goals. CARB estimates that 64,700 jobs will be lost because of the zero emission mandate. However, CARB also estimates 24,900 jobs will be gained in other sectors. In addition to retraining/upskilling workers employed in the fuels, vehicles, and transportation supply chains, the state needs to construct a massive charging infrastructure.

Riverside County

In the past decade, the County of Riverside experienced a boom in warehouse growth. Trucks bring goods in from the Los Angeles and Long Beach ports to be shipped across the county. This movement of goods ties up roads, causing significant pollution. Warehouse workers also contribute to this pollution, as many do not earn enough money to live close to their jobs. The health consequences of this boom are clear; the region has unusually high incidences of asthma and cancer.[3] The Inland Empire, which is comprised of Riverside and San Bernardino Counties, is a major economic hub with a rapidly growing population. Despite this, its workers earn less than statewide averages, and there are fewer college graduates than in most metro areas. Local leaders are looking to reduce pollution and diversify the workforce. This unique combination of factors creates an opportunity for the County of Riverside to reap significant benefits as the state transitions to zero-emission vehicles.

Promise Zones and Opportunity Zones

According to the Senate Business, Professions and Economic Development Committee:

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[1] Nadia Lopes, Erica Yee, "Who buys electric cars in California-and who doesn't?," CalMatters, March 22, 2023, [Who buys electric cars in California? - CalMatters]

[2] Ibid.

[3] Jim Newton, "Pushback to Inland Empire Warehouse Boom Spans California's Economic, Racial Divides," CalMatters, February 23, 2023, https://calmatters.org/commentary/2023/02/inland-empire-warehouse-class-divide/

"In the last decade, efforts such as Promise Zones and Opportunity Zones have emerged as a way to support the country's most disadvantaged and economically-distressed geographical locations and communities. Generally speaking, Promise Zones are high-poverty areas that are eligible for various tax credits in order to create jobs and spur investment. These zones also receive governmental aid and partnership in the form of assistance to reduce crime and recidivism, as well as increase educational opportunities. There are currently 22 Promise Zones in the United States.

Originally created via the federal 2017 Tax Cuts and Jobs Acts, Opportunity Zones are economically-distressed areas where private investments may be eligible for capital gain tax incentives, under certain conditions. According to the Brookings Institute, 'Opportunity Zones offer favorable capital gains treatment for taxpayers with unrealized gains who invest in designated low-income communities.' Only investors with pre-existing capital gains and those who anticipate facing future capital gains taxes qualify for Opportunity Zone tax benefits. Both of these efforts are examples of programs meant to increase economic development in areas that need assistance."

The Committee further notes:

"The bill's designation of an 'Electric Vehicle Opportunity Zone' may also create confusion regarding the benefits associated with the term 'opportunity zone.' Unlike federally designated Opportunity Zones, the designation proposed by AB 72 does not itself confer any tax benefits or establish new tax incentives. Businesses may already compete for economic development incentives, including California Competes awards and other state assistance programs, regardless of whether they are located within a specially designated zone."

2. **Committee Comments:**

This bill would direct the LWDA, upon appropriation, to administer an EVEOZ and authorize the LWDA to partner with educational institutions, manufacturing businesses, and local and national financial institutions to make the electric vehicle industry more accessible. Aside from requiring EVEOZ programs to prioritize the recruitment and enrollment of workers or students of underprivileged economic status, this bill does not place any specific requirements on the education, workforce development, or investment programs that may be developed.

The LWDA oversees seven major departments, boards, and panels that serve California workers and employers. The LWDA does not create educational and workforce development programs or partner with businesses and financial institutions to develop investment programs. However, the LWDA does oversee the CWDB, which is the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce system. The CWDB has experience administering workforce programs that support regional priorities and community needs. For example, the CWDB currently administers several high road training partnerships within the Inland Empire aimed at upskilling workers for the transportation and healthcare sectors.

The author may wish to consider narrowing the scope of the bill to focus on education and workforce development programs, rather than investment programs.[4] Additionally, the author may wish to consider moving the EVEOZ from the LWDA to the CWDB.

3. Need for this bill?

According to the author:

"In brief, this bill is looking to solve the problem of EV car manufacturing (or more so contribute to the solution) in ensuring that California will be able to meet its forecasts for new cars/EV demand by 2035. This bill is also looking to provide opportunities (initially) for the citizens of Riverside County to participate and grow careers in the coming EV/Green Economy."

4. Dual Referral:

The Senate Rules Committee referred this bill to the Senate Business, Professions and Economic Development Committee, where it passed on a 8-1 vote, and to the Senate Labor, Public Employment and Retirement Committee.

5. Proponent Arguments:

The County of Riverside Board of Supervisors supports the measure, arguing:

"As California advances toward its statutory goal of 100 percent zero-emission passenger vehicle sales by 2035, it is critical that the economic opportunities generated by this transition — including workforce development, job creation, innovation, and educational pathways — are equitably distributed across regions. AB 72 provides a forward-looking framework to ensure that Riverside County and the broader Inland Empire are positioned to compete and thrive in California's clean transportation economy.

Riverside County is uniquely situated to serve as a regional hub for electric vehicle manufacturing, logistics, workforce training, and related innovation. As one of the fastest-growing counties in California, Riverside County continues to experience rapid population growth while also confronting longstanding challenges related to income disparities, workforce diversification, and air quality impacts associated with transportation and goods movement. Establishing an Electric Vehicle Economic Opportunity Zone in Riverside County would help align state climate objectives with local economic development strategies, ensuring that residents benefit directly from the clean energy transition.

AB 72 thoughtfully advances this goal by encouraging partnerships among educational institutions, electric vehicle manufacturers, workforce development entities, labor organizations, and financial institutions. By fostering coordinated investment and

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[4] AB 72 states that investment programs may include, but are not limited to, any of the following:

a) Incentives, including providing business loans, tax credits, and grants, to build, modify, or upgrade electric vehicle manufacturing facilities within the geographical boundaries of the EVEOZ.
b) Hiring programs and corporate subsidies for companies to onboard, train, and retain workers who reside within the geographical boundaries of the EVEOZ.

collaboration, the EVEOZ framework would expand access to high-quality job training programs, strengthen career pathways in emerging clean transportation industries, and support the transition of internal combustion engine–related businesses toward electric vehicle technologies.

From the County's perspective, this approach reflects our ongoing commitment to economic vitality, environmental stewardship, and long-term community resilience. Facilitating the growth of electric vehicle–related industries within Riverside County will not only help advance statewide emissions reduction goals but also create sustainable, well-paying jobs that support families and strengthen our local tax base."

6. **Opponent Arguments:**

None received.

7. **Prior Legislation:**

AB 2448 (Jackson, 2024) would have directed the LWDA the Labor Workforce and to administer, upon appropriation, an EVEOZ for the County of Riverside, to make electric vehicle manufacturing jobs and education more accessible. AB 72 is identical to AB 2448. *This bill was vetoed by Governor Newsom, who stated:*

> *"While I support efforts to boost electric vehicle manufacturing jobs and education in this state, particularly in low-income communities, this bill creates General Fund cost pressures and should be considered in the annual budget process.*
>
> *In partnership with the Legislature this year, my Administration has enacted a balanced budget that avoids deep program cuts to vital services and protected investments in education, health care, climate, public safety, housing, and social service programs that millions of Californians rely on. It is important to remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure."*

AB 2204 (Boerner, Chapter 348, Statutes of 2022) established, upon appropriation, the position of Deputy Secretary for Climate within the LWDA, as specified.

SUPPORT

City of Moreno Valley
City of Temecula
County of Riverside Board of Supervisors
Southwest California Council

OPPOSITION

None received

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

Bill No:	AB 805	**Hearing Date:**	June 17, 2026
Author:	Fong		
Version:	June 9, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Jazmin Marroquin		

SUBJECT: Career Apprenticeship Bridge Program

KEY ISSUE

This bill establishes the Career Apprenticeship Bridge (CAB) program, administered by the Division of Apprenticeship Standards (DAS), to among other things, identify resources to support youth apprenticeships. The bill additionally requires (1) a CAB program applicant to submit documentation to the chief of DAS, as specified, and (2) the chief, before approving a CAB program, to present the application, as described, to the State Department of Education (CDE) to review whether specified requirements are met.

ANALYSIS

Existing law:

1) Establishes the Division of Apprenticeship Standards (DAS) within the Department of Industrial Relations (DIR) and requires the Division, among other things, to evaluate apprenticeship and preapprenticeship programs to ensure that the program evaluated is complying with its standards, as specified. (Labor Code §3073.1)

2) Establishes youth apprenticeship as a key priority for DAS and requires that youth apprenticeship complement the state's existing registered apprenticeship and preapprenticeship programs, as specified. (Labor Code §3120)

3) Requires the Chief of DAS to convene a committee to develop recommendations to the Division on the expansion of youth apprenticeships in California and provide a report to the Division with a set of recommendations no later than July 1, 2024. (Labor Code § 3121)

    a) Requires the committee, in developing these recommendations, to specifically address the following topics:
        i) Clear definitions of youth apprenticeship and high school apprenticeships.
        ii) Guiding principles in the Youth Apprenticeship Grant Program administered by the division, as specified.
        iii) Insights on the structure of the state's work to expand youth apprenticeship.

    b) Requires the committee to include representatives from youth, youth serving organizations, labor, employers of youth, K–12 schools, community colleges, and the public workforce system.

4) Establishes the Youth Apprenticeship Grant Program, administered by DAS, for the purposes of awarding grant funds to eligible applicants to provide funding for existing apprenticeship and preapprenticeship programs or to develop new apprenticeship and preapprenticeship programs that serve individuals from 16 to 24 years of age who are at risk of disconnection or are disconnected from the education system or employment, unhoused, in the child welfare, juvenile justice, or criminal legal systems, living in concentrated poverty, or are facing barriers to labor market participation ("opportunity youth"), as specified. (Labor Code §3122)

This bill:

1) Establishes the Career Apprenticeship Bridge (CAB) program, administered by DAS, for the purpose of both the following:

   a) To identify resources to support youth apprenticeships.
   b) To identify appropriate partnerships between local educational agencies, CDE, DAS, and other state agencies and employers to guide and implement the program.

2) Defines the following:

   a) "Career Apprenticeship Bridge Program" means a program within a state-approved apprenticeship program for students in grades 10 to 12, inclusive, to gain paid work experience while receiving related and supplemental instruction through a career technical education (CTE) pathway.
      i) The program provides learners with an enhanced educational experience that embeds the apprenticeship model and allows them to start and complete a phase of their apprenticeship journey prior to high school graduation.

   b) "Student apprentice" means a registered apprentice who meets all of the following criteria:
      i) Is at least 16 years of age.
      ii) Is enrolled full time in school in grade 10, 11, or 12.
      iii) Is participating in a youth apprenticeship program.

   c) "Work experience education" means a course of study that combines an on-the-job component with classroom instruction.
      i) "Work experience education" may be established by the governing board or body of a local educational agency, as specified.

   d) "Youth apprenticeship program" means an apprenticeship program approved by the chief and registered with DAS that does all of the following:
      i) Fulfills all registered apprenticeship requirements.
      ii) Serves youth between 16 to 24 years of age, inclusive, at the time of enrollment.
      iii) Offers related and supplemental instruction (RSI) through school-based CTE or academic courses, including dual enrollment courses, or the equivalent, whenever possible.
      iv) Complies with labor laws for minors.
      v) Offers flexible work hours to allow for pupils to participate in on-the-job training (OJT) while they are enrolled in high school.

   vi) Allows for part-time employment and extended completion time to accommodate student apprentices.

3) Requires a program applicant for a CAB program to submit documentation to the chief of DAS showing all of the following:

   a) The proposed program offers a minimum of 300 hours paid OJT hours through a work experience education program or equivalent.
   b) The proposed program offers a minimum of 144 hours of occupation-specific, apprenticeship-RSI as part of a CTE pathway or equivalent.
   c) The proposed program provides participants who complete the CAB program with guaranteed entry and advanced standing in a state-approved apprenticeship program for the hours of paid OJT and RSI that the participant has accrued.

      i) The requirement in this paragraph may be satisfied by either of the following:
         (1) An agreement between the CAB program and the state-approved apprenticeship program.
         (2) Evidence that the CAB program is incorporated into the state-approved apprenticeship program.

4) Requires, to the greatest extent possible, the CAB program to offer a minimum of one college enrollment course, or equivalent, to enable participants to earn early college credits.

5) Requires the chief of DAS, before approving a CAB program, to present the application to the CDE to review whether the requirements, in 3) and 4) are met.

   a) If CDE confirms that the requirements in 3) and 4) are met, it must provide written notice of that fact to the chief of DAS.
   b) If CDE does not provide written notice, the chief shall not approve the CAB program.

6) Authorizes the chief of DAS to do all of the following:

   a) Require other documentation to be submitted by the applicant.
   b) Impose other requirements for approval of CAB programs in consultation with the CDE.
   c) Suspend, or revoke approval of, a CAB program by providing written notice of the reasons for the suspension or revocation.

7) Authorizes the chief of DAS, in consultation with CDE, to issue rules and regulations that govern CAB programs, including, but not limited to, rules and regulations governing the approval, denial, suspension, and revocation of programs, program administration and procedures, evaluations, working conditions, and minimum standards.

   a) Requires all rules and regulations adopted, as specified, to be consistent with the rules and regulations adopted by CDE.
   b) Permits a regulation to be adopted to prioritize outreach, recruitment, retention, and support for youth and young adults facing barriers to educational attainment and employment, including foster youth and former foster youth, justice-impacted youth, youth experiencing homelessness or housing instability, youth from low-income households, and youth residing in communities disproportionately impacted by poverty.

8) Authorizes DAS to identify county and regional intermediaries, including county offices of education, community organizations, industry sector partners, or other entities to coordinate and provide support to local educational entities, employers, and youth to implement the CAB program.

COMMENTS

1. Background:

Apprenticeships

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.

Under DAS, the California Apprenticeship Council (CAC) establishes standards for minimum wages, maximum hours, and working conditions for apprenticeship agreements in the building and construction trades and for firefighter occupations. The Interagency Advisory Committee on Apprenticeship (IACA) establishes similar standards apprentice agreements in all industries *other* than the building and construction trades and firefighter occupations, such as in healthcare, technology, advanced manufacturing, education, etc.

Youth apprentices

The California Youth Apprenticeship Committee (CYAC) was established in SB 191 (Committee on Budget and Fiscal Review, Chapter 67, Statutes of 2022), with the goal to advance youth apprenticeship in California. The committee was tasked with creating clear definitions for youth apprenticeship and high school apprenticeship, developing guiding principles for the Youth Apprenticeship Grant Program, and offering insight on the structure of the state's work to expand youth apprenticeship.[1]

As required by SB 191, the CYAC published their report, *The California Youth Apprenticeship Model*[2] in 2024, which made several recommendations to create an interconnected youth apprenticeship system that serves both in-school and out-of-school youth. In the final report, CYAC recommends defining youth apprenticeships as:

> An apprenticeship program that combines paid work experience with classroom learning to prepare young people aged 16-24 for successful careers. A California Youth Apprenticeship Program is registered with DAS and:
> - Fulfills all existing registered apprenticeship requirements,
> - Serves youth ages 16-24 at the time of enrollment,
> - Offers related and supplemental instruction (RSI) throughout advanced Career Technical Education (CTE) courses, dual enrollment, or the equivalent, and
> - Complies with labor laws for minors and offers flexible work hours.

[1] https://www.dir.ca.gov/das/Youth-Apprenticeship.html

[2] California Youth Apprenticeship Committee, "*The California Youth Apprenticeship Model*," 2024, https://www.dir.ca.gov/DAS/CYAC_Committee-Report.pdf

According to DAS, on average, between 2021 and 2025, 31% of registered apprentices are aged 16-24. As of 2025, there are 11,580 registered youth apprentices (age 16-24). Of these, 8,577 youth apprentices are CAC apprentices (in the building and fire trades), and 3,003 are IACA apprentices (in other occupational apprenticeships).

Additionally, the California Opportunity Youth Apprenticeship (COYA) grant, administered by DAS, was established in SB 191 (2022) to award grant funds to eligible applicants to provide funding for existing apprenticeship and preapprenticeship programs or to develop new apprenticeship and preapprenticeship programs to serve opportunity youth and to demonstrate the impact of apprenticeship on employment and earnings outcomes for opportunity youth.

The objective of COYA is to expand relationships with community-based organizations and labor market stakeholders that serve opportunity youth who face barriers to labor market participation. Through these partnerships, DAS aims to uplift opportunity youth with the resources necessary to enter and thrive in high-paying careers.

In July 2024, COYA awarded $31 million in grants through its first round, for 2024-2026. Through its second round, COYA awarded $15.4 million in grants for 2025-2027. Most recently, COYA awarded $13.2 million in continuation grants through its third round for 2026-2028.[3]

CYAC report recommendations – creating a Career Apprenticeship Bridge program
As mentioned previously, CYAC's report, *The California Youth Apprenticeship Model*, made several recommendations to create an interconnected youth apprenticeship system that serves both in-school and out-of-school youth. These recommendations were aimed at addressing California's critical skills gap, while providing alternate pathways to economic mobility for young people.

One of the report's recommendations is to create a new career apprenticeship bridge (CAB) program that initiates the youth apprenticeship journey starting in high school and integrates career technical education (CTE) into the apprenticeship system. According to the report, "the CAB program would be the first phase of an apprenticeship, and offer students a way to gain paid work experience with aligned classroom instruction, which when possible, would confer early college credit while still in high school. The CAB program would provide learners with an enhanced educational experience that embeds the apprenticeship model and allows them to start and complete a phase of their professional journey prior to high school graduation." The goal is to allow more young people to begin apprenticeships while still in high school and gain paid work experience. Currently, most apprenticeships begin after high school.

Specifically, the CAB program is defined as an apprenticeship-connected CTE program, registered with DAS, that:

1) Has been approved through the CAB approval process,
2) Offers a minimum of 300 hours paid on-the-job training (OJT) hours through a Work Experience Education (WEE) program or equivalent,
3) Offers at least 144 hours of occupation-specific apprenticeship related and supplemental instruction (RSI) as part of a CTE pathway or equivalent,

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[3] https://www.dir.ca.gov/DAS/Grants/California-Youth-Apprenticeship-Grant.html

4) When possible, offers a minimum of one college enrollment course (or equivalent) so students can earn early college credits,
5) Establishes an agreement with, and/or is incorporated into, a new or existing regional or statewide Registered Apprenticeship Program that allows program completers to receive advance standing for the 300 hours of paid OJT and/or 144 hours of RSI accrued during the CAB program.

The report further continues and recommends that "the youth apprentices in CAB programs should receive the same rights as any active registered apprentice in their ability to advance through the apprenticeship after high school and CAB completion. For example, if an adult apprentice was in good-standing and completed 300 hours of OJT and 144 of RSI, the registered apprenticeship program sponsor would be obligated to keep them active and supported for the remaining OJT requirement, to complete the full apprenticeship. Therefore, a CAB completer should have that same ability to continue on in the apprenticeship that the CAB is connected to."

CYAC also states in the report that "a CAB graduate will earn a recognition from CDE and DAS for their accomplishment and have more options upon high school graduation. Through the experiential learning that happens in OJT environments, CAB graduates will have the opportunity to 1) continue with their apprenticeship pathway with their existing program sponsor, 2) work with their existing program sponsor to transfer to an adjacent apprenticeship program in cases where a CAB completer leaves the region perhaps for college and wants to complete their apprenticeship, and/or 3) continue onto college on a full time basis and be better suited to select a college major based on the work experience gained through the CAB Program."

As explained in the CYAC report, "a CTE connected pre-apprenticeship program is linked to a registered apprenticeship program through a memorandum of understanding and DAS linkage agreement, but is primarily a classroom-based training program and typically does not include paid on the job training. Pre-apprenticeships provide hands-on training to individuals in a simulated lab experience or through volunteer opportunities that accurately simulate industry and occupational conditions while observing proper supervision and safety protocols. While pre-apprenticeship programs often link to paid internships or educational stipends, Labor Code 3100 states that experience cannot supplant or reduce the compensable work of paid employees. Therefore, many pre-apprenticeships cannot offer paid OJT in the same way as CAB programs. For this reason, the CYAC found it necessary to establish a new model for school-based implementation."

The CAB program would allow high school students to complete the first phase of apprenticeship (300 hours OJT + 144 hours instruction) while still in school. As the CYAC report points out, "DAS requires that programs provide at least 1000 hours of OJT, and most programs include at least 2,000 hours or more. For in school youth, it is impractical to complete these hour requirements in the confines of high school and therefore the program must be 3-4 years long, spanning the final 2 years of high school along with 1 to 2 years post high school."

2. Author's Amendments taken in Committee:

The author's office planned on making additional changes to add legislative intent language and clarify a cross-reference code in the work experience education definition. Due to timing, we will take the author's amendments as committee amendments. A mock-up is below.

Adds the following legislative intent to AB 805 and amends LC 3140, 3141, and 3142:

SECTION 1. The Legislature finds and declares all of the following:

(a) **California has a strong interest in expanding access to youth apprenticeship opportunities that connect high school, postsecondary education, workforce training, and pathways to good jobs.**

(b) **Apprenticeships and other "earn and learn" opportunities provide students with valuable paid work experience, career-connected learning, and opportunities for economic mobility.**

(c) **It is the intent of the Legislature that Career Apprenticeship Bridge Programs be implemented in a manner that promotes awareness of, access to, participation in, and successful completion of youth apprenticeship opportunities for all eligible participants.**

(d) **It is further the intent of the Legislature that outreach, recruitment, retention, and support efforts be conducted, to the extent feasible, for youth and young adults who face barriers to educational attainment or employment, including foster youth and former foster youth, justice-impacted youth, youth experiencing homelessness or housing instability, youth from low-income households, and youth residing in communities disproportionately impacted by poverty.**

(e) **It is further the intent of the Legislature that the Division of Apprenticeship Standards work with county and regional intermediaries, including local educational agencies, county offices of education, community-based organizations, industry sector partners, workforce development entities, employers, and other stakeholders to support the implementation and expansion of Career Apprenticeship Bridge Programs.**

[…]

LC 3140. (c) ~~(1)~~ "Work experience education" **has the same meaning as defined in Section 51760-51769.5 of the Education Code.** ~~**means a course of study that combines an on-the-job component with classroom instruction.**~~
~~**(2) "Work experience education" may be established by the governing board or body of a local educational agency pursuant to Article 4 (commencing with Section 10070) of Subchapter 1 of Chapter 10 of Division 1 of Title 5 of the California Code of Regulations.**~~

LC 3141. The Career Apprenticeship Bridge Program is hereby established, to be administered by the Division of Apprenticeship Standards**. The division may work with the State Department of Education and the Office of the Chancellor of the California Community Colleges in order:** ~~, for purposes of both of the following:~~
(a) To identify resources to support youth apprenticeships.
(b) To identify appropriate partnerships between local educational agencies~~**, the State Department of Education, the Division of Apprenticeship Standards,**~~ and other state agencies and employers to guide and implement the program.

LC 3142. (e) (1) The chief, in consultation with the State Department of Education, may issue rules and regulations that govern Career Apprenticeship Bridge Programs, including, but not limited to, rules and regulations governing the approval, denial, suspension, and revocation of programs, program administration and procedures, evaluations, working conditions, and minimum standards.
(2) All rules and regulations adopted pursuant to paragraph (1) shall be consistent with the rules and regulations adopted by the State Department of Education.
~~**(3) A regulation may be adopted to prioritize outreach, recruitment, retention, and support for youth and young adults facing barriers to educational attainment and employment, including foster youth and former foster youth, justice-impacted youth, youth experiencing homelessness or housing instability, youth from low-income households, and youth residing in communities disproportionately impacted by poverty.**~~
~~**(f) The Division of Apprenticeship Standards may identify county and regional intermediaries, including county offices of education, community organizations, industry sector partners, or other entities to coordinate and provide support to local educational entities, employers, and youth to implement the Career Apprenticeship Bridge Program.**~~

3. **Need for this bill?**

According to the author, "According to the recently released California Youth Apprenticeship Model report, less than one half of one percent of the workforce in the state is in registered apprenticeships, with California serving fewer than 100,000 apprentices per year despite the success apprenticeships have demonstrated in growing employee wages, saving costs for employers, and expanding the economy. Challenges accessing apprenticeships programs are most acutely experienced by youth and young adults, with the average age of an apprentice in California being over 30 years old. By advancing key recommendations from the California Youth Apprenticeship Model report, AB 805 will help advance Governor Newsom's stated goal of expanding apprenticeship opportunities including through establishing connections with existing career and technical education (CTE) and adult education programs and fast tracking approval of these new pathways."

4. **Proponent Arguments:**

According to the co-sponsors, the Alliance for Boys and Men of Color (ABMOC), California Opportunity Youth Network (COYN), and UNITE-LA:

"AB 805 advances several of [CYAC's report] recommendations, including establishing a Career Apprenticeship Bridge (CAB) program to link career and technical education (CTE) and adult education programs with apprenticeship programs; establishing a process to expedite approval of CAB-aligned programs; directing the Division of Apprenticeship Standards (DAS) to identify local, county or regional intermediaries to support the coordination and establishment of apprenticeship programs; requiring DAS to submit a report to the Legislature identifying barriers to employer participation; and requiring reporting on outcomes on youth and young adults participating in the CAB program. Collectively, these policies will more seamlessly link existing CTE programs across systems, facilitate new

apprenticeship opportunities for youth and young adults, and promote ongoing program quality and performance. For these reasons we are proud to co-sponsor AB 805, and thank you for your leadership in advancing this important bill."

5. **Opponent Arguments:**

   None received.

6. **Prior Legislation:**

   SB 845 (Perez, 2025) would make several changes to the state's framework for CTE and work-based learning, including: (1) revising the process for updating model CTE curriculum standards by requiring consultation with CTE teachers and labor representatives; (2) expanding the authority of local educational agencies, including state special schools, to offer and award credit for work-based learning activities beginning in grade 10; (3) establishing an interagency workgroup to develop occupational frameworks for youth apprenticeships; and (4) requiring the CDE to collect data on work-based learning participation, subject to an appropriation. *This bill is pending in the Assembly Education Committee*.

   ACR 16 (Fong, Chapter 130, Statutes of 2023) declared the importance of creating pathways to success for California's opportunity youth and the need to develop a statewide comprehensive plan that will reduce persistent economic inequities endured by California's opportunity youth.

   SB 191 (Committee on Budget and Fiscal Review, Chapter 67, Statutes of 2022), among other things, established youth apprenticeship as a key priority for the DAS, required the DAS to convene the CYAC, and established the Youth Apprenticeship Grant Program.

SUPPORT

Alliance for Boys & Men of Color (Co-sponsor)
California Opportunity Youth Network (Co-sponsor)
UNITE-LA (Co-sponsor)
Alameda County Office of Education
Bay Area Council
California Alliance of Child and Family Services
California Chamber of Commerce
California Community Foundation
CAROCP- the Association of Career and College Readiness Organizations
Educational Results Partnership
Kincade Productions, LLC
Los Angeles LGBTQ Chamber of Commerce
New Ways to Work
NextGen California
PowerCA Action
Rancho Santiago Community College District
Reaching At Promise Students Association (RAPSA)
Redefine Alliance (REDF)
Society of Human Resources Management

Union Roofing Contractors Association
Western Electrical Contractors Association
Wonder Wood Ranch
Youth Will

OPPOSITION

None received.

-- END --

AMENDMENTS TO ASSEMBLY BILL NO. 805
AS AMENDED IN SENATE JUNE 9, 2026

Amendment 1

On page 2, before line 1, insert:

SECTION 1. The Legislature finds and declares all of the following:

(a) California has a strong interest in expanding access to youth apprenticeship opportunities that connect high school, postsecondary education, workforce training, and pathways to good jobs.

(b) Apprenticeships and other “earn and learn” opportunities provide students with valuable paid work experience, career-connected learning, and opportunities for economic mobility.

(c) It is the intent of the Legislature that Career Apprenticeship Bridge Programs be implemented in a manner that promotes awareness of, access to, participation in, and successful completion of youth apprenticeship opportunities for all eligible participants.

(d) It is further the intent of the Legislature that outreach, recruitment, retention, and support efforts be conducted, to the extent feasible, for youth and young adults who face barriers to educational attainment or employment, including foster youth and former foster youth, justice-impacted youth, youth experiencing homelessness or housing instability, youth from low-income households, and youth residing in communities disproportionately impacted by poverty.

(e) It is further the intent of the Legislature that the Division of Apprenticeship Standards work with county and regional intermediaries, including local educational agencies, county offices of education, community-based organizations, industry sector partners, workforce development entities, employers, and other stakeholders to support the implementation and expansion of Career Apprenticeship Bridge Programs.

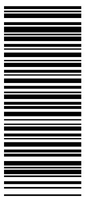
Amendment 2

On page 2, in line 1, strike out “SECTION 1.” and insert:

SEC. 2.

Amendment 3

On page 3, in line 6, strike out “(1)”



Amendment 4

On page 3, in line 6, strike out “means a course of study”, strike out line 7 and insert:

has the same meaning as defined in Article 7 (commencing with Section 51760) of Chapter 5 of Part 28 of Division 4 of Title 2 of the Education Code.

Amendment 5

On page 3, strike out lines 8 to 12, inclusive

Amendment 6

On page 3, in line 28, after “3141.” insert:

(a)

Amendment 7

On page 3, strike out line 30 and insert:

Standards.

(b) The division may work with the State Department of Education and the Office of the Chancellor of the California Community Colleges in order to do both of the following:

Amendment 8

On page 3, in line 36, strike out “(a) To identify” and insert:

(1) Identify

Amendment 9

On page 3, in line 38, strike out “(b) To identify” and insert:

(2) Identify

Amendment 10

On page 3, in line 39, strike out “agencies, the State Department of Education, the”, on page 4, in line 1, strike out “Division of Apprenticeship Standards,” and insert:

agencies

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Amendment 11
On page 6, strike out lines 11 to 23, inclusive

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PROPOSED AMENDMENTS TO ASSEMBLY BILL NO. 805

AMENDED IN SENATE JUNE 9, 2026

AMENDED IN SENATE JUNE 2, 2026

AMENDED IN ASSEMBLY JANUARY 5, 2026

AMENDED IN ASSEMBLY MARCH 24, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL **No. 805**

Introduced by Assembly Member Fong

February 18, 2025

SECURED COPY

An act to add Article 8 (commencing with Section 3140) to Chapter 4 of Division 3 of the Labor Code, relating to apprenticeships.

LEGISLATIVE COUNSEL'S DIGEST

AB 805, as amended, Fong. Career Apprenticeship Bridge Program.

Existing law establishes the Division of Apprenticeship Standards within the Department of Industrial Relations and requires the division, among other things, to evaluate apprenticeship and preapprenticeship programs to ensure that the program evaluated is complying with its standards, as specified. Existing law requires the Chief of the Division of Apprenticeship Standards to perform various functions with respect to apprenticeship programs and the welfare of apprentices.

This bill would establish the Career Apprenticeship Bridge Program to be administered by the division ~~for specific purposes, including, among other purposes, to~~ *and would authorize the division to work with the State Department of Education and the Office of the Chancellor of the California Community Colleges in order to, among other things,*

identify resources to support youth apprenticeships. The bill would require a program applicant for a Career Apprenticeship Bridge Program to submit documentation to the chief, as specified. The bill would require the chief, before approving a Career Apprenticeship Bridge Program, to present the application, as described, to the State Department of Education to review whether specified requirements are met. The bill would authorize the chief, among other things, to issue rules and regulations that govern Career Apprenticeship Bridge Programs, as specified. ~~The bill would authorize the division to identify county and regional intermediaries, as described, to coordinate and provide support to local educational entities, employers, and youth to implement the Career Apprenticeship Bridge Program.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

Amendment 1

\+ *SECTION 1. The Legislature finds and declares all of the following:*

\+ *(a) California has a strong interest in expanding access to youth apprenticeship opportunities that connect high school, postsecondary education, workforce training, and pathways to good jobs.*

\+ *(b) Apprenticeships and other "earn and learn" opportunities provide students with valuable paid work experience, career-connected learning, and opportunities for economic mobility.*

\+ *(c) It is the intent of the Legislature that Career Apprenticeship Bridge Programs be implemented in a manner that promotes awareness of, access to, participation in, and successful completion of youth apprenticeship opportunities for all eligible participants.*

\+ *(d) It is further the intent of the Legislature that outreach, recruitment, retention, and support efforts be conducted, to the extent feasible, for youth and young adults who face barriers to educational attainment or employment, including foster youth and former foster youth, justice-impacted youth, youth experiencing homelessness or housing instability, youth from low-income households, and youth residing in communities disproportionately impacted by poverty.*

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(e) It is further the intent of the Legislature that the Division of Apprenticeship Standards work with county and regional intermediaries, including local educational agencies, county offices of education, community-based organizations, industry sector partners, workforce development entities, employers, and other stakeholders to support the implementation and expansion of Career Apprenticeship Bridge Programs.

Page 2 — **Amendment 2**

~~SECTION 1.~~

SEC. 2. Article 8 (commencing with Section 3140) is added to Chapter 4 of Division 3 of the Labor Code, to read:

Article 8. Career Apprenticeship Bridge Program

3140. For the purpose of this chapter, the following definitions apply:

(a) (1) "Career Apprenticeship Bridge Program" means a program within a state-approved apprenticeship program for students in grades 10 to 12, inclusive, to gain paid work experience while receiving related and supplemental instruction through a career technical education pathway.

(2) The program provides learners with an enhanced educational experience that embeds the apprenticeship model and allows them to start and complete a phase of their apprenticeship journey prior to high school graduation.

Page 3

(b) "Student apprentice" means a registered apprentice who meets all of the following criteria:

(1) Is at least 16 years of age.

(2) Is enrolled full time in school in grade 10, 11, or 12.

(3) Is participating in a youth apprenticeship program.

Amendments 3 & 4

(c) ~~(1)~~ "Work experience education" ~~means a course of study that combines an on-the-job component with classroom instruction.~~ *has the same meaning as defined in Article 7 (commencing with Section 51760) of Chapter 5 of Part 28 of Division 4 of Title 2 of the Education Code.*

Amendment 5

~~(2) "Work experience education" may be established by the governing board or body of a local educational agency pursuant to Article 4 (commencing with Section 10070) of Subchapter 1 of Chapter 10 of Division 1 of Title 5 of the California Code of Regulations.~~

Page 3
13 (d) “Youth apprenticeship program” means an apprenticeship
14 program approved by the chief and registered with the division
15 that does all of the following:
16 (1) Fulfills all registered apprenticeship requirements.
17 (2) Serves youth between 16 to 24 years of age, inclusive, at
18 the time of enrollment.
19 (3) Offers related and supplemental instruction through
20 school-based career technical education or academic courses,
21 including dual enrollment courses, or the equivalent, whenever
22 possible.
23 (4) Complies with labor laws for minors.
24 (5) Offers flexible work hours to allow for pupils to participate
25 in on-the-job training while they are enrolled in high school.
26 (6) Allows for part-time employment and extended completion
27 time to accommodate student apprentices.
28 3141. *(a)* The Career Apprenticeship Bridge Program is hereby **Amendment 6**
29 established, to be administered by the Division of Apprenticeship
30 ~~Standards, for purposes of both of the following:~~ *Standards.* **Amendment 7**
\+ *(b) The division may work with the State Department of*
\+ *Education and the Office of the Chancellor of the California*
\+ *Community Colleges in order to do both of the following:*
36 ~~(a) To identify~~ **Amendment 8**
\+ *(1) Identify* resources to support youth apprenticeships.
38 ~~(b) To identify~~ **Amendment 9**
39 *(2) Identify* appropriate partnerships between local educational **Amendment 10**

Page 4
1 ~~agencies, the State Department of Education, the Division of~~
2 ~~Apprenticeship Standards,~~ *agencies* and other state agencies and
\+ employers to guide and implement the program.
34 3142. (a) A program applicant for a Career Apprenticeship
35 Bridge Program shall submit documentation to the chief showing
36 all of the following:
37 (1) The proposed program offers a minimum of 300 hours paid
38 on-the-job training hours through a work experience education
39 program or equivalent.

Page 5
1 (2) The proposed program offers a minimum of 144 hours of
2 occupation-specific, apprenticeship-related and supplemental
3 instruction as part of a career technical education pathway or
4 equivalent.
5 (3) (A) The proposed program provides participants who
6 complete the Career Apprenticeship Bridge Program with

Page 5 7 guaranteed entry and advanced standing in a state-approved
8 apprenticeship program for the hours of paid on-the-job training
9 and related and supplemental instruction that the participant has
10 accrued.
11 (B) The requirement in this paragraph may be satisfied by either
12 of the following:
13 (i) An agreement between the Career Apprenticeship Bridge
14 Program and the state-approved apprenticeship program.
15 (ii) Evidence that the Career Apprenticeship Bridge Program
16 is incorporated into the state-approved apprenticeship program.
17 (b) To the greatest extent possible, the Career Apprenticeship
18 Bridge Program shall offer a minimum of one college enrollment
19 course, or equivalent, to enable participants to earn early college
20 credits.
21 (c) (1) Before approving a Career Apprenticeship Bridge
22 Program, the chief shall present the application to the State
23 Department of Education to review whether the requirements in
24 subdivisions (a) and (b) are met.
25 (2) If the State Department of Education confirms that the
26 requirements in subdivisions (a) and (b) are met, it shall provide
27 written notice of that fact to the chief.
28 (3) If the State Department of Education does not provide written
29 notice pursuant to paragraph (2), the chief shall not approve the
30 Career Apprenticeship Bridge Program.
31 (d) The chief may do all of the following:
32 (1) Require other documentation to be submitted by the
33 applicant.
34 (2) Impose other requirements for approval of Career
35 Apprenticeship Bridge Programs in consultation with the State
36 Department of Education.
37 (3) Suspend, or revoke approval of, a Career Apprenticeship
38 Bridge Program by providing written notice of the reasons for the
39 suspension or revocation.
Page 6 1 (e) (1) The chief, in consultation with the State Department of
2 Education, may issue rules and regulations that govern Career
3 Apprenticeship Bridge Programs, including, but not limited to,
4 rules and regulations governing the approval, denial, suspension,
5 and revocation of programs, program administration and
6 procedures, evaluations, working conditions, and minimum
7 standards.

Page 6

8 (2) All rules and regulations adopted pursuant to paragraph (1)
9 shall be consistent with the rules and regulations adopted by the
10 State Department of Education.

Amendment 11

11 ~~(3) A regulation may be adopted to prioritize outreach,~~
12 ~~recruitment, retention, and support for youth and young adults~~
13 ~~facing barriers to educational attainment and employment,~~
14 ~~including foster youth and former foster youth, justice-impacted~~
15 ~~youth, youth experiencing homelessness or housing instability,~~
16 ~~youth from low-income households, and youth residing in~~
17 ~~communities disproportionately impacted by poverty.~~
18 ~~(f) The Division of Apprenticeship Standards may identify~~
19 ~~county and regional intermediaries, including county offices of~~
20 ~~education, community organizations, industry sector partners, or~~
21 ~~other entities to coordinate and provide support to local educational~~
22 ~~entities, employers, and youth to implement the Career~~
23 ~~Apprenticeship Bridge Program.~~

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

Bill No:	AB 1245	**Hearing Date:**	June 17, 2026
Author:	Stefani		
Version:	June 9, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: State contracts: certification process: forced labor and human trafficking

KEY ISSUE

This bill revises state contracting requirements to require contractors and subcontractors to certify that contracts comply with specified human trafficking prohibitions and a detailed series of labor standards. Additionally, the bill creates a new requirement for contractors and subcontractors to develop and implement compliance plans, as specified, and expands the list of potential sanctions for violations of these provisions.

ANALYSIS

Existing law:

1) Under the California Occupational Safety and Health Act, assures safe and healthful working conditions for all California workers by authorizing the enforcement of effective standards, assisting and encouraging employers to maintain safe and healthful working conditions, and by providing for research, information, education, training, and enforcement in the field of occupational safety and health. (Labor Code §6300)

2) Requires a contract entered into by any state agency for the procurement or laundering of apparel, garments, or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, to require that a contractor certify that nothing furnished to the state pursuant to the contract has been laundered or produced by certain types of forced labor, as specified. (Public Contract Code §6108)

3) Specifies that a contractor is required to cooperate fully in providing reasonable access to the contractor's records, documents, agents, employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations (DIR), or the Department of Justice (DOJ) to determine the contractor's compliance, as specified. (Public Contract Code §6108(a))

4) Authorizes certain sanctions to be imposed if a contractor knew or should have known that the apparel, garments, corresponding accessories, equipment, materials, or supplies furnished to the state were laundered or produced in violation of specified conditions including, among others, voiding the contract under which the items were laundered or provided at the option of the state agency and removing the contractor from the bidder's list for a period not to exceed 360 days. (Public Contract Code §6108(b))

5) Prohibits any state agency from entering into a contract with any contractor unless the contractor meets the following requirements, among others:

   a) Contractors and subcontractors in California shall comply with all appropriate state laws concerning wages, workplace safety, rights to association and assembly, and nondiscrimination standards as well as appropriate federal laws.
   b) Contractors and subcontractors shall maintain a policy of not terminating any employee except for just cause, and employees shall have access to a mediator or to a mediation process to resolve certain workplace disputes that are not regulated by the National Labor Relations Board.
   c) Contractors and subcontractors shall ensure that workers are paid, at a minimum, wages and benefits in compliance with applicable local, state, and national laws of the jurisdiction in which the labor, on behalf of the contractor or subcontractor, is performed.
   d) All contractors and subcontractors shall comply with the overtime laws and regulations of the country in which their employees are working.
   e) There may be no form of forced labor of any kind, including slave labor, prison labor, indentured labor, or bonded labor, including forced overtime hours.
   f) No worker may be subjected to any physical, sexual, psychological, or verbal harassment or abuse, including corporal punishment, under any circumstances, including, but not limited to, retaliation for exercising his or her right to free speech and assembly.
   g) No worker may be forced to use contraceptives or take pregnancy tests. No worker may be exposed to chemicals, including glues and solvents, that endanger reproductive health.
   h) Contractors and bidders shall list the names and addresses of each subcontractor to be utilized in the performance of the contract, and list each manufacturing or other facility or operation of the contractor or subcontractor for performance of the contract. The list, which shall be maintained and updated to show any changes in subcontractors during the term of the contract, shall provide company names, owners or officers, addresses, telephone numbers, e-mail addresses, and the nature of the business association.

   (Public Contract Code §6108(g))

6) Specifies that any person who certifies as true any material matter pursuant to the above provisions that he or she know to be false is guilty of a misdemeanor. (Public Contract Code §6108(h))

7) Requires DIR to establish a contractor responsibility program, including a Sweatfree Code of Conduct, to be signed by all bidders on state contracts and subcontracts, as specified. (Public Contract Code §6108(f))

8) Requires employers to establish, implement, and maintain an effective Injury and Illness Prevention Program (IIPP) that must include, among other things, a system for identifying and evaluating workplace hazards. (Labor Code §6401.7)

9) Requires employers, as specified, to establish, implement, and maintain an effective workplace violence prevention plan that includes, among other elements, requirements to maintain incident logs, provide specified trainings, and conduct periodic reviews of the plan. (Labor Code §6401.9)

This bill:

1) Requires, for a contract entered into or renewed on or after January 1, 2027 and only for contracts with an estimated value that exceeds $550,000, every contractor working with a state agency for the procurement or laundering of apparel, garments, or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, to certify that the contract, among other things, complies with the requirement that contractors, contractor employees, subcontractors, subcontractor employees, and their agents are prohibited from all of the following:

    a) Engaging in severe forms of trafficking in persons during the performance period of the contract.
    b) Using forced labor in the performance of the contract.
    c) Destroying, concealing, confiscating, or otherwise denying access by an employee to the employee's identity or immigration documents, regardless of the issuing authority.
    d) Using misleading or fraudulent practices during the recruitment or hiring of employees, including failing to disclose, in a format and language understood by the employee or potential employee, basic information or making material misrepresentations regarding the key terms and conditions of employment, as specified.
    e) Using recruiters that do not comply with state labor laws and the laws of the country that the recruiting takes place.
    f) Charging employees or potential employees recruitment fees.
    g) Failing to provide or pay for the cost of required return transportation upon the end of employment, as specified.
    h) Providing or arranging housing that fails to meet the housing and safety standards of the country where the work is performed.
    i) If required by law or contract, failing to provide an employment contract, recruitment agreement, or other required work document in writing, as specified.

2) Requires contractors and subcontractors to notify employees of the prohibited activities described above and the actions that may be taken against them for violations.

3) Provides that the contractor is ineligible for, and shall not bid on, or submit a proposal for, a contract described above if that contractor has failed to certify compliance, as specified.

4) Requires a contractor to exercise due diligence in ensuring that its subcontractors comply with the provisions in 1), above, including requiring each subcontractor to sign a certification.

5) Requires a contractor, before a contract or subcontract is awarded, to provide or obtain from the proposed subcontractor and then provide to the contracting officer a certification that states both of the following: the contractor and/or subcontractor has implemented a compliance plan, as specified; and the contractor and/or subcontractor has conducted due diligence, as specified.

6) Requires the compliance plan to comply with all of the following criteria:

    a) The compliance plan shall be appropriate to the size and complexity of the contract and the nature and scope of its activities, as specified.
    b) The compliance plan shall include, at minimum, all of the following:

i. An awareness program to inform employees about the prohibited activities described above and the actions that will be taken against them for violations.
ii. A process for employees to report activity inconsistent with the above provisions, as specified.
iii. A recruitment and wage plan, as specified.
iv. If the contractor or subcontractor intends to provide or arrange housing, a housing plan that ensures that the housing meets the housing and safety standards of the country where the work is performed.
v. Procedures to prevent subcontractors and agents at any tier and at any dollar value from engaging in trafficking in persons, including the prohibited activities described above and to monitor, detect, and terminate any agents, subcontracts, or subcontractor employees that have engaged in the prohibited activities.

7) Requires a contractor and subcontractor to comply with all of the following:

a) Disclose to the contracting officer and the state agency with oversight information sufficient to identify the nature and extent of a violation of a prohibited activity described above and the individuals responsible for the conduct.
b) Provide timely and complete responses to state auditors' and investigators' requests for documents.
c) Cooperate fully in providing reasonable access to their facilities and staff, inside and outside the state, to allow contracting agencies and other responsible government agencies to conduct audits, investigations, or other actions to ascertain compliance with this section and other anti-human trafficking laws.
d) Protect all employees suspected of being victims of or witnesses to prohibited activities before returning to the country from which the employee was recruited.
e) Not prevent or hinder an employee from cooperating fully with government authorities.

8) Requires contracts to provide suitable remedies, including termination, to be imposed on contractors and subcontractors that fail to comply with these provisions.

9) Provides that any contractor contracting with the state who knew or should have known that the apparel, garments, corresponding accessories, equipment, materials, or supplies furnished to the state were laundered or produced in violation of specified conditions when entering into a contract pursuant to the above, may, in addition to existing sanctions, have any or all of the following sanctions applied:

a) The contractor may be required to remove a contractor employee from the performance of the contract.
b) The contractor may be required to terminate a subcontractor.
c) Contract payments may be suspended until the contractor has taken appropriate remedial action.
d) If the state determines contractor noncompliance, there may be a loss of award fee, consistent with the award fee plan, for the performance period the state determined contractor noncompliance.
e) The state may decline to exercise available options under the contract.
f) The contractor may be subject to suspension or debarment.

10) Provides that if a contractor, contractor employee, subcontractor, subcontractor employee, or agent violates specified provisions of the Penal Code, the federal Trafficking Victims Protection Act of 2000, Federal Executive Order 13627, or these provisions, the contractor shall, among other things, do all of the following:

    a) Notify its employees and agents of the prohibited activities described above, and the consequences for violating these provisions, including, but not limited to, removal from the contract, reduction in benefits, or termination of employment.
    b) Take appropriate action against a contractor employee, subcontractor, subcontractor employee, or agent that violates these provisions.
    c) Inform the contracting officer and all appropriate state agencies with oversight information sufficient to identify the nature and extent of a violation of a prohibited activity and the individuals responsible for the conduct, as specified.
    d) Provide timely and complete responses to state auditors' and investigators' requests for documents.
    e) Cooperate fully in providing reasonable access to its facilities and staff, inside and outside the state, to allow contracting agencies and other responsible government agencies to conduct audits, investigations, or other actions to ascertain compliance, as specified.
    f) Protect all employees suspected of being victims of or witnesses to prohibited activities from retaliation from employers, as specified and shall not prevent or hinder the ability of these employees from cooperating fully with state authorities.
    g) Post the minimum requirements of the compliance plan, as specified.
    h) Within 60 days of receiving the contract, provide the compliance plan to the contracting officer.

11) Authorizes an administrative law judge, during a hearing requested by a contractor on the imposition of sanctions, to consider both mitigating and aggravating factors, as specified.

12) Requires a contracting officer, upon receipt of credible information regarding a violation of these provisions, to promptly notify, in accordance with agency procedures, the state agency with oversight, the agency debarring and suspending official, and if appropriate, law enforcement officials with jurisdiction over the alleged offense. The contracting officer may direct the contractor to take specific steps to abate the alleged violation or enforce the requirements of its compliance plan.

13) Defines several terms, including:

    a) "Forced labor" means knowingly providing or obtaining the labor or services of a person by any of the following:
        i. By threats of serious harm to, or physical restraint against, that person or another person.
        ii. By means of any scheme, plan, or pattern intended to cause the person to believe that, if the person did not perform labor or services, that person or another person would suffer serious harm or physical restraint.
        iii. By means of the abuse or threatened abuse of law or the legal process.
    b) "Severe forms of trafficking in persons" means either of the following:
        i. Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform that act has not attained 18 years of age.

   ii. The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

c) "State agency" means any state agency in this state.
d) "Subcontract" means any contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract.
e) "Subcontractor" means any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor or another subcontractor.
f) "Subcontractor employee" means an employee of the subcontractor directly engaged in the performance of work under the contract who has other than a minimal impact or involvement in contract performance.

14) Specifies that requirements set forth in this bill shall govern contracts and subcontracts entered into by a state agency, regardless of place of performance.

15) Makes technical and conforming changes.

COMMENTS

1. Background:

Human and Labor Trafficking in California
A series of 2020 reports by the Little Hoover Commission highlighted the obstacles to tracking and preventing labor trafficking in California.[1] Among the issues identified were the absence of an aggressive state response and a focus on sex trafficking. The Commission also found that while several state agencies play a role in combatting human trafficking, there is no coordinated strategy to target the crime statewide. The state's ability to "flip the script by proactively and strategically looking for traffickers" requires the effective use of state resources.[2]

In 2024, the Legislature passed and governor signed AB 1888 (Arambula, Chapter 614, Statutes of 2024), which created, upon appropriation by the Legislature, the Labor Trafficking Unit within the DOJ to receive labor trafficking reports from law enforcement agencies and other entities, and refer these reports to appropriate agencies for investigation, prosecution, or other remedies. The Legislature has yet to appropriate funds for this office.

Existing State Contracting Requirements
Existing law requires state contractor awardees to certify that no apparel, garments, corresponding accessories, equipment, materials, or supplies furnished to the state have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor, or exploitation of children in sweatshop labor. Any person who knowingly provides a false certification is guilty of a misdemeanor.

Contractors must also comply with the Sweatfree Code of Conduct (Code). This Code requires, among other things, that all state contractors and subcontractors *certify under penalty of perjury* that they do not use any form of forced labor and that they adhere to all

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[1] Little Hoover Commission (September 2020, pages 3-4). Labor Trafficking: Strategies to Uncover this Hidden Crime
[2] Little Hoover Commission (September 2020, page 2). Labor Trafficking: Strategies to Uncover this Hidden Crime

appropriate state and federal laws concerning wages, workplace safety, rights to association and assembly, and nondiscrimination standards.[3] The existing law section of this analysis lists all of the contractor and subcontractor requirements contained in the Code. In cases where a contractor violates these conditions, the Code outlines various sanctions including financial penalties of up to $1,000 or twenty percent of the value of the products and/or barring the contractor or subcontractor from participating in future state contracts.

Existing Federal Contractor Requirements
According to the Senate Governmental Organization Committee:

"The United States federal government has long had a policy prohibiting government employees and contractor personnel from engaging in trafficking persons. The efficacy of this policy was strengthened in 2015 when the Federal Acquisition Regulation (FAR) rule, entitled 'Ending Trafficking in Persons,' implemented trafficking-related prohibitions for federal contractors and subcontractors.

The FAR requires contractors and subcontractors to notify government procurement personnel whenever they receive credible information of human trafficking or violations of the prohibited practices associated with trafficking, and puts parties on notice that federal agencies may impose remedies, up to and including suspension and debarment, for failure to comply with the requirements.

The regulations apply to all contracts and prohibit contractors and subcontractors from engaging in prohibited practices including:

a. Engaging in severe forms of trafficking persons.
b. Procuring commercial sex acts during the performance of the contract.
c. Using forced labor in the performance of the contract.
d. Destroying, concealing, confiscating, or otherwise denying access by an employee to his or her identity or immigration documents.
e. Using misleading or fraudulent recruitment practices.
f. Using recruiters that do not comply with local labor laws.
g. Charging employees recruitment fees.
h. Failing to provide return transportation for employees upon the end of the contract.
i. Providing or arranging housing that fails to meet the host country housing and safety standards.
j. If required by law or contract, failing to provide an employment contract in writing.

The FAR also requires that U.S. government contracting personnel check the Department of Labor's 'List of Goods Produced by Forced or Indentured Child Labor' when issuing a solicitation for supplies. If the product appears on the list, the contractor is required to certify that it will not supply any end product from countries (subject to certain exceptions) that appear on the list; or to certify that it has made a good faith effort to determine whether forced or indentured labor was used to mine, produce, or manufacture any end product to be furnished under the contract.

If U.S. government personnel have reason to believe that forced or indentured child labor was used to produce an end product, they are required to contact the agency Inspector

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[3] "Sweatfree Code of Conduct," Department of Industrial Relations, https://www.dir.ca.gov/sweatfreecode.htm

General, the Attorney General, or the Secretary of the Treasury. Noncompliance with this regulation can lead to termination of the contract, suspension of the contractor, or debarment for up to three years.

Supporters of this bill highlight that since new anti-trafficking measures in federal procurement have been enacted over the previous decade, there were over 180 investigations related to forced labor in federal contracts initiated to better protect workers. Overall, contractors took curative actions to prevent trafficking and protect workers as a result of those investigations. The federal protections resulted in one terminated federal contract over eight years. In the other 179 investigations, terminations were not mentioned, and less severe penalties were imposed, such as cure notices and/or termination of personnel."

AB 1245 Additional Certification Requirements, New Sanctions, and Compliance Plans
AB 1245 would expand the list of prohibitions a contractor must certify compliance with before entering into a contract with any state agency. The expanded list is consistent with existing labor law protections. Additionally, the bill would expand the potential sanctions for a contractor who knew or should have known that items furnished to the state were laundered or produced in violation of specified conditions. Among other sanctions, a contractor may now be required to remove a contractor employee from the performance of the contract, terminate a subcontractor, or face suspension of contract payments. Lastly, the bill would require both contractors and subcontractors to implement and maintain a compliance plan to prevent and detect prohibited activities. Before the state awards a contract, these plans must be drafted and posted at the workplace and/or on the contractor's website. These posting requirements are consistent with those required for other workplace protection plans.

2. **Comments:**

The provisions of this bill aim to protect workers by requiring contractors, subcontractors, and their agents to certify that they are not engaging in a series of prohibited actions and that they have implemented a compliance plan. Outside of the compliance plan, this certification only requires contractors to affirm they are following existing law and does not impose any new requirements that are not already illegal. Regardless of certification, a state contractor who violates any of the enumerated prohibitions faces potential sanctions.

The Sweatfree Code of Conduct, described above, requires contractors to certify under penalty of perjury that they comply with all appropriate state and federal laws concerning wages, workplace safety, rights to association and assembly, and nondiscrimination standards. Because federal and state law already outlaw all of the prohibitions enumerated in AB 1245, any state contract awardee has already certified their compliance. For example, destroying, concealing, confiscating, or otherwise denying access by an employee to the employee's identity or immigration documents, regardless of the issuing authority, is included in the expanded certification requirement. Existing federal law, under 18 U.S.C. §1592, prohibits this, thus any state contract awardee has already certified compliance under the Code.

3. **Need for this bill?**

According to the author:

"Data shows that business-controlled supply chains are the primary drivers of trafficking. The International Labour Organization (ILO) estimates nearly 28 million people are in forced labor, with 86% exploited in the private sector. Migrant workers, women, and children are disproportionately affected due to unfair recruitment practices and subcontracting…

With nearly a $300 billion budget, California is one of the few economies capable of reshaping supply chains through procurement reform. Public procurement represents 13–20% of global GDP. From 2021 to 2023, California spent $56.25 billion on public contracts…

As the 5th largest economy in the world, California needs to adopt specific and detailed guidance for businesses to prevent human trafficking. The goal of this legislation will be to update existing statutory authority in California – which was last updated in 2007- to be consistent with measures that have been required Federally for the last 9 years.

Many companies and vendors which are already in compliance with the Federal regulations also have public contracts with the state. By adopting Federal standards for California's procurement processes, the state can impact trafficking globally as well as in our own backyard."

2. **Proponent Arguments:**

The sponsor of the measure, the Sunita Jain Anti-Trafficking Initiative, argues:

"**As the fifth-largest economy in the world, California has both the responsibility and the capacity to reshape supply chains through procurement reform.** Public procurement represents approximately 13–20% of global GDP.2 From 2021 to 2023 alone, **California spent $56.25 billion on public contracts**.

California's current procurement practices expose the state to significant forced labor risk. Between 2022 and 2023, the State awarded 3,879 contracts for commodities documented with a high risk for labor trafficking, including garments, electronics, agricultural products, and raw minerals. These findings demonstrate that currently California is likely to inadvertently perpetuate trafficking and forced labor by purchasing products in multiple at risk industries without appropriate protections…

AB 1245 builds on California's existing anti-trafficking framework by:

- Establishing clear definitions of human trafficking, forced labor, recruitment fees, and subcontractors;
- Providing detailed guidance on prohibited conduct in government solicitations and contracts, including fraud, misrepresentation, charging recruitment fees, and failing to provide key employment terms in a worker's native language;
- Requiring state contractors to certify a compliance plan covering both themselves and their subcontractors; and
- Specifying required actions when potential forced labor, human trafficking, or child labor is identified in a supply chain.

California law currently prohibits forced labor and trafficking but has not provided procurement agencies or contractors with sufficient requirements to prevent these abuses. **AB 1245 fills that gap with clear, enforceable standards…**

California is preparing to host multiple major global sporting events, including Super Bowls, NBA All-Star Games, the FIFA Men's World Cup, and the 2028 Olympic Games. Reports confirm that such events dramatically increase demand for goods, services, and short-term labor, creating heightened risks of labor trafficking. Much of this **exploitation occurs within the supply chains of the state, cities, counties, and regional agencies responsible for event preparation**, yet it often remains hidden until long after the events conclude.

Strengthening procurement safeguards now is essential to ensure that goods used for event preparation—**everything from construction materials to electronics to uniforms**— are not produced through exploitation."

3. **Opponent Arguments:**

None received.

4. **Dual Referral:**

The Senate Rules Committee referred this bill to the Senate Governmental Organization Committee, where it passed on a 13-0 vote, and the Senate Labor, Public Employment and Retirement Committee.

5. **Prior Legislation:**

AB 381 (Stefani, 2025) was nearly identical to AB 1245. *This bill was held in the Senate Appropriations Committee.*

SB 1157 (Hurtado, 2024) was nearly identical to AB 1245. *This bill was held in the Senate Appropriations Committee.*

AB 1888 (Arambula, Chapter 614, Statutes of 2024) established, upon appropriation by the Legislature, the Labor Trafficking Unit within the DOJ to receive labor trafficking reports from law enforcement agencies and other entities and refer these reports to appropriate agencies for investigation, prosecution, or other remedies.

AB 380 (Arambula, 2023) would have established the Labor Trafficking Unit within DIR's DLSE. *This bill was held in the Senate Appropriations Committee.*

AB 235 (B. Rubio, 2023) would have established the Labor Trafficking Unit within the CRD. *This bill was held in the Assembly Appropriations Committee.*

AB 964 (Ortega, 2023) was nearly identical to AB 381. *This bill was held in the Assembly Appropriations Committee.*

SB 657 (Steinberg, Chapter 556, Statutes of 2010) enacted the California Transparency in Supply Chains Act to require retail sellers and manufacturers doing business in the state to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains for tangible goods offered for sale, as specified.

SB 1231 (Corbett, 2010) would have made various changes including renaming the code of conduct to the Slave and Sweat Free Code of Conduct, mandating state procurement contracts to include certifications that products are not made with abusive labor, and increasing penalties for non-compliance, as specified. *Governor Schwarzenegger vetoed this bill.*

SB 578 (Alarcon, Chapter 711, Statutes of 2003) enacted non-sweatshop labor guidelines to state procurement policies to ensure that goods and services purchased by the State of California be produced in workplaces that adhere to minimum standards for protecting workers.

SB 1888 (Hayden, Chapter 891, Statutes of 2000) extended existing law that prohibits state agencies from procuring foreign goods made by forced labor, convict labor, or indentured labor to include goods made by abusive forms of child labor or exploitation of children in sweatshop labor.

AB 2457 (Figueroa, Chapter 1149, Statutes of 1996) required every contract entered into by a state agency for the procurement of equipment, materials, or supplies to specify that no foreign-made equipment, materials, or supplies furnished to the state may be produced by forced labor, convict labor, or indentured labor, as specified.

SUPPORT

Sunita Jain Anti-Trafficking Initiative, Loyola Law School (Sponsor)
3strands Global Foundation
Alliance for Community Transformations
Alliance for Community Transit-Los Angeles
Alliance to End Human Trafficking
Asian Americans Advancing Justice - Southern California
Benjamin Hollywood, The
Bet Tzedek
California Chamber of Commerce
California Restaurant Association
California Travel Association
Central Valley Justice Coalition
Coalition to Abolish Slavery & Trafficking
Community Legal Services in East Palo Alto
Greenlining Institute, The
Flour + Water
Freedom Network USA
Freedom United
Hayato Restaurant
Hi Neighbor Hospitality: 7 Adams, Mama, The Madrigal, Trestle, The Vault
Interface Children and Family Services
International Corporate Accountability Roundtable
International Longshore and Warehouse Union, Local 56
Investor Advocates for Social Justice
Jobs to Move America
Los Angeles for a New Economy
Los Angeles Black Worker Center

Los Angeles County Democratic Party
Los Angeles County Electric Truck and Bus Coalition
MassCOSH
Nari, Kin Khao
Northwest Regional Relative and Kinship Providers
OpenTable
Praeveni U.S. Inc.
Public Citizen
Resy
Southern California Coalition for Occupational Safety and Health
Tock
Transparentem
United Auto Workers Region 6
United Food and Commercial Workers Western States Council
University of Maryland Safe Center for Human Trafficking Survivors
Valley Industry and Commerce Association
Verité
Waymakers
Worksafe

OPPOSITION

None received

-- END --

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

Bill No:	AB 1576	**Hearing Date:**	June 17, 2026
Author:	Ortega		
Version:	April 20, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Jazmin Marroquin		

SUBJECT: Workers' compensation: Subsequent injuries payments

KEY ISSUE

This bill, makes the following changes to the process of filing, evaluating, and paying claims for special additional compensation from the Subsequent Injuries Benefits Trust Fund (SIBTF): (1) specifies the type of evidence necessary to demonstrate the existence of a prior permanent partial disability (PPD), (2) requires that medical-legal evidence be collected only through existing qualified medical evaluation (QME) procedures, (3) transfers responsibility for payment of SIBTF benefits from the State Compensation Insurance Fund (State Fund) to the Director of the Department of Industrial Relations (DIR), and (4) clarifies existing law concerning the calculation of permanent disability rating.

ANALYSIS

Existing law:

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

2) Establishes the Division of Workers' Compensation (DWC) and Workers' Compensation Appeal Board (WCAB) within DIR and charges them with monitoring the administration of workers' compensation claims and providing administrative and judicial services to assist in resolving disputes that arise in connection with claims for workers' compensation benefits. (Labor Code §3200 et seq.)

3) Establishes within the workers' compensation system temporary disability (TD) indemnity, permanent disability (PD) indemnity, and permanent partial disability (PPD) indemnity, which offer wage replacement of a specified injured employee's average weekly earnings while an employee is unable to work due to a workplace illness or injury. (Labor Code §§4650-4664)

4) Establishes the Subsequent Injuries Benefits Trust Fund (SIBTF), as a special trust fund in the State Treasury, of which the Director of DIR is a trustee.

   a) Specifies that the fund is continuously appropriated for the non-administrative expenses of the workers' compensation program for workers who have suffered serious injury and

who are suffering from previous and serious permanent disabilities or physical impairments and prohibits the use of the funds for any other purpose (Labor Code §62.5(c)(1))

5) Provides that, if an employee who is permanently partially disabled receives a subsequent compensable injury resulting in additional PPD so that the degree of disability caused by the combination of both disabilities is greater than that which would have resulted from the subsequent injury (or "subsequent industrial injury" or "SII") alone, and the combined effect of the last injury and the previous disability or impairment is a permanent disability equal to 70 percent or more of total, the worker shall be paid in addition to the compensation due for the PPD caused by the last injury compensation for the remainder of the combined permanent disability existing after the last injury as provided in this article.

   a) Specifies that the compensation be provided only if either:
      i) The previous disability or impairment affected a hand, an arm, a foot, a leg, or an eye, and the permanent disability resulting from the SII affects the opposite and corresponding member, and such latter permanent disability, when considered alone and without regard to, or adjustment for, the occupation or age of the employee, is equal to 5 percent or more of total, or
      ii) The permanent disability resulting from the SII, when considered alone and without regard to or adjustment for the occupation or the age of the employee, is equal to 35 percent or more of total. (Labor Code §4751)

6) Provides that, for injuries occurring *before* January 1, 2013, in determining percentages of permanent disability, account shall be taken of the nature of the physical injury or disfigurement, the occupation of the injured employee, and their age at the time of the injury, *consideration being given to an employee's diminished future earning capacity (DFEC).*

   a) For purposes of this section, the "nature of the physical injury or disfigurement" shall incorporate the descriptions and measurements of physical impairments and the corresponding percentages of impairments published in the American Medical Association (AMA) Guides to the Evaluation of Permanent Impairment (5th Edition).
   b) For purposes of this section, an employee's diminished future earning capacity shall be a numeric formula, as specified. (Labor Code §4660)

7) Provides that, for injuries occurring *on or after* January 1, 2013, in determining percentages of partial or permanent total disability, account shall be taken of the nature of the physical injury or disfigurement, the occupation of the injured employee, and the employee's age at the time of injury.

   a) For purposes of this section, the "nature of the physical injury or disfigurement" shall incorporate the descriptions and measurements of physical impairments and the corresponding percentages of impairments published in the AMA Guides to the Evaluation of Permanent Impairment (5th Edition) with the employee's whole person impairment, as provided in the Guides, *multiplied by an adjustment factor of 1.4*. (Labor Code §4660.1)

8) Provides a system of administrative dispute resolution for cases where an injured worker and their employer do not agree over any issue associated with the delivery of traditional, non-SIBTF workers' compensation benefits, including evaluation by a neutral qualified medical

evaluator (QME), receipt of a medical-legal report prepared by the QME based on that evaluation and any other medical records and information provided by the parties, the opportunity to meet before a workers' compensation administrative law judge for adjudication on the dispute based on the medical-legal report, and, if necessary, appeal the administrative law judge's decision to the WCAB for final judgement. (Labor Code §4060 et seq.)

9) Requires WCAB to fix and award the amount of special additional compensation paid and to direct the State Fund to pay additional compensation awarded; and allows the State Fund to draw from the State Treasury of the SIBTF as reimburse itself, as specified. (Labor Code §§4754 and 4755)

10) Levies separate surcharges upon all employers for purposes of deposit in the SIBTF, the Workers' Compensation Administration Revolving Fund (WCARF), the Uninsured Employers Benefits Trust Fund, and the Occupational Safety and Health Fund, and provides that the total amount of the surcharges be allocated between self-insured employers and insured employers in proportion to payroll respectively paid in the most recent year. (Labor Code §62.5(f)(1))

This bill:

1) Clarifies, pursuant to existing law, that "permanent disability" in relation to SII occurring *on or after* January 1, 2005, and *prior to* January 1, 2013, is measured by the whole person impairment rating, based on the AMA Guides to the Evaluation of Permanent Impairment, 5th Edition ("AMA Guides"), *after adjustment for diminished future earning capacity* and without regard to, or adjustment for, the occupation or age of the employee.

2) Clarifies, pursuant to existing law, that "permanent disability" in relation to SII occurring *on or after* January 1, 2013, is measured by the whole person impairment rating, also referred to as the impairment standard, based on AMA Guides, *after multiplication by the adjustment factor of 4.1*, pursuant to existing law, and without regard to, or adjustment for, the occupation or age of the employee.

3) Provides that, for compensable SII occurring on or after January 1, 2027, for purposes of determining eligibility for, and the amount of an award of, special additional compensation (i.e. SIBTF benefits), the existence of a prior PPD that existed at the time of the SII shall be determined by substantial evidence, based on medical records, testimony, or other evidence, that the prior PPD predated the SII and that the prior PPD resulted in loss of earnings, interfered with work activities of the employee, or otherwise impacted the ability of the employee to perform work activities or activities of daily living.

4) Specifies that medical-legal evidence in a proceeding filed for SIBTF benefits may only be obtained in accordance with existing procedures for QMEs applicable to traditional workers' compensation claims.

5) Requires the administrative director (AD) of the DWC to create and maintain database of QME physicians who have the necessary training and expertise to perform evaluations for SIBTF claims and specifies this database shall be used by the medical director of DWC to fulfill requests for a panel of QMEs in accordance with existing procedures.

6) Authorizes the Director of DIR to issue regulations as necessary for the implementation and orderly and effective administration of SIBTF medical evaluations.

7) Transfers responsibility for the payment of SIBTF benefits from the State Fund to the Director of DIR.

COMMENTS

1. Background:

Workers' Compensation and the Subsequent Injuries Benefit Trust Fund (SIBTF)
Under the California workers' compensation system, if a worker is injured on a job, the employer must pay for the worker's medical treatment and provide monetary benefits if the injury is temporary or permanent. In most workers' compensation cases, this compensation is provided in the form of temporary (TD) and/or permanent disability (PD) benefits, which are typically paid out over time based on a formula derived from ratings of the severity of the worker's impairments. In return for receiving free medical treatment, the worker surrenders the right to sue the employer for monetary damages in civil court. In California, all employers are required to either purchase a workers' compensation insurance policy from a licensed insurer authorized to write policies in California or become self-insured.

Workers in California who are injured on the job and whose disability is exacerbated by a pre-existing condition can additionally seek benefits beyond what they would be awarded by the state's workers' compensation system for only the workplace injury. The benefits for the subsequent injury (or SII) are paid by the SIBTF.

The SIBTF was established by the Legislature in the wake of World War II, after veterans who returned home from the war suffered from high rates of pre-existing permanent disabilities. The SIBTF was created to address the dilemma of providing disability compensation without accounting for a pre-existing disability that may leave workers without protection and making the employer responsible for the pre-existing disability that may discourage them from hiring workers without visible disabilities.

The SIBTF provides additional compensation to injured workers with a pre-existing disability which, in combination with a work injury, would lead to a higher PD rating than what would be assigned on the basis of their workplace injury alone. Under the SIBTF, injured workers meeting the criteria receive additional PD benefits paid by the SIBTF (rather than by their employer). The benefits under SIBTF are financed by an assessment on workers' compensation premiums (or on covered payroll for self-insured employers), so that the burden of the SIBTF payments are spread broadly across all employers covered by workers' compensation.

Below are the eligibility requirements for an injured worker to receive SIBTF benefits, as set forth in Labor Code Section 4751:

1. The applicant suffered a SII (subsequent compensable work injury).

2. The applicant had one or more pre-existing PPDs that were actually labor disabling[1] at the time the applicant suffered a SII.
3. The PD resulting from the combination of the pre-existing PPDs and the SII is greater than the PD resulting from the SII alone.
4. The PD resulting from the combined effect of the SII and PPDs together is rated at least 70 percent or higher.
5. The PD resulting from the SII alone, without adjustment for age or occupation, was either: (1) at least 35 percent, or (2) was at least 5 percent and affected a hand, an arm, a foot, a leg, or an eye that is "opposite and corresponding" to a body part that had prior PPD.

Workers who meet the requirements for SIBTF and receive SIBTF benefits get the difference between the combined PD benefits that would be provided based on the SII and pre-existing disabilities and the amount owed to the worker for PD benefits on the SII alone.

Workers with combined disability ratings from 70 to 99 percent qualify for PPD benefits which end after a set number of weeks determined by the PD rating, and a life pension which begins after the PPD has been paid out and ends at death. If the combined rating equals 100 percent, the worker is entitled to lifetime permanent total disability (PTD) benefits, which are paid out at the TD rate. PTD benefits are more generous payments than other disability benefits because the amount paid per week can be much higher and because PTD benefits are paid until death. In a regular workers' compensation case outside of the SIBTF program, lifelong disability benefit payments are infrequent because it is rare for cases to reach a PD rating of 70 percent or higher and PTD cases are even rarer. Additionally, other benefits paid in regular workers' compensation cases, such as medical treatment, are not provided by the SIBTF.

SIBTF Financial Instability and RAND Report Recommendations
According to the Legislative Analyst's Office (LAO), insured employers pay roughly $1.4 billion in permanent disability payments. Self-insured employers—private and public—likely add another $500 million to $1 billion. Together, total annual permanent disability payouts under the standard workers' compensation system likely total about $2 billion. SIBTF, once a relatively small program, now pays more permanent disability payments ($2 billion to $3 billion) than the state's core workers' compensation program.[2]

In 2023, after a rapid increase in the number of applications and the amount of benefits paid out by SIBTF, DIR contracted with RAND – a nonprofit, nonpartisan research organization – to conduct a comprehensive study of SIBTF cases filed and resolved in recent years. Their goal was to document basic facts about the SIBTF program to provide a foundation of informed deliberation over policy options in response to SIBTF's recent growth.[3]

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[1] Case law has clarified that the pre-existing disability also needs to be "actually labor disabling." In general, this principle means that the pre-existing disability must have been such that it could have been the basis for workers' compensation permanent partial disability benefits if it had resulted from employment. No other restrictions on the cause or nature of the pre-existing disability are imposed, however: health conditions that are asymptomatic, previously undiagnosed, developmental, congenital, or associated with aging can all be considered pre-existing disabilities that qualify the worker for SIBTF benefit.

[2] Legislative Analyst's Office, "Refocusing the Workers' Compensation Subsequent Injury Program." July 25, 2025. https://lao.ca.gov/Publications/Report/5062

[3] California's Subsequent Injuries Benefits Trust Fund, Recent Trends and Policy Considerations. RAND. June 2024, https://www.dir.ca.gov/dwc/SIBTF-Report.pdf

The RAND report found startling trends regarding SIBTF and its financial instability. The report summarized the following:

> "A sharp increase in recent years in SIBTF claims and benefits and the potential for even greater liabilities poses a financial challenge for the SIBTF. Total annual payments from the SIBTF on the 12 years of cases considered in this report grew from $13.6 million in 2010 to $232 million in 2022. Looking to the future, this analysis estimates $7.9 billion in SIBTF liabilities for cases filed or pending between 2010 and 2022, the midpoint of an estimated range of $6.4–10.5 billion.
>
> The recent surge in current and future liabilities can in part be attributed to interpretations of SIBTF's governing statutes, which are vague on key issues concerning eligibility and compensation, and which are decades old. More recently, the wide parameters of the governing statutes and SIBTF rules have motivated claimants, their representatives, and vendors to make more frequent claims for injuries which in past decades might have yielded smaller benefits or might not have led to any benefits at all. In the absence of policy changes to ensure the SIBTF is implemented in a sustainable and fair way, decision makers can reasonably expect that funding demands will exceed the currently available resources and assessments on workers' compensation premiums (or on covered payroll for self-insured employers) will have to continue to rise to cover the Fund's growing liabilities."

The RAND report identified several reasons for increasing liabilities to the SIBTF, many that result from a 2020 WCAB decision in *Todd v. SIBTF* [85 Cal. Comp. Cases 576 (App. Bd. En banc)]. According to the report:

> "Prior to the [*Todd*] decision, ratings from impairments to multiple body parts, and the [PD] ratings from the SII and SIBTF cases, were typically combined using a formula referred to as the Combined Values Chart (CVC). The CVC takes into account the theoretical overlapping nature of impairments and disability and produces a combined PD rating that is lower than what would be derived from simply adding together two or more values. For example, two impairments each rated at 50 percent would yield a rating of 75 percent under the CVC. […]
>
> Instead, the *Todd* decision held that simple addition was the correct method to use for combining SII and PPD disability ratings in determining SIBTF eligibility and benefits. […] This decision made it far more likely that an SIBTF case would reach a combined rating of 100 percent. In the examples above, the combined rating would increase from 75 percent pre-Todd to 100 percent post-*Todd*."

The *Todd* decision increased both the number of applicants whose combined PD rating qualified them for SIBTF benefits, as well as the number of applicants whose combined PD rating now reached 100 percent. Because the likelihood of qualifying for generous lifetime benefits increased, the number of SIBTF cases that were resolved through "compromise and release" settlements for a lump sum dramatically decreased, as litigating the case to a final judgement more often resulted in a larger award. This was reflected in a significant increase in non-benefit costs to SIBTF due to skyrocketing attorney fees, which grew from $770,000 in 2010 to $27 million in 2022.

The author seeks to implement, at least in part, some of the RAND report recommendations with this bill, as is discussed in more detail below. These include 1) incorporating SIBTF medical evaluations into the existing QME process, 2) amending the SIBTF statute to provide a definition of what constitutes a PPD for purposes of SIBTF eligibility, and 3) updating the SIBTF criteria to address the diminished future earnings capacity. The report also includes several additional recommendations that this bill does not address.[4]

SIBTF and the QME Process

In a traditional workers' compensation claim, if a dispute arises between the injured worker and the employer over whether an injury is work-related, a worker's capacity to return to work, the existence or extent of a permanent disability, or the need for specific or future medical treatment, the injured worker may request a QME – qualified medical evaluators. Under existing law, injured workers filing SIBTF claims are *not* subject to the QME process for the collection of medical-legal evidence. Instead, workers filing SIBTF claims may select their own medical evaluators.

The RAND Report recommends that the Labor Code could be modified to include SIBTF in the QME reforms. The report identifies fraud and abuse resulting from "doctor shopping" as a possible contributor to the financial instability of the SIBTF. The report further explains, "[n]arrowing the choice of medical experts and creating mandatory processes around medical evaluations for SIBTF cases, including potentially requiring that the same medical reports used for the SII be used for purposes of the SIBTF case, could reduce the potential for 'doctor shopping' for evaluators who deliver higher ratings specifically targeted at SIBTF eligibility."

This bill, AB 1576, specifies that medical-legal evidence in a SIBTF claim may only be obtained through the QME process and requires the administrative director of the DWC to create and maintain a database of QME physicians with the necessary training and expertise to evaluate SIBTF claims.

SIBTF Benefits Calculation and Diminished Future Earnings Capacity

In order to qualify for SIBTF benefits, a worker's PD resulting from the SII suffered must equal to 35 percent or more of TD, or 5 percent or more in specified circumstances "when considered alone and without regard to or adjustment for the occupation or the age of the employee." However, the Labor Code does not specify whether the calculation should include adjustments for diminished future earnings capacity (DFEC), or whether DFEC should only be taken into consideration for the combined PD.

The RAND report recommends the Legislature update the SIBTF threshold eligibility criteria to address the future earnings capacity under Labor Code Section 4751, which has not been changed since 1959. This bill updates the SIBTF criteria to address the diminished future earnings capacity.

PPD Criteria for SIBTF Eligibility

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[4] Other recommendations from the RAND report include specifying that use of the CVC is necessary in SIBTF cases, adopting statute of limitations for SIBTF case filings, increasing investments in SIBTF administration, limiting or capping SIBTF benefits, and considering whether the SIBTF remains necessary in light of modern policy and anti-disability discrimination statutes and protections.

When SIBTF was initially established, one of the purposes was to mitigate any potential discrimination from employers for hiring employees with pre-existing disabilities. Around the same time, in an appeal arising from a SII case, the California Supreme Court clarified that an applicant's alleged pre-existing disability must have been "actually labor disabling" in order to establish eligibility for SIBTF benefits. This was interpreted to mean that the pre-existing disability could have been the basis for workers' compensation PPD benefits if it had resulted from employment.

However, the RAND report found that a "growing number of SIBTF cases allege PPDs that are common health conditions and/or chronic diseases frequently found in an aging population" and case law offers little guidance on how to apply the "actually labor disabling" principle.

This bill establishes a definition of what constitutes a PPD for SIBTF eligibility, for injuries after January 1, 2027, based on substantial evidence that the PPD predated the SII and resulted in a loss of earnings, interfered with work activities of the employee, or otherwise impacted the ability of the employee to perform work or daily living activities.

SIBTF Benefits Payment and the State Fund
Existing law requires SIBTF benefits be paid to injured workers by the State Fund, at the direction of the WCAB. The State Fund may draw funds directly from SIBTF to make award payments for up to $50,000 and is authorized to reimburse itself from the Workers' Compensation Administration Revolving Fund for the cost of providing this service.
The State Fund was established in 1913 by the Legislature to provide a stable option for workers' compensation insurance to employers in California, including for state agencies. State Fund is a quasi-public entity that competes with other workers' compensation insurance providers on the open market.

This bill shifts the responsibility of administering SIBTF benefits from this complicated State Fund reimbursement scheme to direct payments made by DIR. DIR oversees SIBTF as its trustee, so formally shifting the responsibility for administering payments SIBTF to DIR simplifies the payment process.

AB 1329 (Ortega, 2025) Veto and Trailer Bill
Last year, Governor Newsom vetoed AB 1329 (Ortega, 2025), which would have enacted similar reforms for the SIBTF, citing the lack of comprehensive reforms necessary to save SIBTF and instead directed his administration (DIR and DWC) to develop a proposal for consideration that contains comprehensive reforms to the SIBTF through the budget proposal. Below is his veto message:

> This bill would make assorted changes to the Subsequent Injury Benefit Trust Fund (SIBTF), a World War II-era program created to protect disabled veterans entering the workforce. Proposed changes include incorporating a Qualified Medical Evaluator (QME) process, excluding certain medical conditions from the definition of pre-existing disabilities, and adding a statute of limitations on claims.
>
> I commend the author for identifying the SIBTF as needing significant reform. Over the past decade, SIBTF has expanded significantly beyond its original purpose. The number of claims has skyrocketed, leading to an unsustainable future for the program. The Department of Industrial Relations estimates that, without comprehensive reform, the

annual assessment paid by all employers will increase from $372 million in FY 2021-22 to $1.5 billion in FY 2029-30. As the Legislative Analyst's Office noted in a July 2025 report, workers submitting SIBTF claims today could see processing delays of up to ten years unless we take comprehensive action. Notably, other states, facing similar pressures, have chosen to eliminate their programs rather than reform them. This situation is dire and the state must act immediately.

Unfortunately, AB 1329 does not contain the comprehensive reforms necessary to save SIBTF. While some of the changes, such as the proposed QME process and the statute of limitations, are important, other changes take the program in the wrong direction. For example, including the impact on the "activities of daily living" in the determination of a prior disability contradicts the concept that the prior disability must be labor-disabling. This change would increase SIBTF claims and liabilities.

To ensure this program continues to serve workers as intended, comprehensive SIBTF reform must be pursued next year. I am directing the Department of Industrial Relations and its Division of Workers' Compensation to develop a proposal for comprehensive reform to include in January's 2026-27 budget proposal. I look forward to working with the Legislature to ensure this program continues to serve California workers.

In early 2026, the Governor and his administration unveiled their proposal for SIBTF with the following reforms:[5]

1) Define key terms to clarify definitions and add parameters to align benefits with the original intent of SIBTF.
2) Align the SIBTF medical-legal process with the qualified medical evaluator (QME) program to prevent doctor shopping, utilize a certified physician experienced with the injured worker's medical history, eliminate duplicative efforts, and dramatically cut costs.
3) Clarify that a SIBTF claimant's preexisting disabilities and subsequent industrial injury are combined using a Combined Values Chart (CVC) as in regular workers' compensation cases.
4) The elimination of the 1.4 future earning capacity adjustment to align with the original purpose of Section 4750, which required the elimination of adjustment factors to the permanent disability rating.
5) Establish a statute of limitations, replacing the vague, judicially created 5-year period, which has proven difficult to apply, with a simple statutory 5-year period.
6) Clarify that preexisting disabilities must be documented in medical evidence that existed before the occurrence of the subsequent industrial injury to prevent exaggerated claims and speculation in medical reporting.
7) Clarify that preexisting disabilities must be labor disabling at the time of the subsequent injury to eliminate applications based on asymptomatic conditions or treatable conditions that do not have demonstrable impact on the employee's ability to perform work activity.
8) Clarify that an employee is responsible for establishing that they have not already received payment for preexisting disability to prevent double recoveries.

[5] To access the Governor's proposed trailer bill language on SIBTF reforms: https://trailerbill.dof.ca.gov/public/trailerBill/pdf/1382

9) Establishes that the provisions added in the trailer bill will apply to all open SIBTF cases that have not yet become final either through settlement or court decision.
10) Ensure SIBTF is not subject to penalties, aligning with the Uninsured Employers Benefits Trust Fund.
11) Identifies the DIR Director, who currently oversees the program, for purposes of operations, rather than the State Fund.
12) Details a discovery process for mandatory credits against SIBTF compensation where an applicant has already been compensated for a pre-existing disability.

The budget trailer bill is still pending before the Legislature.

2. Need for this bill?

According to the author, "Subsequent injuries are handled differently from other Workers Compensation injuries. Several of those differences have resulted in outcomes that are unnecessarily more financially burdensome. 1) The use of Qualified Medical Examiners has no limit; 2) There are lesser standards of evidence; 3) Permanent Disability is not defined consistent with the 2004 and 2012 Workers' Comp reforms

Statistically any worker suffering an injury that results in a permanent disability is at a higher risk for a subsequent injury. An employer assumes all of that risk if they give a previously disabled worker a "second-chance" at supporting themselves. The SIBTF was created so that these second-chance employers are not penalized for hiring a higher risk employee. Instead, every employer in the state contributes .016¢ per $100 in premiums into the Trust Fund. The fund then carries the risk and obligations. The average employer currently pays $222 per year – an increase of $176 over the last 10 years. This increase is more than offset by the $13,872 average annual savings over the last 10 years in Work Comp premiums resulting from the more significant 2004 (Schwarzenegger) and 2012 (Brown) reforms.

AB 1576 aligns the SIBTF QME process, standard for evidence, and definition of permanent disability with the 2004/2012 reforms.

These thoughtful changes will reduce litigation costs, reduce Med-Legal costs, and reduce the number of 100% disability cases. The cumulative impact will reduce employer assessments by up to 20-25% into the SIBTF, a program that will continue to reduce the financial risk to the generous employers who hire workers with previously disabling injuries."

3. Proponent Arguments

According to the California Applicant Attorneys' Association (CAAA), who write in support, "Last year, Assembly Member Ortega introduced AB 1329 which would have lowered assessments paid by all employers into the Subsequent Injury Benefit Trust Fund (SIBTF) by 20-25% while continuing to reduce the financial risk to employers who hire a previously disabled worker. Notwithstanding these significant changes and potential costs savings to SIBTF, Governor Newsom vetoed AB 1329, and in said veto messaged directed the Labor Agency to draft language for SIBTF changes to be included in his final budget. AB 1576, as amended on April 20, 2026, is in essence the same bill as last year. Since the

Legislature has plenary power over workers' compensation, we believe the appropriate vehicle for changes to SIBTF is properly vested in the legislative process, and not a budget trailer bill."

4. **Opponent Arguments:**

According to a coalition of employers, insurers, counties, and business groups, as well as the California Coalition on Workers' Compensation: "The undersigned organizations respectfully OPPOSE AB 1576 because it does not adequately address the myriad problems with the Subsequent Injuries Benefit Trust Fund (SIBTF). SIBTF claims have skyrocketed in recent years, creating a fiscal crisis as recognized by two recent reports from the Legislative Analyst's Office and the Department of Industrial Relations (DIR) through RAND. While AB 1576 does include some desirable shifts in policy, it leaves the job unfinished much like AB 1329 (Ortega, 2025). Governor Newsom's veto stated that AB 1329 "does not contain the comprehensive reforms necessary to save SIBTF" and called on DIR to develop a comprehensive budget proposal. Governor Newsom's SIBTF reform proposal is being considered as a budget trailer bill, and we support that proposal. […]

Our organizations believe that the legislature should address the easily identifiable problems with SIBTF in a comprehensive manner. The Department of Industrial Relations commissioned a study of the fund and its recent explosion in applicants and payments, and made several findings that could help the legislature identify reasonable and balanced policy solutions. The Legislative Analyst's Office (LAO) also prepared a similar report that can help guide comprehensive reform that will stabilize the fund for those who need it. There is a clear path to controlling employer SIBTF costs:

<u>Establish Stricter Eligibility Criteria</u>
Administrative law decisions and outdated statutes have allowed aggressive attorneys to expand eligibility for SIBTF benefits beyond the original intent.

<u>Require Previous Documentation of Pre-existing Conditions</u>
Current law allows qualifying pre-existing conditions to be established without prior documentation by worker testimony alone, and this can be after the workplace injury occurs while trying to establish justification for SIBTF benefits. The legislature should follow the RAND and LAO recommendations and require prior documentation though medical records, workplace accommodations, or worker testimony prior to the workplace injury.

<u>Restore Appropriate Method of Combining Multiple Disabilities</u>
The 2020 decision in *Todd v. SIBTF* dramatically altered the method by which the prior disability and workplace disability are added together to determine SIBTF benefits. This decision changed longtime practices that considered the interaction between disabilities in multiple body parts and instead allows disabilities to be combined based on simple addition. Both RAND and the LAO have found that this decision made it far easier for applicants to justify the maximum SIBTF benefit. The legislature should overturn this court decision and return rationality to the method of combining multiple disabilities.

<u>Applying Medical Legal Report Laws to SIBTF</u>
Employer and labor representatives have collaborated twice in the last 20 years to negotiate mutually agreeable reforms to the workers' compensation system. In one of

those reform negotiations, the state established new rules and processes for obtaining medical-legal reports that are necessary for deciding benefit levels. Unfortunately, those processes were not applied to the SIBTF claims because the rules for SIBTF claims are in a separate Labor Code section.

Reinvest in Claims Administration
SIBTF claims are administered by the Division of Workers' Compensation (DWC), which is facing significant backlogs that drive up administrative costs, delay benefits, and result in poor outcomes. The LAO report finds that SIBTF cases typically take five years to process despite the underlying workers' compensation case already being resolved, and a quarter of SIBTF claims take eight years to resolve. The state should invest in better claims handling practices and ensure that administrators are fully staffed.

While AB 1576 helps create stricter criteria for pre-existing conditions including proper documentation, it fails to make changes to the initial eligibility threshold for serious injuries, disability rating structure, stacking of disabilities, or prioritization of severe cases to address the significant case backlog."

5. **Prior Legislation:**

AB 1329 (Ortega, 2025) is substantially similar to this bill, and would have made various changes to the process of filing, evaluating, and paying claims for special additional compensation from the SIBTF. *This bill was vetoed by Governor Newsom*.

SB 863 (De Leon, Chapter 363, Statutes of 2012) enacted major reforms to the workers' compensation system, including establishing the independent medical review and IBR processes for resolving disputes.

SB 899 (Poochigian, Chapter 34, Statues of 2004) enacted major reforms to the workers' compensation system, including authorizing medical provider networks, revising the QME process, and adopting a modified Permanent Disability Rating Schedule that incorporated a DFEC modifier.

SUPPORT

California Applicants' Attorneys Association

OPPOSITION

ABC California
Acclamation Insurance Management Services
Allied Managed Care
American Property Casualty Insurance Association
Associated General Contractors, California
Associated General Contractors-San Diego Chapter
Brea Chamber of Commerce
California Alliance of Self-insured Groups
California Association of Joint Powers Authorities
California Association of Joint Powers Authorities (CAJPA)

California Association of Sheet Metal & Air Conditioning Contractors National Association
California Association of Winegrape Growers
California Attractions and Parks Association
California Building Industry Association (CBIA)
California Chamber of Commerce
California Coalition on Workers Compensation
California Craft Brewers Association
California Farm Bureau
California Farm Labor Contractor Association
California Forestry Association
California Fuels and Convenience Alliance
California Grocers Association
California Hospital Association
California Hotel & Lodging Association
California Joint Powers Insurance Authority
California Manufacturers and Technology Association
California Restaurant Association
California Retailers Association
California Self Insurers Association
California Self-insurers' Security Fund
California State Association of Counties
California State Association of Counties (CSAC)
California Trucking Association
Carlsbad Chamber of Commerce
Corona Chamber of Commerce
County of Fresno
County of Kern
Danville Area Chamber of Commerce
Flasher Barricade Association
Gateway Chambers Alliance
Greater Bakersfield Chamber of Commerce
Lien on Me, INC.
Long Beach Area Chamber of Commerce
Los Angeles County
Mission Viejo Chamber of Commerce
Murrieta Chamber of Commerce
Murrieta Wildomar Chamber of Commerce
NAIOP Commercial Real Estate Development Association SoCal Chapter
National Federation of Independent Business (NFIB)
Networks by Design
Nonprofits' United
Norwalk Chamber of Commerce
Oceanside Chamber of Commerce
Orange County Business Council
Palm Desert Area Chamber of Commerce
Partners Personnel
Protected Insurance Program for Schools and Community Colleges JPA
Public Risk Innovation, Solutions, and Management (PRISM)
Reed Family Companies
Rural County Representatives of California

San Juan Capistrano Chamber of Commerce
Santa Clarita Valley Chamber of Commerce
Schools Insurance Group
Southwest California Legislative Council
Vista Chamber of Commerce

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Bill No:	AB 1582	**Hearing Date:**	June 17, 2026
Author:	Ortega		
Version:	May 18, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Glenn Miles		

SUBJECT: Higher Education Employer-Employee Relations Act: collective bargaining: unfair labor practices.

KEY ISSUE

This bill makes specified activities by Higher Education Employer-Employee Relations Act (HEERA) covered employers related to arbitration over collective bargaining agreement (CBA) violations subject to unfair labor practice charges at the Public Employment Relations Board (PERB).

ANALYSIS

Existing law:

1) Establishes the University of California (UC) as a public trust under the administration of the Regents of the University of California and grants the Regents all the powers necessary or convenient for the effective administration of this public trust. Establishes that the UC Regents are subject only to such legislative control as may be necessary to insure the security of its funds, to ensure compliance with the terms of the endowments of the university, and such competitive bidding procedures as may be made applicable to the university by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods, and services. (California Constitution, Article XIV, Sec. 9)

2) Establishes HEERA which provides a statutory framework to regulate labor relations between the University of California (UC), the California State University (CSU), and the University of California College of the Law, San Francisco (UC Law SF) and their respective employees. (Government Code § 3560 et seq.)

3) Defines "Higher Education Employer" to mean any of the following: the UC Board of Regents, the UC Law SF Board of Directors, the California State University (CSU) Board of Trustees, or a person acting as an agent of one of the aforementioned entities. (Government Code §3562 (g))

4) Defines "scope of representation" for HEERA's application to UC to mean, and be limited to, wages, hours of employment, and other terms and conditions of employment but not does not include consideration of the merits, necessity, or organization of any service, activity, or program established by law or resolution of the regents or the directors, except for the terms and conditions of employment of employees who may be affected thereby. (Government Code § 3562 (q))

5) Establishes the Public Employment Relations Board (PERB) to administer the several collective bargaining statutes covering specified California public employees. PERB functions as a quasi-judicial administrative agency responsible for adjudicating employer-employee relations, resolving disputes, and enforcing the statutory duties and rights of public agency employers and employee organizations (Government Code §3541).

6) Provides that a HEERA employer and an exclusive representative who enter into a written memorandum of understanding (MOU) may agree to procedures for final and binding arbitration of disputes that may arise under the memorandum of understanding or between the parties. (Government Code § 3589 (a))

7) Authorizes an aggrieved party to an MOU to seek a court order directing that the arbitration proceed pursuant to the MOU's procedures if the other party fails, neglects, or refuses to proceed to arbitration. (Government Code § 3589 (b))

8) Makes an arbitration award final and binding upon the parties and enforceable by a court pursuant to Title 9 (commencing with Section 1280) of Part 3 of the Code of Civil Procedure. (Government Code § 3589 (c))

9) Defines "Arbitration" in HEERA to mean a method of resolving a rights dispute under which the parties to a controversy must accept the award of a third party. (Government Code § 3562 (a))

10) Provides that PERB will defer adjudicating an unfair labor practice complaint where the parties have agreed to the arbitration procedure, as specified. (see Regents of the University of California (San Francisco) (1984) PERB Decision No. Ad -139-H (holding that PERB will not defer where the parties have not mutually agreed to arbitration))

11) Requires the UC Regents to let all contracts, as specified, involving an expenditure of more than $100,000 annually for goods and materials to be sold to the University of California to the lowest responsible bidder meeting specifications, or else reject all bids. (Public Contract Code § 10507.7)

12) Requires UC to make or enter service contracts with the lowest responsible bidder, as specified, or else reject all bids but UC may award a contract to the second lowest responsible bidder if the successful bidder refuses or fails to execute a tendered contract for materials, goods, or services. (Public Contract Code § 10507.7)

13) Allows UC contract based on "Best Value" criteria if UC determines that it can expect long-term savings, as specified. (Public Contract Code § 10507.8)

14) Authorizes UC to award a contract for the acquisition of goods, services, or information technology that has an estimated value of greater than $100,000 but less than two hundred $250,000, to a certified small business, including a microbusiness, or to a disabled veteran business enterprise, if UC obtains price quotations from two or more certified small businesses, including microbusinesses, or from two or more disabled veteran business enterprises. (Public Contract Code § 10508.5)

15) Requires UC vendors to provide their employees with the total compensation specified by the vendor's contract, as well as make certain payroll information available to employees, the

UC, and exclusive employee representatives. Additionally, it provides a pathway for employees of a vendor contracting with the UC to recover compensation and civil damages, as specified. (Public Contract Code § 10510.50 et seq.)

16) Provides that vendor employee protection provisions, as specified, do not preclude or alter UC's ability to contract for services as permitted under existing policies or collective bargaining agreements, nor from hiring in emergency circumstances or to meet other staffing needs. (Public Contract Code § 10510.53 (g)

17) Provides a general prohibition on contracting for covered services and only permits contracting out where required by law, Federal requirement, contract or grant requirement, or court decisions or orders, or under the specified limited, exigent circumstances that comply with the state's requirements in Government Code section 19130. (Regents Policy 5402: Policy Generally Prohibiting Contracting for Services)

18) Requires UC to provide employee unions advance notice when contracting out covered services, as specified; authorizes employee unions to review proposed contracts for covered services to determine whether the contract complies with Regents Policy 5402; provides a process to resolve disputes over those proposed contracts; and clarifies that where the parties have agreed to an alternative resolution process in a collective bargaining agreement, that process takes precedence. (Regents Policy 5402: *Policy Generally Prohibiting Contracting for Services* (D) and (E); *Agreement Between UC Regents and AFSCME* (January 31, 2020, Article 5), (*UC Regents LBFO for AFSCME SX and EX bargaining units* (April 30, 2025), Article 5) [1]

This bill:

1) Makes the following activities by a higher education employer related to arbitration over CBA violations subject to unfair labor practice charges at PERB.

    a) Failing or refusing to schedule an arbitration within a reasonable period of time, as specified.
    b) Failing or refusing to implement an arbitration award and remedy in full within 60 days of a decision on the merits.
    c) Circumventing or disregarding an arbitrator's decision by extending or renewing an existing contract or entering into one or more new contracts for the same or similar services at the same location or otherwise violating the same contract term or terms already interpreted by an arbitrator to prohibit the employer's conduct. This provision also prohibits PERB from deferring repeat offenses to subsequent arbitration proceedings.
    d) Failing or refusing to remedy, in whole or in part, an arbitrator's decision that remands the remedy to be determined by the parties. This provision also requires PERB to defer to the merits of the arbitration award but not defer disputes regarding the remedy to subsequent arbitration proceedings absent agreement of the parties.

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[1] Hereafter, the parties agreements are denoted as *UC and AFSCME CBA*. The committee has not seen the recently ratified agreement between the parties - *UC and AFSCME CBA* (May 14, 2026, Article 5) - but understands that it contains the same provisions cited here.

2) Provides that remedies for a violation, as specified, shall include the charging party's attorney's fees and costs.

3) Provides that the bill's provisions do not limit PERB's broad remedial authority except as expressly set forth.

COMMENTS

1. **Background:**

This bill reaches the committee in the context of tumultuous labor relations between UC and AFSCME, including five strikes by the union across the UC since starting contract negotiations in January 2024, the imposition by UC of its last best final offer (LBFO) after 16 months of bargaining, and a near systemwide strike by AFSCME halted at the last minute after UC concessions. [2]

Although the parties finally reached an agreement for UC service and patient care technical employees on May 14, 2026 (ratified on May 21, 2026), it is apparent that AFSCME and UC have not overcome their differences in several areas, including the interpretation and application of their dispute resolution process which is at issue in this bill.[3] (Indeed, the parties are still in bargaining negotiations over contracts for other UC employees. [4])

Under that process, UC must notify AFSCME when it issues a Request for Proposals (RFP) to contract for covered services [5], the union must notify UC if it wants to file a grievance over the outsourced contract, the parties must work to resolve the grievance through mediation, the union can request mandatory arbitration if it contests the mediation result, and the parties can apply to superior court to enforce the arbitration decision if the other party does not comply.[6]

This bill seeks to revise the arbitration procedure by adding recourse to PERB. Under existing PERB decisions, PERB will defer action on an unfair labor practice if the parties have mutually agreed to arbitration. Thus, without this bill, PERB will not hear AFSCME's complaint that UC is manipulating the arbitration process and evading unfavorable arbitration decisions. Thus, AFSCME must petition the superior court each time it believes

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[2] https://ucnet.universityofcalifornia.edu/resources/employment-policies-contracts/bargaining-units/service/contract/; https://afscme3299.org/blog/we-won/; https://www.universityofcalifornia.edu/press-room/uc-expands-afscme-offer-address-affordability-nearly-33-pay-growth-and-lower-health;

[3] https://dailybruin.com/2026/05/22/afscme-local-3299-employees-vote-to-ratify-contract

[4] https://ucnet.universityofcalifornia.edu/labor-news/labor-news-uc-aft-ix-06-11-26/

[5] Covered Services refers to work customarily performed by bargaining unit employees, whether in whole or in part, including but not necessarily limited to the following services: cleaning, custodial, janitorial, or housekeeping services; food services; laundry services; grounds keeping; building maintenance (excluding skilled crafts); transportation and parking services; and security services. (Regents Policy 5402 and *UC and AFSCME CBA*, Article 5, § A.6)

[6] *UC and AFSCME CBA, Article 5, § H*

that UC is evading an arbitration decision over an outsourced contract. That approach takes a great deal of time and costs a substantial amount of money. In the meantime, workers providing the contracted services whom UC should hire as permanent UC employees lose out on lost compensation, health and pension benefits, seniority, and other university job opportunities. This bill would permit AFSCME to win at arbitration and, if UC evades the decision's application to a class of similar work, file an unfair labor practice charge at PERB to resolve the disputes quickly and efficiently.

Unsurprisingly, UC holds a different view of the bill and instead sees it as an attempt by AFSCME to alter through legislation, a key provision agreed to in bargaining without giving any concession for it. UC insists that each outsourcing contract proposal is a discrete dispute. The CBA provisions regarding the arbitration procedure specify and limit the scope of the arbitrator's authority, which can only decide an outcome for each contract. [7] It cannot create a universal university-wide policy. That authority rests with the UC Regents.

2. Need for this bill?

According to the author, despite a 2020 collective bargaining agreement (CBA) that limits UC's ability to contract out work except for very narrow exceptions, UC continues to outsource work to contractors that should be done by university employees. Pursuant to that CBA, UC is required to notify the union when UC decides to contract for services to allow the union to review the dispute whether work is covered under t

3. Proponent Arguments:

According to AFSCME 3299:

"For decades UC has used the practice of contracting out jobs and replacing us with cheap labor. The State Auditor has documented that UC's private contractors pay less, provide fewer benefits, and mistreat workers with impunity."

"When we have challenged contracting out practices and prevailed in arbitration, a process agreed upon in our collective bargaining agreements, UC has responded with disrespect and defiance. They extend the same prohibited contracts, enter into new agreements for identical services, and simply wait for us to go back through the arbitration process again — at our own expense and at the cost of years of delay. This cycle of deliberate noncompliance renders our collective bargaining agreements meaningless and makes a mockery of the arbitration system that both parties agreed to honor."

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

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[7] Ibid. "The arbitrator shall determine whether Article 5. C. has been/would be violated.
a. If the arbitrator concurs with the University's determination, an existing contract for services shall remain in place or if the Article 5.C. grievance was filed prior to the formation of a contract, the University may proceed with the contracting process.
b. If the arbitrator determines that the contract is inappropriate the contract shall be terminated. If the grievance was filed prior to the formation of a contract, the University shall not proceed with the contracting process."

"AB 1582 strengthens the integrity of California's collective bargaining framework by ensuring that negotiated contract provisions and binding arbitration awards are meaningful and enforceable. When employers violate collective bargaining agreements by improperly contracting out bargaining unit work, employees and unions must have confidence that disputes will be resolved in a timely manner and that arbitration decisions will be respected."

According to the California Faculty Association:

"It is erroneous that it took four years, three arbitrations, a court proceeding and an enormous cost before dining hall workers were hired directly. If UC had just followed what they had agreed to, all the following arbitrations could have been avoided. Now the workers and AFSCME 3299 have wasted time, resources, and money that will never be regained.

"To address the UC's repeated violations of their CBAs and arbitration rulings, AB 1582 makes it an unfair labor practice for a higher education employer to fail to schedule arbitrations in a timely manner or to circumvent or disregard an arbitrator's decision by extending or renewing an existing contract, or entering into one or more new contracts for the same or similar services at the same location, or otherwise violating the same contract term or terms already interpreted by an arbitrator to prohibit the employer's conduct."

4. **Opponent Arguments:**

According to the University of California:

"Codifying a Single Grievance into a Statutory Mandate Is Bad Public Policy. Arbitration is inherently designed to resolve specific, isolated disputes between parties based on unique local circumstances. It should never be used to dictate broad statutory mandates. AB 1582 sets a dangerous precedent by turning narrow and specific arbitration rulings into a blanket prohibition on service contracts at a UC campus or medical facility."

"Under the rigid framework proposed by this bill, if a UC campus or medical center commits a minor technical infraction, such as an administrative failure to provide notice within a specific timeframe, that isolated mistake can be used to block that location from using essential service agreements in perpetuity. This applies even when such agreements would otherwise be allowed under a recently negotiated collective bargaining agreement."

According to the Los Angeles Area Chamber of Commerce:

"Higher education institutions operate extensive healthcare facilities, research, and student support programs that often depend on contractors to address workforce shortages or provide specialized expertise, supporting a broader network of businesses and workers across the state. Restrictions on their ability to contract for services could have ripple effects throughout the labor market, reducing opportunities for businesses and workers that provide specialized expertise and critical support functions."

According to the California Hospital Association:

"Providing patient care in California hospitals is inherently unpredictable, shaped by sudden surges in patient volume, seasonal illness trends, public health emergencies, and the complex, varying needs of individual patients. Punitive measures tied to real-time workforce

adjustments can hinder a hospital's ability to respond effectively to these dynamic conditions. To ensure safe, high-quality care, hospitals must retain flexibility to scale staffing, redeploy clinical teams, and make timely decisions based on patient needs. The broad impact of AB 1582 applying to the entire UC system with no exception for its hospitals will have the unintended consequence of penalizing UC hospitals when there is a dispute involving contracting out of bargaining unit work without regard for operational and legal mandates imposed on hospitals to maintain staffing levels and continuity of care in all times – even those that are uncertain and unpredictable."

5. **Dual Referral:** The Senate Rules Committee referred this bill to the Senate Labor, Public Employees and Retirement Committee and the Senate Judiciary Committee.

6. **Prior Legislation:**

   SB 23 (Durazo), Chapter 480, Statutes of 2023, requires UC vendors to provide their employees with the total compensation specified by the vendor's contract, as well as make certain payroll information available to employees, the UC, and exclusive employee representatives. Additionally, it provides a pathway for employees of a vendor contracting with the UC to recover compensation and civil damages, as specified.

   ACA 6 (Haney, 2023) would have required individuals who perform work for the UC Regents to have the right to specified basic state labor standards. The measure died in the Senate Elections and Constitutional Amendments Committee.

   SB 1364 (Durazo, 2022) was similar to SB 27 and additionally provided for a vendor in violation to pay a ten percent civil penalty to the General Fund and be disqualified from contracting with the UC for five years. The bill was vetoed by the Governor, who stated "While I support the enforcement of Regents Policy 5402 and the terms of Article 5, as UC is still implementing their audit mechanisms of the policies, this bill is premature."

   ACA 14 (Gonzalez, 2019) would have amended the California Constitution, Article IX, to require the UC Regents ensure that all UC contract workers receive the same equal employment opportunity standards as UC employees that perform similar services. The measure died on the Senate Floor.

SUPPORT

AFSCME Local 3299 (Sponsor)
American Federation of State, County and Municipal Employees
California Faculty Association
California Federation of Labor Unions
California Federation of Teachers
Federated University Police Officers' Association
Peace Officers Research Association of California
Teamsters California

OPPOSITION

Bay Area Council
California Association of Public Hospitals and Health Systems
California Chamber of Commerce
California Hospital Association
California State University, Office of the Chancellor
Central City Association of Los Angeles
Los Angeles Business Council
Los Angeles Chamber of Commerce
Los Angeles County Business Federation
Newport Rib Company
Sacramento Metropolitan Chamber of Commerce
San Diego Regional Chamber of Commerce
Santa Barbara South Coast Chamber of Commerce
Santa Clarita Valley Chamber of Commerce
Santa Cruz Area Chamber of Commerce
Silicon Valley Leadership Group
University of California
Valley Industry and Commerce Association
West Los Angeles Chamber of Commerce

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

Bill No:	AB 1619	**Hearing Date:**	June 17, 2026
Author:	Valencia		
Version:	April 23, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: Public employees' retirement: administration

KEY ISSUE

This bill increases the compensation for specified board members of the Public Employees' Retirement System (CalPERS) and the State Teachers' Retirement System (CalSTRS) from $100 to $320 and authorizes boards of supervisors in counties operating a retirement system under the County Employees Retirement Law of 1937 (CERL) to adopt an identical increase for specified board members.

ANALYSIS

Existing law:

1) Provides under the state constitution that public pension fund retirement boards have the sole and exclusive fiduciary authority over the investment and sole and exclusive responsibility over the administration of their respective retirement systems. (CA CONST art. XVI, §17)

2) Establishes the California Public Employees' Retirement System (CalPERS), which provides a defined benefit pension to state employees, classified school employees, and employees of contracting public agencies. (Government Code §20000 et seq.)

3) Vests the management and control of CalPERS in its board of administration. Existing law also provides the board with all powers reasonably necessary to invest the assets associated with, and to administer and implement the provisions of, the California Public Employees' Pension Reform Act of 2013. (Government Code §20004 and §20120)

4) Provides that the members of the CalPERS board appointed by the Governor, the public member appointed jointly by the Seante Committee on Rules and the Speaker of the Assembly, and any retired person serving on the board shall receive $100 for every day or portion thereof of actual attendance at meetings of the board or any meeting of any committee of the board of which committee the person is a member and which meeting is conducted for the purpose of carrying out the powers and duties of the board, together with their necessary traveling expenses incurred in connection with performance of their official duties. (Government Code §20091)

5) Establishes the California State Teachers' Retirement System (CalSTRS) to provide a financially sound plan for the retirement of the state's public school teachers, teachers of schools supported by the state, and other persons employed in connection with the schools. (Education Code §22001)

6) Provides that CalSTRS is administered by the Teachers' Retirement Board. Requires the board to set policy and have the sole power and authority to hear and determine all facts pertaining to application for benefits under the plan or any matters pertaining to administration of the plan and CalSTRS. (Education Code §22200 and §22201)

7) Provides that members of the CalSTRS board who are not active members of the Defined Benefit Program or active participants of the Cash Balance Benefit Program and who are appointed by the Governor shall receive $100 for every day of actual attendance at meetings of the board or any meeting of any committee of the board of which the person is a member, and that is conducted for the purpose of carrying out the powers and duties of the board, together with their necessary traveling expenses incurred in connection with performance of their official duties. (Education Code §22223)

8) Establishes the County Employees Retirement Law of 1937 (commonly referred to as the "CERL," "1937 Act," or "'37 Act"), which governs 20 independent county retirement associations and provides for retirement systems for county and district employees in those counties adopting its provisions. Currently, 20 counties operate retirement systems under the CERL. (Government Code §31450 et seq.)

9) Vests the management of a CERL retirement system in its retirement board, consisting of five members or nine members and one alternate, or in its board of investment. (Government Code §31520 and §31520.1)

10) Authorizes boards of supervisors in counties operating a CERL retirement system to provide the fourth and fifth members, and in counties having a board of retirement consisting of nine members or nine members and an alternate retired member, the fourth, fifth, sixth, eight, ninth, and alternate retired members, and in counties having a board of investments, the fifth, sixth, seventh, eight, and ninth members, compensation at a rate of not more than $100 for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board. (Government Code §31521)

11) Authorizes, in a county of the first class, the board of supervisors to provide the fourth, fifth, sixth, eighth, ninth, and alternate retired members of the board of retirement and the fifth, sixth, seventh, eight, and ninth members of the board of investments, compensation at a rate of not more than $100 for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board. (Government Code §31521.1)

12) Denominates Los Angeles County "a county of the first class." (Government Code §28020)

13) Provides, for CERL retirement systems, that the official duties of elected board members who are employees of the county or a district shall be included as part of their county or district employment and their board duties normally take precedence over any other duties. The elected board members who are county or district employees shall not receive any additional compensation by virtue of their election to the board. (Government Code §31522)

This bill:

1) Increases the compensation for specified CalPERS board members from $100 to $320 for every day or portion thereof of actual attendance at meetings of the board or any meeting of any committee of the board of which committee the person is a member and which meeting is conducted for the purpose of carrying out the powers and duties of the board.

2) Increases the compensation for specified CalSTRS board members from $100 to $320 for every day of actual attendance at meetings of the board or any meeting of any committee of the board of which the person is a member, and that is conducted for the purpose of carrying out the powers and duties of the board.

3) Authorizes the board of retirement, in counties operating a CERL retirement system, to increase the compensation of specified board members to a rate of not more than $320.

4) Provides that the increase in compensation in 3) shall not be operative in any county until it is publicly noticed and adopted by a majority vote of the board of supervisors and shall not be adopted by a consent calendar.

5) Authorizes, in a county of the first class, the board of retirement or the board of investments to increase the compensation of specified board members to a rate of not more than $320.

6) Provides that the increase in compensation in 5) shall not become operative until it is publicly noticed and adopted by a majority vote of the board of supervisors and shall not be adopted by a consent calendar.

COMMENTS

1. **Background:**

The CalPERS, CalSTRS, and CERL boards of retirement and investment are responsible for overseeing the administration of their respective retirement systems and safeguarding the financial security of their members. These boards meet regularly to fulfill their fiduciary duties.

<u>*CalPERS*</u>
The CalPERS board consists of 13 members who are elected, appointed, or hold office ex officio. The board compensation is mandated by law and can only be changed by a majority of the registered voters in the state. Among other responsibilities, the board sets employer contribution rates, determines investment asset allocations, and provides actuarial valuations. The CalPERS board includes:

Six elected members

- Two elected by and from all CalPERS members
- One elected by and from all active state members
- One elected by and from all active CalPERS school members
- One elected by and from all active CalPERS public agency members (employed by contracting public agencies)
- One elected by and from retired members of CalPERS

Three appointed members

- Two appointed by the Governor - an elected official of a local government and an official of a life insurer
- One public representative appointed jointly by the Speaker of the Assembly and the Senate Rules Committee

Four ex officio members

- The State Treasurer
- The State Controller
- The Director of the California Department of Human Resources
- A Representative of the State Personnel Board

The members appointed by the Governor, the public member appointed by the Speaker of the Assembly and the Senate Rules Committee, and any retired person on the board receive $100 for every day or portion thereof of actual attendance at meetings of the board or any meeting of any committee of the board of which committee the person is a member and which meeting is conducted for the purpose of carrying out the powers and duties of the board. Money from the Public Employees' Retirement Fund is used to pay board members.

CalSTRS

The CalSTRS board consists of 12 members who are elected, appointed, or hold office ex officio. The board sets the policies and makes rules for the system and is responsible for ensuring benefits are paid by the system in accordance with law.

The CalSTRS retirement board includes:

- Three member-elected positions representing current educators.
- A retired CalSTRS member appointed by the Governor and confirmed by the Senate.
- Three public representatives appointed by the Governor and confirmed by the Senate.
- A school board representative appointed by the Governor and confirmed by the Senate.
- Four board members who serve in an ex officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction and State Treasurer.

The members of the board who are not active members of the Defined Benefit Program or active participants of the Cash Balance Benefit Program and who are appointed by the Governor receive $100 for every day or portion thereof of actual attendance at meetings of the board or any meeting of any committee of the board of which committee the person is a member and which meeting is conducted for the purpose of carrying out the powers and duties of the board. Money from the Teachers' Retirement Fund is used to pay board members.

CERL

CERL retirement systems are administered by a board of retirement or a board of investments. Boards of retirement can consist of either five members or nine members and one alternate. Existing law grants county boards of supervisors the authority to adopt specialized CERL provisions to apply to their respective retirement systems through the

adoption of county ordinance. This structure allows the CERL to provide flexibility for the different needs and demands of the 20 county retirement systems that the CERL authorizes.

Generally, the **composition of a five-member** board is as follows:

- Member 1 is the county treasurer.
- Members 2 and 3 are active general members of the retirement association, elected by the active general members.
- Members 4 and 5 are qualified electors of the county not connected with county government, with the exception that one of these members may be a member of the board of supervisors. These individuals are appointed by the board of supervisors.

On a five-member board, members 4 and 5 receive compensation at a rate of not more than $100 for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board.

Generally, the **composition of a nine-member board** is as follows:

- Member 1 is the county treasurer.
- Members 2 and 3 are active general members of the retirement association, elected by the active general members.
- Members 4, 5, 6, and 9 are qualified electors of the county not connected with county government, with the exception that one of these members may be a member of the board of supervisors. These individuals are appointed by the board of supervisors.
- Member 7 is an active safety member of the retirement association, elected by active safety members.
- Member 8 is a retired member of the retirement association, elected by retired members.

On a nine-member board, members 4, 5, 6, 8, and 9 receive compensation at a rate of not more than $100 for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board.

Generally, the **composition of a board of investments** is as follows:

- Member 1 is the county treasurer.
- Members 2 and 3 are active general members of the retirement association, elected by the active general members.
- Member 4 is a safety member elected by safety members.
- Members 5,6,7, and 9 are qualified electors of the county not connected with county government, with the exception that one of these members may be a member of the board of supervisors. These individuals are appointed by the board of supervisors.
- Member 8 is a retired member of the retirement association, elected by retired members.

Members 5, 6, 7, 8, and 9 on a board of investments receive compensation at a rate of not more than $100 for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board.

2. Need for this bill?

According to the author:

"The problem that AB 1619 seeks to address is that the attendance stipend for appointed county retirement system board members, California state teacher's retirement system and California public employees' retirement system has not been adjusted for inflation in decades, despite the increase in administrative complexity. AB 1619 allows these systems to increase the stipend from $100 to $320."

3. Proponent Arguments:

The sponsor of the measure, the Orange County Employees Retirement System, argues:

"[AB 1619] represents a prudent and long-overdue adjustment for several compelling reasons:

Inflation Adjustment: The current per-meeting stipend of $100 was established fifty years ago (and adopted by the Orange County Board of Supervisors 40 years ago). The proposed $320 maximum represents the inflation-adjusted equivalent of that original rate and simply brings compensation in line with current economic realities.

Workload Recognition: The work of a county retirement system trustee can be extensive. Board members bear substantial fiduciary responsibilities and must dedicate significant time to understanding complex investment strategies, actuarial analyses, legal compliance requirements, and benefit administration. The current $100 rate per meeting (with a maximum of five meetings per month) does not adequately reflect the substantial time, expertise, and fiduciary responsibilities trustees undertake.

Expanding the Candidate Pool: Critically, paying an adequate stipend would enable counties to expand the pool of eligible candidates for appointed board members. Currently, only individuals who can afford the time required to serve on a County Board of Retirement can do so. This effectively excludes many qualified candidates, particularly those from working-class backgrounds or communities that may not be well represented on retirement boards. Updated compensation will help ensure that board service is accessible to a broader range of experienced, qualified individuals, leading to better representation and stronger governance.

Consistency with Other Special Districts: The proposed increase aligns with compensation adjustments made for governing boards of other California special districts. AB 2329 (Obernolte, 2018) amended the enabling legislation of several types of special districts—including health care districts, cemetery districts, and regional park districts—to increase the maximum monthly compensation of board members for attending meetings and provide for annual increases thereafter. CERL boards of retirement should have similar flexibility to increase compensation.

Local Flexibility: The proposed amendment is permissive rather than mandatory, giving each CERL system county the option to make the adjustment based on local circumstances. The amount of the stipend would ultimately be at each Retirement Board's discretion, with a maximum of $320 per meeting. This allows each County Board of Supervisors to analyze

local concerns with trustee appointments, retention, and fair compensation before the matter is brought before the Board of Retirement to determine what might be an appropriate increase."

4. **Opponent Arguments:**

None received.

4. **Prior Legislation:**

AB 1323 (Chen, 2025) would have authorized boards of supervisors in counties operating retirement systems under the CERL to increase the compensation of specified board members by an amount not to exceed 5 percent of the rate for each calendar year following the operative date of the last adjustment. The increase would not be operative in any county until it is adopted by a majority vote of the board of supervisors. *This bill was held in the Assembly Public Employment and Retirement Committee.*

AB 753 (Committee on Public Employees, Retirement and Social Security, Chapter 320, Statutes of 2007) authorized the Los Angeles County Board of Supervisors to provide compensation to specified members of the board of retirement for reviewing disability retirement cases and authorized the boards of supervisors in counties operating retirement systems under the CERL to pay per diem, as specified, to the alternate retired board member.

SUPPORT

Orange County Employees Retirement System (Sponsor)
Contra Costa County Employment Retirement Association
County of Orange
Los Angeles County Employees Retirement Association
Orange County Employees Association

OPPOSITION

None received

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

Bill No:	AB 1630	**Hearing Date:**	June 17, 2026
Author:	Caloza		
Version:	May 22, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alma Perez-Schwab		

SUBJECT: Meet and confer: observation

KEY ISSUE

This bill makes changes to the Higher Education Employer-Employee Relations Act (HEERA) to authorize an exclusive representative to invite one or more members of a bargaining unit to remotely observe a session held for the purpose of a meet and confer on a memorandum of understanding (MOU).

ANALYSIS

Existing law:

1) Governs collective bargaining in the private sector under the federal National Labor Relations Act (NLRA) but leaves it to the states to regulate collective bargaining in their respective public sectors. (United States Code, Title 29, §151 et seq.)

2) Provides several statutory frameworks to provide public employees collective bargaining rights, govern public employer-employee relations, and limit labor strife and economic disruption in the public sector through a reasonable method of resolving disputes regarding wages, hours and other terms and conditions of employment between public employers and recognized public employee organizations or their exclusive representatives. The Higher Education Employer-Employee Relations Act (HEERA) governs these employment relations for the University of California, the California State University, and UC College of the Law San Francisco (formerly, Hastings College of Law). (Government Code §3560 et seq.)

3) Pursuant to the HEERA, requires higher education employers to meet and confer with the exclusive representative of employees on all matters within the scope of representation. Failure by the employer to bargain, authorizes the exclusive representative to file an unfair practice charge with the Public Employment Relations Board (PERB). (Government Code §3570 & §3563.2)

4) Establishes for the CSU, among other things, that the duty to meet and confer in good faith requires the parties to begin negotiations prior to the adoption of the final budget for the ensuing year sufficiently in advance of the adoption date to provide adequate time for an agreement to be reached or for an impasse to be resolved. (Government Code §3572)

5) Defines, pursuant to the HEERA, "meet and confer" to mean the performance of the mutual obligation of the higher education employer and the exclusive representative of its employees to meet at reasonable times and to confer in good faith with respect to matters within the

scope of representation, including wages, hours of employment, and other terms and conditions of employment, and to endeavor to reach agreement on matters within the scope of representation. The process also must include adequate time for the resolution of impasses. If agreement is reached between representatives of the higher education employer and the exclusive representative, they must jointly prepare a written memorandum of understanding (MOU) that must be presented to the higher education employer for concurrence. However, these obligations must not compel either party to agree to any proposal or require the making of a concession. (Government Code §3562(m))

6) Grants a reasonable number of representatives of an exclusive representative the right to receive periods of released or reassigned time without loss of compensation when engaged in, among other things, meeting and conferring. However, when a MOU is in effect, released or reassigned time must be in accord with the terms of the MOU. (Government Code §3569)

7) Establishes the Public Employment Relations Board (PERB), a quasi-judicial administrative agency charged with administering certain statutory frameworks governing California state and local public employer-employee relations, resolving disputes, and enforcing the statutory duties and rights of public agency employers, employees, and employee organizations. (Government Code §3541 et seq.)

This bill:

1) Authorizes an exclusive representative to, at their discretion, invite one or more members of a bargaining unit to remotely observe a session held for the purpose of a meet and confer on a memorandum of understanding. However, it clarifies that a remote observer may not delay or disrupt a meet and confer session.

2) Requires that remote access be provided for this purpose at the request of the exclusive representative.

3) Provides that, absent an agreement of the parties, a member of a bargaining unit observing a session shall not receive released or reassigned time or compensation to observe a session.

4) Provides that nothing shall prevent the parties from agreeing to allow, nor require any change in existing practices to, in-person observers or greater participation by observers in sessions held for the purpose of a meet and confer.

COMMENTS

1. Background:

HEERA:

The Higher Education Employer-Employee Relations Act (HEERA) governs the employment relations for the University of California, the California State University, and UC College of the Law San Francisco (formerly, Hastings College of Law). The HEERA explicitly requires higher education employers to meet and confer with the exclusive representative of employees on all matters within the scope of representation. If either party

fails to bargain as required, they may file an unfair practice charge against the other party with the Public Employment Relations Board (PERB).

The HEERA expressly prescribes unlawful acts by the employer as well as those by the employee organization. (Government Code §3571 and §3571.1) As applied to the employer, among other things, it is: (i) prohibited from imposing or threatening to impose reprisals on employees, and (ii) discriminating or threatening to discriminate against employees, or interfering with, restraining, or coercing employees because of their exercise of rights guaranteed by the act. This specific provision applies to both employees and applicants for employment or reemployment. Similar provisions also exist regarding unlawful conduct by an employee organization.

Among other rights prescribed by the HEERA, the act requires reasonable periods of released or reassigned time without loss of compensation for a *reasonable number of representatives* of an exclusive representative when engaged in, among other things, meeting and conferring, and the processing of grievances prior to the adoption of a MOU. When the MOU is in effect, released or reassigned time must be in accordance with the MOU.

PERB Decision Regarding Ground Rules:
As noted above, the HEERA expressly prescribes the limitations of the scope of representation and subjects of collective bargaining. For both the UC and CSU, pursuant to Government Code Section 3562, the scope of representation is limited to wages, hours of employment, and other terms and conditions of employment. The issue of having observers of the meet and confer process has been discussed as part of cases brought before the Public Employment Relations Board.

Not specific to HEERA, but in a 2018 Meyers-Milias-Brown Act case before the PERB, governing local public employment, the board issued a decision relating to the observation of the meet and confer process stating in part that "ground rules must be bargained over just as any other mandatory subject of bargaining."[1] Furthermore, in a 2016 decision related to the Education Employment Relations Act, PERB stated that "absent agreement, the default rule of negotiations is that observers are excluded from negotiations."[2]

Government Code Section 3562, combined with the PERB decisions, means that the decision of whether members of a bargaining unit will be allowed to observe a meet and confer session will have to be negotiated and agreed to by both parties as part of the ground rules of bargaining.

Opponents of this bill argue that this longstanding principle reflects the understanding that the collective bargaining table is reserved for designated representatives unless both parties mutually agree to a different approach. Proponents of the measure argue that remote access during the pandemic showed that this practice not only increased participation by rank-and-file members but also helped accelerate the path to an agreement by discouraging unproductive tactics, compelling both parties to focus.

This bill proposes, for HEERA employment relations only, to statutorily authorize an exclusive representative, at their discretion, to invite one or more members of a bargaining

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[1] *Orange County Employees Assoc., et al. v. County of Orange* (2018) PERB No. 2594-M.
[2] *Petaluma Fed. of Teachers v. Petaluma City Elementary Sch. Dist.* (2016) PERB No. 2485.

unit to remotely observe a meet and confer session on an MOU. Remote access would be required to be provided at the request of the exclusive representative. Observers may not delay or disrupt a meet and confer session and, absent an agreement of the parties, are not required to receive released or reassigned time or compensation to observe a session.

2. Need for this bill?

According to the author:

"During the pandemic, the transition to remote bargaining and observation proved that transparency works. Member engagement surged as employees joined as their schedules allowed, streamlining feedback and accelerating the bargaining timeline. This increased accountability also shifted the focus from 'hard bargaining' to a shared goal of improving student achievement.

Under current law, employers must consent to observers. Despite maintaining remote sessions, the UC and CSU now refuse to allow remote observation. AB 1630 would restore this transparency by giving unions the discretion to invite remote observers, ensuring efficient communication and preventing the unproductive bargaining tactics that currently stall progress."

3. Proponent Arguments:

According to the sponsors, SEIU California, "because "ground rules" are currently a mandatory subject of bargaining, employers hold unilateral veto power over transparency. This allows the UC and CSU to block rank-and-file members from observing the negotiations that shape their working conditions and livelihoods.

The UC and CSU systems manage statewide workforces characterized by diverse schedules and high turnover—factors that historically complicate communication during negotiations. The pandemic, however, proved that remote transparency is a powerful solution. When rank-and-file members were permitted to observe sessions virtually, engagement surged, streamlining communication and accelerating the path to agreement. The added layer of accountability discouraged unproductive "hard bargaining" tactics, compelling both parties to focus on their shared mission of improving university operations.

Despite this proven success, the UC and CSU have since retreated to closed-door sessions, rejecting all subsequent requests for remote observation. AB 1630 would require the UC and CSU to allow remote observation when requested by the union. This bill restores the transparency necessary to ensure efficient communication and prevents the tactics that currently obstruct progress at the bargaining table."

4. Opponent Arguments:

The California State University (CSU) is opposed arguing:

"The CSU shares the author's desire for transparency in collective bargaining and has demonstrated this commitment through regular bargaining updates and communications, full public disclosure of agreements, and a public vote at a Board of Trustee Meeting. The CSU's labor partners likewise provide regular updates, hold town halls, and share proposals with

their members. Transparency is already embedded in the collective bargaining process, and both employees and members of the public may access information through the CSU's Labor and Employee Relations website.

However, the CSU is opposed to AB 1630 as it would significantly alter the dynamics of collective bargaining in a manner that could delay agreements and complicate bargaining sessions. The bill provides "one or more" bargaining unit members may attend collective bargaining meetings at the exclusive representative's discretion but does not define the parameters around that attendance. Without clear limits, this language could be interpreted to permit an unlimited number of observers, creating logistical challenges, and potentially undermining candid dialogue at the bargaining table that is often necessary to reach agreements…

By substituting statutory language for negotiated ground rules, and by permitting potentially unlimited observers without mutual agreement, AB 1630 removes from the bargaining table a subject that PERB has expressly determined must be negotiated. California's labor relations system functions effectively because procedural matters, including bargaining ground rules, are determined by the parties through negotiation, not imposed by statute. AB 1630 could also set a broader precedent for unlimited observer access in meet-and-confer bargaining sessions across all of California's public sector employers, further disrupting established collective bargaining practices."

The University of California is also opposed and write:

"The recent amendments only intensify the University's operational and structural concerns with this bill. By striking the requirement that remote attendance must be strictly "passive," the bill opens the door to active disruption. While the amended text notes that an observer may not "delay or disrupt" sessions, stripping the passivity guardrail leaves higher education employers vulnerable to widespread, uncoordinated interference during critical negotiations….

Implementing this mandate would create a logistical and technical burden on the University. Standardizing secure, authenticated platforms capable of hosting thousands of potential observers across ten campuses and five medical centers requires substantial resources. Furthermore, the bill threatens to destabilize current bargaining practices, under which exclusive representatives and university teams have already successfully negotiated balanced, mutually agreeable ground rules on team sizes and observer access.

The University believes that maintaining the flexibility to determine observation protocols through the collective bargaining process best serves the interests of all parties. This allows employers and exclusive representatives to tailor environments to the unique needs of each bargaining unit, keeping negotiations efficient, focused, and collaborative."

5. **Prior Legislation:**

AB 1818 (Ortega, 2026) amends the HEERA relating to the CSU, a written MOU, and funding on the MOU via the annual state Budget Act. Specifically, requires, with regards to whether a MOU requires legislative action or if the Legislature or Governor fail to fully fund the MOU or take requisite curative action, the determination to be made by the Director of Finance by written notification to the parties. *AB 1818 is pending in this Committee.*

AB 1582 (Ortega, 2026) amends the HEERA by adding other prohibited acts of a higher education employer relating to arbitration and violation of a collective bargaining agreement (CBA). Specifically, the bill makes HEERA employers who disregard arbitration decisions related to CBA violation disputes over outsourcing “the same or similar services” of bargaining unit work, subject to PERB unfair labor practice charges and penalties for repeat offenders, as specified. *AB 1582 is pending in this Committee.*

SUPPORT

California Faculty Association
California Federation of Teachers
California State University Employees Union
SEIU California
Teamsters California

OPPOSITION

Bay Area Council
California State University
University of California

-- END --

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

Bill No:	AB 1980	**Hearing Date:**	June 17, 2026
Author:	Caloza		
Version:	June 8, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: Labor: apprenticeship: Equal Representation in Construction Apprenticeships Grant Program

KEY ISSUE

This bill directs the Department of Industrial Relations (DIR), upon appropriation by the Legislature, to establish the Equal Representation in Construction Apprenticeships Grant Program (ERiCA Grant Program) to increase equitable access to building and construction career pathways for women, nonbinary individuals, and underrepresented populations in California.

ANALYSIS

Existing law:

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

3) Provides for preapprenticeship and apprenticeship programs within DAS, sponsored by specific entities and employers, and requires the Chief to perform various functions with respect to apprenticeship programs and the welfare of apprentices. (Labor Code §3070 et seq.)

4) Requires DIR, upon appropriation by the Legislature, to establish a Women in Construction Priority Unit to coordinate and help ensure collaboration across DIR’s divisions, and maximize state and federal funding to support women and nonbinary individuals in the construction workforce. (Labor Code §107.7.1)

5) Requires the Women in Construction Priority Unit to do all of the following:

   a) Assist and provide resources to women and nonbinary individuals, including, but not limited to, apprentices and journeypersons in the construction industry, including developing materials for employers and unions to promote the recruitment and retention of women and nonbinary individuals in construction, maintaining an internet website listing workers’ rights, developing training materials specific to women and nonbinary individuals to navigate health and safety and wage and hour laws, and leadership training

to increase the upward mobility of women and nonbinary individuals in construction careers.

b) Provide resources for employers and project owners, including public agencies, to improve construction worksite culture, address barriers to employment, develop training and materials for workforce pipeline professionals specific to women and nonbinary individuals in construction, and interagency training.

c) Upon request by a state agency and approval by the Secretary of Labor and Workforce Development, establish interagency agreements, as specified to promote the recruitment and retention of women and nonbinary individuals in construction.

(Labor Code §107.7.2(a-c))

6) Provides that preapprenticeship programs shall be eligible for resources provided under 4) and 5). (Labor Code §107.7.2(d))

This bill:

1) Requires, upon appropriation by the Legislature, DIR, through DAS, to establish and administer the Equal Representation in Construction Apprenticeships Grant Program (ERiCA Grant Program).

2) Requires DIR to issue a competitive request for applications for qualified organizations that provide registered preapprenticeship programs and registered apprenticeship programs designed to prepare women, nonbinary individuals, and underrepresented populations for entry into the building and construction trades.

3) Requires DIR, when awarding grants, to prioritize applications from qualified organizations that have programs that serve women, nonbinary individuals, and underrepresented populations who meet one or more of the following criteria:

   a) Low-income status.
   b) Unemployed or underemployed.
   c) Single parents or primary caregivers.
   d) Residents of communities disproportionately impacted by poverty or unemployment.
   e) Individuals from populations historically underrepresented in apprenticeship and skilled trades.

4) Authorizes grant funds to only be used for the following purposes:

   a) Direct participant stipends to offset lost wages and enable full participation in registered preapprenticeship and registered apprenticeship programs.
   b) Supportive services necessary to improve participant retention and completion, including childcare assistance, transportation support, case management, and referrals for housing or family stabilization services.
   c) Career navigation, job placement, and transition supportive services for preapprentices and apprentices to move into registered apprenticeship programs or employment.
   d) Outreach to women, nonbinary individuals, and underrepresented populations interested in careers in the building and construction industry.
   e) Worksite culture improvements, with a focus on mentoring, community building, and mental health support for apprentices, as well as training for apprentices and journey workers, contractors, and managers on a worksite.

f) Administrative and program management costs, as determined by the department.

5) Requires each grantee to report outcome data to DIR, including, but not limited to, all of the following, if applicable to the purpose of the grant:

   a) The number of participants enrolled in a registered preapprenticeship *or* apprenticeship program, and how many enrolled completed the program.
   b) Amount and distribution of stipends.
   c) Amount and distribution of supportive services.
   d) Amount and uses of outreach funding.
   e) Gender demographics for program participants.
   f) Employment retention outcomes at 6 and 12 months postprogram exit for registered preapprenticeship and registered apprenticeship programs.

6) Requires DIR to provide a summary report to the Legislature, as specified, to support ongoing oversight, budget evaluation, and potential program expansion.

7) Authorizes DIR to issue rules, regulations, guidelines, policies, or procedures necessary to implement these provisions, including application criteria, grant requirements, and performance measures.

8) Provides that '"qualified organizations"' include community-based organizations, workforce boards, unions, nonprofit organizations, local education agencies, and registered construction apprenticeship and preapprenticeship program sponsors.

   a) Requires a qualified organization to either be a registered preapprenticeship program or apprenticeship program, or be in collaboration with one, as validated with letters of support.
   b) Requires a qualified organization to have a demonstrated history of operating at least two preapprentice or apprentice cohorts focused on equity and inclusion of underrepresented populations in the building and construction industry over the past four years, or marketed, recruited, or advocated for women or nonbinary individuals in registered construction preapprenticeship and apprenticeship programs.

9) Defines "registered" as registered with DAS.

COMMENTS

1. Background:

<u>*Women and Other Underrepresented Populations in the Trades*</u>
Careers in the building and construction trades offer a reliable pathway into the middle class. Journeypersons and apprentices enjoy high wages, as well as health and pension benefits. In California, an increasing demand for housing, infrastructure, and climate-resilient development has led to sustained investments in apprenticeship programs. In April 2026, for example, the State announced $18.6 million in grants to support apprenticeship in the building and construction trades. The construction industry's urgent need for skilled workers creates opportunities to diversify its workforce. Nationally, women represent just 11 percent of the construction industry. Women make up an even smaller percentage (4.3 percent in

2025) of the hands-on trades jobs such as electricians, carpenters, laborers, and plumbers.[1] Other populations underrepresented in the building and construction trades include non-binary individuals, justice involved, at-risk youth and certain ethnic minorities.

Women in Construction Priority Unit
As part of the 2022/2023 Budget Act, Governor Newsom signed into law legislation to create the Women in Construction Unit at DIR. The goal of the Unit is to support women and nonbinary individuals in entering the construction workforce. Among other things, the Unit was tasked with:

- Assisting and providing resources to women and nonbinary individuals including apprentices and journeypersons in the construction industry.
- Providing resources to employers and project owners to improve worksite culture and address barriers to employment.
- Developing materials and training for employers and unions to promote recruitment and retention.
- Leadership training to increase the upward mobility of women and nonbinary individuals in construction careers.

In addition to the Unit, a Women in Construction Advisory Committee was created to develop recommendations to diversify the construction workforce. The Advisory Committee is composed of representatives from certified collective bargaining agents who represent construction workers, construction industry employers, labor-management groups in the industry, and representatives from the Labor Commissioner's Office, Cal/OSHA, and the Department of Fair Employment and Housing.

Equal Representation in Construction Apprenticeship Grant (ERiCA Grant Program)
Using money appropriated in each of the Budget Acts from 2022 to 2025, the Unit established the ERiCA Grant Program. ERiCA grants seek to improve access to training and employment opportunities for underrepresented populations in construction trades throughout the state. Grantees can apply for 3 categories of funding:

1) **Recruitment**: Expanding recruitment efforts to be more inclusive of women and non-binary individuals to better facilitate their entry into construction careers,
2) **Childcare**: supportive resources for childcare and,
3) **Worksite culture**: mentoring and mental health support for apprentices and pre-apprentices and training for all on the worksite to better navigate the worksite interactions.

DAS awarded $25 million in funds during the first round of the ERiCA grant program (2023 2025). The second round of grants is underway, with an expected performance period of June/July 2025- June 30, 2027. DAS awarded $26,169,217 for this round.

Recruitment
Eligible activities for recruitment grants include developing more inclusive materials and strategies for career counselors at high schools and community colleges, updating website content to be more inclusive of historically underrepresented populations, attending women's

[1] Labor Force Statistics from the Current Population Survey. 2025. Bureau of Labor Statistics. https://www.bls.gov/cps/cpsaat11.htm

career fairs, and networking with contractors and employers to address any concerns around hiring women, non-binary individuals, and underrepresented pre- apprentices. Grantees are required to work in collaboration with the DIR Office of Communications & Media Relations to collaborate on marketing campaigns. This may include, but is not limited to, providing content such as videos, pictures, text or graphics for marketing campaigns, cross promoting events and opportunities, and social media and event collaboration. Additionally, grantees should aim to organize or attend at least one in-person and one virtual event per reporting period specifically for tabling or outreach purposes.

Childcare

Childcare grants support participants in DAS-approved pre-apprenticeship and apprenticeship programs who have a demonstrated need for childcare services. Grantees can use the funds for stipends or reimbursements. Pre-apprentices and apprentices must be a parent or legal guardian to children under the age of 13, or to dependent children with disabilities requiring documented specific care needs. Eligible pre-apprentices receive $5,000, while apprentices receive $10,000.

Worksite Culture

Worksite culture funding is new to the second round of the ERiCA Grant Program. Funding for this category is focused on mentoring, community building, and training for apprentices, journeypersons, contractors, and managers to improve worksite culture. Eligible activities include recruiting and training mentors to support women, non-binary and other underrepresented populations, coordinating with public officials at Cal/OSHA and the Labor Commissioner's Office on trainings on workplace health, safety, and wage and hour rights, supplying mental health support for apprentices, and drafting template worksite culture norms and processes to offer to employers and programs. Funded activities must be in addition to or complement required training already in place.

Grant Eligibility

Eligible Grant applicants must have a demonstrated history of operating at least two pre-apprentice or apprentice cohorts focusing on equity and inclusion of underrepresented populations in the construction industry over the past four years *or* marketed, recruited or advocated for women or non-binary individuals in DAS-registered construction pre-apprenticeship and apprenticeship programs. All applicants must be a DAS-registered pre-apprenticeship or apprenticeship program or be in collaboration with one, validated with letters of support. The following are eligible entity types:

- Non-profits
- Community-based Organizations
- Local Education Agencies
- Workforce Development Boards
- Unions
- State Registered construction apprenticeship and pre-apprenticeship program sponsors

Applicants are scored according to five criteria: 1) fulfills eligibility requirements; 2) demonstrated history of serving under-represented populations in construction; 3) effective use of funding; 4) strength of projected outcomes; and 5) feasibility of proposed plan.

Reporting Requirements

Applicants that are approved as grantees are required to abide by specified reporting requirements. The first reporting period is one month into the grant, at which time grantees provide a narrative progress report towards contracted deliverables. After that, quarterly reporting is required for the duration of the grant. Quarterly reporting includes narrative reporting, fiscal reporting demonstrating use of funds, and participant reporting. The structure and detail of participant reporting varies depending on the type of grant. For example, grantees focused on recruitment need to articulate the number of participants served and clearly identify the type of outreach/recruitment that will be used, along with measurable metrics for success.

This Bill

Neither the Women in Construction Priority Unit nor the ERiCA Grant Program have remaining funding unless more is appropriated in this or future years' budget acts. AB 1980 would codify the ERiCA Grant Program and require DIR to submit a report to the Legislature to support ongoing oversight, budget evaluation, and potential program expansion. The program criteria outlined in this bill closely align with the program criteria DIR uses to administer ERiCA grants.

2. **Need for this bill?**

According to the author:

"California's growing economy depends on a skilled workforce capable of meeting labor demand in high-growth industries, including construction and other skilled trades that provide family-sustaining wages and long-term career mobility. Women, particularly low-income women, women of color, and women who are primary caregivers, remain significantly underrepresented in registered apprenticeship programs and other high-road workforce pathways due to structural barriers.

Pre-apprenticeship programs have demonstrated to effectively prepare participants for apprenticeship opportunities. However, the lack of financial support, as well as affordable and reliable childcare, during training often prevents women from being able to fully participate in training programs that require consistent attendance on nontraditional hours.

Between January and August of 2025, over 450,000 women left the workforce, underscoring the urgent need to ensure women have the opportunities and support to re-enter public and private industries. Moreover, careers in California's construction industry offer a starting median annual wage of $55,000, which demonstrates the economic potential of these trades and the importance of equitable access for women.

AB 1980 will institutionalize the Equal Representation in Construction Apprenticeships (ERiCA) Grant Program within the Department of Industrial Relations (DIR) as a State program, and will authorize competitive grants to eligible entities, including community-based organizations, workforce development organizations, labor-management partnerships, and public education institutions."

3. **Proponent Arguments:**

Women in Non Traditional Roles, a co-sponsor of the measure, argues:

"AB 1980 will institutionalize the Equal Representation in Construction Apprenticeships (ERiCA) Grant Program within the Department of Industrial Relations, ensuring sustained, statewide support for pre-apprenticeship training and workforce entry for women. This action is essential: while pre-apprenticeship programs have proven effective pathways into registered apprenticeship, too many women are unable to complete them due to financial and structural barriers.

Through our direct service to women entering the skilled trades, WINTER sees these barriers every day. Lost wages, lack of affordable childcare, transportation challenges, and the need for basic training supports prevent otherwise qualified participants from completing programs and transitioning into high-quality careers. AB 1980 directly addresses these gaps by providing:

- Participant stipends to offset lost income
- Training-related resources, including tools, certifications, and curriculum
- Supportive services such as childcare, transportation, and case management
- Career navigation and placement into registered apprenticeships or employment…

The urgency of this investment cannot be overstated. Women remain significantly underrepresented in apprenticeship pathways, particularly low-income women, women of color, and caregivers who face compounded structural barriers. At the same time, California's construction industry offers a starting median wage of approximately $55,000 annually, representing a powerful pathway to economic mobility and family-sustaining careers.

Yet, between January and August 2025 alone, more than 450,000 women exited the workforce. Without targeted, sustained intervention, this talent pool will remain underutilized, at a time when California urgently needs a skilled workforce to meet infrastructure and housing demands.

Current funding mechanisms are insufficient. Existing federal and state programs are limited, inconsistent, and not designed to address the specific barriers women face in entering nontraditional careers. AB 1980 provides the structure, scale, and permanence needed to close this gap."

The California Commission on the Status of Women and Girls, a co-sponsor of the measure, argues:

"AB 1980 deeply aligns with the Commission's commitment to supporting the workforce development and advancement of women in industries where they are underrepresented. The bill supports this goal through the program's aim to award competitive grants to preapprenticeship training programs to offset lost wages and enable full participation in these programs. This program will provide resources, support, and tools that prepare women to enter these pathways that can lead to long-term economic security and fulfillment."

4. **Opponent Arguments:**

None received.

5. **Prior Legislation:**

AB 2550 (Caloza, 2026) would require the Employment Development Department to collect and report to the Legislature specified data related to the state's construction workforce, including the current number of construction workers who are women. This bill is pending in the Senate Labor, Public Employment and Retirement Committee.

SB 101 (Committee on Budget and Fiscal Review, Chapter 4, Statutes of 2025) among other provisions, appropriated $14,993,000 to support the Women in Construction Priority Unit within DIR.

AB 107 (Gabriel, Chapter 22, Statutes of 2024) among other provisions, appropriated $15 million to support the Women in Construction Priority Unit within DIR.

SB 105 (Committee on Budget and Fiscal Review, Chapter 862, Statutes of 2023) among other provisions, appropriated $15 million to support the Women in Construction Priority Unit within DIR.

SB 154 (Committee on Budget and Fiscal Review, Chapter 43, Statutes of 2022) among other provisions, appropriated $60 million to DAS and required it to be used, in part, to support the Women in Construction Priority Unit within DIR; provided that it is the intent of the Legislature that $15 million be provided on an ongoing basis to support this unit.

SB 191 (Committee on Budget and Fiscal Review, Chapter 67, Statutes of 2022) among other provisions, required DIR to establish a Women in Construction Priority Unit to coordinate and help ensure collaboration across DIR's divisions, and maximize state and federal funding to support women and nonbinary individuals in the construction workforce.

SB 1115 (Skinner, 2022) would have required, upon appropriation by the Legislature, the DIR to establish a Women in Construction Priority Unit to coordinate and help ensure collaboration across the DIR's divisions and maximize state and federal funding to support women and non-binary individuals in the construction workforce. This bill was held in the Assembly Appropriations Committee.

AB 2358 (Carrillo, Chapter 675, Statutes of 2018) prohibited discrimination in any building and construction trades apprenticeship program on the basis of certain enumerated categories with regards to acceptance into or participation in the program as specified.

AB 2288 (Burke, Chapter 692, Statutes of 2016) required the California Workforce Development Board and local workforce development boards to ensure specified funds go toward programs and services that develop a plan for outreach and retention for women participants in pre-apprenticeship programs.

SUPPORT

California Commission on the Status of Women and Girls (Co-sponsor)
Women in Non Traditional Employment Roles (Co-sponsor)
California Edge Coalition
Career Launch Path

Contractors State License Board
Equal Rights Advocates
Grid Alternatives
Rising Sun Center for Opportunity
Strategy Workplace Communications
Tradeswomen INC.

OPPOSITION

None received

-- END --

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

Bill No:	AB 1838	**Hearing Date:**	June 17, 2026
Author:	Berman		
Version:	June 11, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Emma Bruce		

SUBJECT: Public contracts: local agencies: responsive bidders

KEY ISSUE

This bill requires a contractor submitting a bid to a local agency for a public works contract to fully disclose any history of wage and hour violations and provide supporting documentation, as specified.

ANALYSIS

Existing law:

1) Establishes the Department of Industrial Relations (DIR), within the Labor and Workforce Development Agency, 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 et seq.)

2) Defines "public works," for the purposes of regulating public works contracts, as, among other things, construction, alteration, demolition, installation, or repair work done under contract and paid for, in whole or in part, out of public funds. (Labor Code §1720(a))

3) Requires that not less than the general prevailing rate of per diem wages be paid to all workers employed on a "public works" project costing over $1,000 dollars and imposes misdemeanor penalties for violation of this requirement. (Labor Code §1771)

4) Requires contractors and subcontractors to register with the DIR, as specified, to be qualified to bid on, be listed in a bid proposal, or engage in the performance for any public work contract. (Labor Code §1725.5)

5) Provides that the Public Contract Code is the basis of contracts between most public entities in the state and their contractors and subcontractors. Applies the Public Contract Code to charter cities in the absence of an express exemption or a city charter provision or ordinance that conflicts with the relevant provision of this code. (Public Contract Code §1100.7)

6) Defines "public works contract," to mean an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. (Public Contract Code §1101)

7) Defines a "responsible bidder" to mean a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract. (Public Contract Code §1103)

8) Requires, if a public entity awards a contract, that it be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the public agency may accept the one it chooses. (Public Contract Code §22038)

9) Prohibits a public entity from permitting a contractor or subcontractor who is ineligible to bid or work on, or be awarded, a public works project pursuant to the Labor Code to bid on, be awarded, or perform work as a subcontractor on, a public works project. (Public Contract Code §6109)

10) Establishes the Local Agency Public Construction Act which authorizes a public entity to require each prospective bidder for a contract complete and submit to the entity a standardized questionnaire and financial statement in a form specified by the entity, including a complete statement of the prospective bidder's experience in performing public works. Requires DIR to develop a model questionnaire that may be used by public entities, as specified. (Public Contract Code §20100-20101)

11) Requires any public entity requiring prospective bidders to complete and submit questionnaires and financial statements to adopt and apply a uniform system of rating bidders on the basis of the completed questionnaires and financial statements, as specified. (Public Contract Code §20101)

12) Requires any public entity requiring prospective bidders on a public works project to prequalify pursuant to 10) to establish a process that will allow prospective bidders to dispute their proposed prequalification rating prior to the closing time for receipt of bids, as specified. (Public Contract Code §20101)

This bill:

1) Requires as a condition of submitting a bid to a local agency for a public works contract, a contractor to fully disclose any history of wage and hour violations and provide supporting documentation.

2) Requires, to the extent applicable, a contractor to submit all of the following:

   a) A written disclosure of any federal, state, or local wage and hour violations within the past five years, including violations involving unpaid wages, overtime, meal or rest break violations, or misclassification of employees or independent contractors.
   b) Documents demonstrating that each disclosed wage and hour violation has been corrected or otherwise resolved.
      i. To the extent applicable, the documentation shall include copies of court orders, judgments, or final administrative determinations, along with proof that all fines, penalties, or back wages have been paid in full.

3) Provides that failure to provide the required disclosures and supporting materials pursuant to these provisions may result in disqualification of the bid.

4) Requires a local agency to establish a process that allows a contractor to appeal a bid disqualification for failure to comply with these provisions and to ensure that the process complies with all of the following:

a) The process shall include a written notification to the contractor regarding the basis for the contractor's disqualification and any supporting evidence, including any disclosures submitted to the local agency or adduced as a result of an investigation by the local agency.
b) The contractor shall be given the opportunity to rebut any evidence used as a basis for disqualification and to present evidence to the local agency that supports why the contractor should be found qualified.
c) If the contractor elects to not avail themself of this process, the proposed bid disqualification may be adopted without further proceedings.

5) Provides that these provisions do not apply to either of the following:

a) A public works contract that is covered by a project labor agreement.
b) A project for which a local agency requires contractors, as a condition of bidding, to prequalify by disclosing all wage and hour violations within the past five years, including violations regarding unpaid wages, overtime, meal or rest break requirements, or the misclassification of employees or independent contractors.

6) Defines "violation" as a final judgment, order, or determination by a court or any federal, state, or local administrative agency finding the contractor liable for owed wages or related damages, interest, fines, or penalties.

7) Specifies that a contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment of any amount eventually found due through a bond or other appropriate means.

COMMENTS

1. Background:

Public Works Contractor Registration
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. Among other requirements, this means registering as a contractor with DIR. When enforced consistently and accurately, California's public works law prevents worker exploitation and promotes the creation of a skilled workforce.

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

To be eligible to register, contractors and subcontractors must have workers' compensation insurance and be licensed with the Contractors State License Board. They cannot have any delinquent unpaid wage or penalty assessments, nor can they be under federal or state debarment. Bidding or working on a public works project while unregistered will result in a

$2,000 penalty and repeat offenders may be disqualified from working in public works for up to 12 months at a time.

In addition to registering with DIR, contractors must obtain a license from the Contractors State License Board. The process to register and obtain a license requires contractors to, among other things, disclose their workers' compensation coverage and debarment status, certify their work experience, and pass an examination. Local agencies, when awarding contracts, determine whether a contractor is a "responsible bidder" by verifying the contractor's public works registration and Contractors State Licensing Board license.

Public Works Pre-Qualification
In 1999, the Legislature authorized specified public agencies to require licensed contractors that wish to bid for public works projects to "pre-qualify" for the right to bid. The law applies to all cities, counties, and special districts but does not apply to K-12 school districts. Public agencies that choose to adopt a pre-qualification system must abide by certain requirements, such as:

- Use a standardized questionnaire and financial statement in a form specified by the public entity.
- Adopt and apply a uniform system of rating bidders on objective criteria.
- Create an appeal procedure by which a contractor that is denied pre-qualification may seek a reversal of that determination.

Public agencies can establish two different kinds of pre-qualification procedures for public works projects. The first pre-qualifies a contractor for a single, specific project and the second pre-qualifies contractors to bid on projects that are put out for bid by that agency for a one-year period.

The law that authorized pre-qualification also directed DIR to develop model guidelines for rating bidders and to draft a standardized questionnaire. The initial questionnaire was developed by representatives of public agencies and other interested parties. In 2018, DIR released an updated questionnaire after holding a series of meetings with key stakeholders, representatives of public agencies, unions, contracts, and other interested parties. The model questionnaire includes questions about a bidder's five-year history of wage and hour violations, as well as apprenticeship violations.

Wage Theft
Although California leads the nation with some of the strongest workplace protections, wage theft remains rampant. Even public works projects with their extensive wage and reporting requirements are not immune. In the 2020-2021 fiscal year, the Public Works Unit within the Labor Commissioner's Office, tasked with investigating wage and apprenticeship violations, opened 1,964 cases and assessed over $12.6 million in penalties against employers.[1] However, recovering wages is not always easy. A 2024 audit conducted by the State Auditor

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

found that due to an inefficient wage claim process, the Labor Commissioner often takes two years or longer to resolve the wage claims it receives.[2]

The author and sponsor of AB 1838 argue a contractor's history of wage and hour violations directly impacts whether the contractor can be considered responsible.

<u>This bill</u>
AB 1838 would require, as a condition of submitting a bid to a local agency for a public works contract, a contractor to fully disclose any history of wage and hour violations within the past five years and provide supporting documentation. Local agencies would be authorized, *but not required*, to disqualify a contractor who fails to provide the required disclosures and supporting materials. For purposes of the bill, "violation" would mean a final judgement, order, or determination by a court or any federal, state, or local administrative agency finding the contractor liable for owed wages or related damages, interest, fines, or penalties.

This bill would also require local agencies to establish a process, as specified, that allows contractors to appeal bid disqualifications. The appeals procedure outlined in this bill closely mirrors the one required under the optional public works pre-qualification process.

Lastly, this bill would exempt public works projects covered by a project labor agreement and projects for which a local agency requires contractors, as a condition of bidding, to prequalify by disclosing all wage and hour violations within the past five years.

2. **Need for this bill?**

According to the author:

"AB 1838 will help local agencies make informed decisions when awarding contracts by requiring bidders for public contracts to disclose any history of wage-and-hour violations within the last five years. This bill will give local agencies more information to determine if contractors bidding for public contracts are responsible and can be trusted to utilize taxpayer funds. AB 1838 will increase transparency into the use of taxpayer dollars for public works projects, protect workers and fair labor practices, and give greater transparency to local agencies and the public.

The City of San Jose and City of Gilroy have already taken steps to require contractors to disclose in their bid documents whether they have been found to have violated wage-and-hour laws to better determine if a contractor can be considered trusted and responsible.

Additionally, the Department of Industrial Relations has developed a pre-qualification model questionnaire for localities to pre-qualify contractors for construction projects. This questionnaire includes wage-and-hour violation information and outlines the importance of wage theft history as an indicator of contractor responsibility.

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

AB 1838 will give local agencies a more complete and clearer view of a bidder's history and trustworthiness while they are determining if a contractor can be deemed a 'responsible bidder'."

3. **Proponent Arguments:**

The sponsors of the measure, the California-Nevada Conference of Operating Engineers and the District Council of Ironworkers argue:

"Under existing law, most public works construction contracts are required to be awarded to the lowest responsible bidder. For purposes of determining if a bidder is responsible or not, existing law defines a responsible bidder as 'a bidder who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the public works contract'.

While existing law is clear on what constitutes a responsible bidder, awarding agencies are often not privy to certain information that could be critical in determining if a contractor who is securing taxpayer dollars for a public construction project is actually 'responsible'. Currently, most awarding bodies determine if a contractor is responsible through verifying their Contractors' State License Board license and their public works registration, as the process to obtain these critical documents requires contractors to disclose of their workers' compensation coverage, debarment status and other helpful information. **While these are important safeguards, they do not always capture a contractor's history of labor law violations, which may directly reflect whether a contractor can be considered responsible**…

While existing law prohibits awarding bodies from awarding contracts to debarred or suspended contractors, awarding agencies have few tools available to assess a contractor's previous history with wage and hour violations, which can and should be a critical component of determining if a contractor can be trusted to properly utilize taxpayer funds…

In an effort to protect taxpayer dollars and assist awarding agencies in determining whether contractors bidding for their public construction projects meet the definition of being responsible, **AB 1838 (Berman)** requires contractors submitting public works construction bids to local awarding agencies to fully disclose wage and hour violations over the previous 5 years as part of their bid. Providing this change will ensure an additional tool that awarding agencies can utilize to assist in ensuring the proper utilization of taxpayer dollars while protecting workers performing critical construction on behalf of an awarding agency."

4. **Opponent Arguments:**

The Associated General Contractors of California oppose the measure, arguing:

"[AB 1838] requires contractors to disclose five years of wage-and-hour violations and provide extensive supporting documentation, including court orders, settlements, and proof of payment of penalties or back wages. For many contractors, particularly small and mid-sized firms, gathering and submitting this information for every local bid would require substantial time and resources. This added paperwork requirement could discourage otherwise qualified contractors from bidding on public projects.

AB 1838 also captures a wide range of wage-and-hour issues, including minor or technical violations that were promptly corrected years ago. Treating all violations the same — regardless of severity, context, or corrective action — unfairly penalizes responsible contractors and exposes them to reputational harm long after issues have been resolved. The bill further authorizes disqualification of a bid if the required disclosures are incomplete or inadvertently missing documentation. Given the breadth and complexity of the required materials, contractors could be excluded from public contracts due to administrative errors rather than actual noncompliance. This creates uncertainty in the bidding process and increases the risk of bid protests and delays in project delivery.

Additionally, AB 1838 will lead to inconsistent local enforcement. Each local agency will inevitably interpret the disclosure requirements differently, resulting in uneven application of the law and arbitrary disqualification decisions. Rather than improving compliance, this inconsistency will reduce competition, increase costs for public agencies, and make it more difficult for contractors — especially emerging, diverse, and small businesses — to participate in public works projects.

California's public contracting system already includes robust mechanisms to ensure contractor responsibility and compliance with labor laws, including Department of Industrial Relations prequalification programs, workforce requirements, labor compliance monitoring, public works registration, and existing debarment authority."

5. Dual Referral:

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

6. Prior Legislation:

SB 909 (Smallwood-Cuevas, 2026) would 1) authorize the Director of DIR to establish and adjust contractor registration and renewal fees of up to $1000, 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. *This bill is pending in the Assembly Appropriations Committee*.

SB 458 (Gonzalez, 2023) would have required local agencies to publish a database of their contracts online, as specified. *This bill died in the Senate Governance and Finance Committee.*

AB 2844 (Bloom, Chapter 581, Statutes of 2016) required a person who submits a bid or proposal to enter into, or renew, a contract of $100,000 or more with a state agency to certify the following, under penalty of perjury: 1) they are in compliance with the California Fair Employment and Housing Act and the Unruh Civil Rights Act and, 2) any policy that they have against any sovereign nation or peoples recognized by the government of the United States is not used to discriminate in violation of the FEHA or the Unruh Act.

AB 574 (Hertzberg, Chapter 972, Statutes of 1999) among other things, defined the term "responsible bidder," authorized public entities to require prospective bidders to complete

questionnaires with specified information, and required DIR to develop a model questionnaire that public entities may use.

SUPPORT

California-Nevada Conference of Operating Engineers (Co-sponsor)
District Council of Ironworkers (Co-sponsor)
American Federation of State, County and Municipal Employees
California Federation of Labor Unions
California State Association of Electrical Workers
California State Pipe Trades Council
El Dorado Irrigation District
Filoli
International Union of Painters and Allied Trades, District Council 16
International Union of Painters and Allied Trades, District Council 36
SEIU California
State Building and Construction Trades Council of California
Teamsters California
Valley Sanitary District
Western States Council Sheet Metal, Air, Rail and Transportation

OPPOSITION

Associated General Contractors of California
Western Electrical Contractors Association

-- END --

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

Bill No:	AB 2682	**Hearing Date:**	June 17, 2026
Author:	Berman		
Version:	March 24, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Jazmin Marroquin		

SUBJECT: Transportation network company drivers: labor relations: appeals

KEY ISSUE

This bill authorizes any charging party, respondent, or intervenor aggrieved by a final decision or order of the Public Employment Relations Board (PERB) in an unfair practice case under the Transportation Network Company Drivers Labor Relations Act (Act) the right to appeal PERB decisions, as specified.

ANALYSIS

Existing law:

1) Provides, under the Transportation Network Company Drivers Labor Relations Act (Act), that transportation network company (TNC) drivers have the right to form, join, and participate in the activities of TNC driver organizations, to bargain through representatives of their own choosing, to engage in concerted activities for the purpose of bargaining or other mutual aid or protection, and to refrain from such activities. (Business and Professions Code §7470.3(a))

2) Provides that it shall be an unfair practice for a TNC, an agent of a TNC, or a multicompany committee to do, among other things, the following: (Business and Professions Code §7470.18(a))

   a) Fail or refuse to negotiate in good faith with a certified driver bargaining organization, as required by this Act.
   b) Fail or refuse to provide a certified driver bargaining organization with information required by the organization that is relevant and necessary in discharging its representational duties or in exercising its right to represent TNC drivers regarding terms and conditions of work within the scope of representation.
   c) Dominate or interfere with the formation, existence, or administration of any TNC driver organization, or contribute financial or other support to any such organization, whether directly or indirectly, as specified.
   d) Require a TNC driver to join any company union or TNC driver organization or requiring a TNC driver to refrain from forming, joining, or assisting a TNC driver organization of their choice.
   e) Encourage or discourage membership in any company union or in any TNC driver organization by discriminating with regard to any term or condition of work.
   f) Discharge, deactivate, or otherwise discriminate with regard to the ability of a TNC driver to obtain rides, or otherwise discriminate against a TNC driver, because they have signed or filed any affidavit, petition, or complaint under this Act, have given any

information or testimony under this Act, have participated or declined to participate in a TNC driver organization, or have exercised any rights under this Act.

g) Distribute or circulate any blacklist of individuals exercising any right created or confirmed by this chapter or of members of a TNC driver organization, or inform any person of the exercise by any individual of that right or of the membership of any individual of a TNC driver organization for the purpose of preventing those blacklisted or named individuals from obtaining or retaining opportunities for remuneration.

h) Interfere with, restrain, or coerce TNC drivers in the exercise of rights guaranteed by the Act.

3) Provides that it shall be an unfair practice for a TNC driver organization or its agents to do, among other things, the following: (Business and Professions Code §7470.18(b))

   a) Restrain or coerce TNC drivers in the exercise of rights guaranteed by the act.
   b) Fail or refuse to negotiate in good faith with a covered TNC or multicompany committee as required by this Act, provided it is the certified driver bargaining organization.
   c) Fail or refuse to provide information requested by a covered TNC or its representative that is relevant and necessary for purposes of bargaining regarding terms and conditions of work within the scope of representation.
   d) Fail or refuse to fulfill its duty of fair representation toward TNC drivers where it is the certified driver bargaining organization by acts or omissions that are arbitrary, discriminatory, or in bad faith.

4) Establishes the Public Employment Relations Board (PERB), a quasi-judicial administrative agency charged with administering certain statutory frameworks governing California state and local public employer-employee relations, resolving disputes, and enforcing the statutory duties and rights of public agency employers, employees, and employee organizations. (Government Code §3541 et seq.)

5) Authorizes a writ of review to be granted by any court when an inferior tribunal, board, or officer, exercising judicial functions, has exceeded the jurisdiction of such tribunal, board, or officer, and there is no appeal, nor, in the judgment of the court, any plain, speedy, and adequate remedy. (Code of Civil Procedure §1068(a))

6) Authorizes a writ of mandate (or writ of mandamus) to be issued by any court to any inferior tribunal, corporation, board, or person, to compel the performance of an act which the law specially enjoins, as a duty resulting from an office, trust, or station, or to compel the admission of a party to the use and enjoyment of a right or office to which the party is entitled, and from which the party is unlawfully precluded by that inferior tribunal, corporation, board, or person. CCP §1085(a).

This bill:

1) Authorizes any charging party, respondent, or intervenor aggrieved by a PERB final decision or order in an unfair practice case may petition for a writ of extraordinary relief from such decision or order.
   a) Specifies for purposes of this subdivision, "final decision or order of the board" excludes a PERB decision not to issue a complaint in such an unfair practice case.

2) Requires the petition to be filed in the district court of appeal in the appellate district where the dispute giving rise to the unfair practice case occurred. The petition must be filed within 30 days after issuance of PERB's final order or order denying reconsideration, as applicable.

    a) Requires the court, upon the filing of such a petition, to cause notice to be served upon PERB and thereupon will have jurisdiction of the proceeding. PERB must file with the court the record of the proceeding, certified by PERB, within 10 days after the clerk's notice, unless such time is extended by the court for good cause shown.

    b) Provides the court will have jurisdiction to grant to PERB such temporary relief or restraining order it deems just and proper and make and enter a decree enforcing, modifying, or setting aside the PERB order.

    c) Specifies PERB's findings with respect to questions of fact, including ultimate facts, are conclusive if supported by substantial evidence on the record considered as a whole.

    d) Specifies the provisions of Title 1 (commencing with Section 1067) of Part 3 of the Code of Civil Procedure relating to writs applies to proceedings pursuant to this section. However, the provisions of this section prevail in cases of conflict with those of that title.

3) Authorizes PERB to seek enforcement of any final decision or order in a district court of appeal or a superior court in the district where the unfair practice case occurred if the time to petition for extraordinary relief from a PERB decision pursuant to this section has expired.

    a) Requires PERB to respond within 10 days to any inquiry from a party to the action as to why PERB has not sought court enforcement of the final decision or order.

    b) Specifies if the response does not indicate that there has been compliance with PERB's final decision or order, PERB must seek enforcement of the final decision or order upon the request of the party. PERB must file with the court the record of the proceeding, certified by PERB, and appropriate evidence disclosing the failure to comply with the decision or order.

    c) Specifies if, after a hearing, the court determines that the order was issued pursuant to procedures established by PERB and that the person or entity refuses to comply with the order, the court will enforce such order by writ of mandamus. The court will not review the merits of the order.

COMMENTS

1. **Background:**

    Rideshare Drivers, AB 1340, and Judicial Review
    Last year, the Governor signed AB 1340 (Wicks) which established the Transportation Network Company Drivers Labor Relations Act and gave rideshare drivers, despite their independent contractor status, the right to form, join, and participate in the activities of TNC driver organizations, to bargain through representatives of their own choosing, to engage in concerted activities for the purpose of bargaining or other mutual aid or protection, and to refrain from such activities. PERB was tasked with enforcing this Act and adjudicating unfair practice charges.

Last year's AB 1340 did not provide a mechanism to appeal a decision or order of PERB relating to Act. The bill, AB 2682, is follow-up legislation that adds language to the Act that is standard in other employer-employee relations statutes over which PERB has authority. This structure establishes a judicial review process and clarifies where appeals go after PERB makes a determination of the case. These procedures are substantially the same as those provided for appeals of PERB decisions or orders related to other public agencies and transit authorities. This provides a reasonable opportunity for parties to seek judicial review of a PERB decision or order to an unfair practice dispute, and provides enforcement mechanisms for when a PERB decision or order becomes final.

2. **Need for this bill?**

According to the author, "Currently, the Transportation Network Company Drivers Labor Relations Act (Act), which was enacted by AB 1340 in 2025, provides no mechanism to appeal a decision or order of the Public Employment Relations Board (PERB). In contrast, other collective bargaining provisions of existing law allow a party aggrieved by a decision or order of the PERB in an unfair practice case to petition a court of competent jurisdiction for a writ of extraordinary relief from such decisions or orders.

AB 2682 would authorize a party under the Transportation Network Company Drivers Labor Relations Act (Act) to seek judicial review of a Public Employment Relations Board (PERB) final decision or order. The bill would conform with other collective bargaining statutes administered by PERB. […]

Structurally, Transportation Network Company Drivers Labor Relations Act established a detailed process for the selection of a driver organization to represent rideshare workers and charged PERB with the authority to oversee this process. While the prior bill contained a detailed framework for organizing rideshare drivers, it did not provide a mechanism to appeal a decision or order of PERB.

Accordingly, AB 2682 would provide an avenue for such appeals by incorporating provisions substantially similar to that which is provided for appeals of PERB decisions or orders related to other collective bargaining statutes. These provisions provide a reasonable opportunity for a party to an unfair practice dispute before PERB to seek judicial review of that decision or order, and provide robust enforcement mechanisms for when a PERB decision or order becomes final.

Specifically, AB 2682 requires that a petition be filed in the district court of appeal in the appellate district where the dispute giving rise to the unfair practice case occurred within 30 days from the date of the issuance of the final decision or order, and requires that the court then serve PERB with a notice regarding the appeal. This bill would require PERB to then file in the court the record of the proceeding related to the decision or order within 10 days after receiving notice of the appeal, unless extended by the court for good cause. The court would be empowered to grant any temporary relief or restraining order it deems just and proper, and may enforce, modify, or set aside in whole or in part PERB's decision. However, PERB's findings of fact would be considered conclusive if supported by substantial evidence on the record considered as a whole.

AB 2682 also provides that, if the timeline for appealing a PERB decision or order passes, PERB may seek to enforce its final decision or order in a district court of appeal or superior court where the dispute giving rise to the unfair practice case occurred. If PERB has not enforced a final decision or order, a party to the action may inquire to PERB as to why it has not sought court enforcement of its decision. PERB would be required to respond within 10 days, and must seek enforcement of the decision or order upon the request of that party. If a party or entity fails to comply with PERB's order that was issued pursuant to PERB's procedures, the court must enforce the order by a writ of mandamus or similar process."

3. **Double Referral:**

This bill has been double referred and if approved by this Committee, will be sent to Senate Judiciary Committee for a hearing.

4. **Proponent Arguments:**

According to SEIU California, the sponsors of the bill:

"AB 2682 would establish a defined judicial review process for final decisions and orders of the PERB in unfair practice cases arising under the Transportation Network Company Drivers Labor Relations Act. Specifically, the bill would authorize an aggrieved charging party, respondent, or intervenor to petition for a writ of extraordinary relief in the Court of Appeal or the California Supreme Court, and it would set timelines and service requirements for that review process. Simply, this clarifies where appeals go after PERB makes a determination of the case and expedites the process which impacts hundreds of thousands of drivers and a broader industry. These appeals provisions are the same as for the other labor relations statutes that PERB administers.

These appeals provisions would improve procedural fairness and strengthen confidence in the administration of the act. This would provide PERB in their role as arbitrator and administrator of the Transportation Network Company Drivers Labor Relations Act, a clear path for parties to seek judicial review after a PERB decision to help ensure that parties affected by final board action have a meaningful opportunity to challenge legal error, promotes consistency in enforcement, and supports transparency and accountability in a new labor-relations framework.

AB 2682 also provides that the board's findings of fact are conclusive if supported by substantial evidence on the record considered as a whole, while allowing the reviewing court to remand the matter for further proceedings when appropriate. That structure strikes an appropriate balance between deference to agency expertise and preservation of judicial oversight on important questions of law and procedure. It is the same structure as for the other labor relations statutes that PERB administers."

5. **Opponent Arguments:**

None received.

6. **Prior Legislation:**

AB 1340 (Wicks, Chapter 335, Statutes of 2025) established the Transportation Network Company Drivers Labor Relations Act, which provides TNC drivers the right to form, join, and participate in the activities of TNC driver organizations, to bargain through representatives of their own choosing, to engage in concerted activities for the purpose of bargaining or other mutual aid or protection, and to refrain from such activities, and requires PERB to enforce these provisions.

AB 1510 (Committee on Public Employment and Retirement, Chapter 454, Statutes of 2025) authorizes, under the Santa Clara Valley Transportation Authority Act, any charging party, respondent, or intervenor aggrieved by a PERB final decision or order in an unfair practice case, except a decision of PERB not to issue a complaint in such a case, to petition for a writ of extraordinary relief from that decision or order, as specified. The bill, if the time to petition for extraordinary relief from a PERB decision or order expires, authorizes PERB to seek enforcement of any final decision or order in a district court of appeal or superior court having jurisdiction over the county where the events giving rise to the decision or order occurred, as specified.

SUPPORT

SEIU California (Sponsor)

OPPOSITION

None received.

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

Bill No:	AB 2054	**Hearing Date:**	June 17, 2026
Author:	Gipson		
Version:	March 16, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alma Perez-Schwab		

SUBJECT: Family temporary disability insurance program: covered active duty

KEY ISSUE

This bill expands the definition of "covered active duty" for purposes of eligibility for Paid Family Leave (PFL) benefits to include duty during training, domestic deployments, and, for reservists and members of the National Guard, calls to state active duty.

ANALYSIS

Existing law:

1) Establishes the Employment Development Department (EDD) to, among other duties, administer the Unemployment Insurance and Disability Insurance programs. (Unemployment Insurance Code §301)

2) Establishes the State Disability Insurance (SDI) program as a partial wage-replacement plan funded through employee payroll deductions that is available (through the Disability Insurance and Paid Family Leave programs) to eligible individuals who are unable to work due to sickness or injury of the employee (including pregnancy), the sickness or injury of a family member, or the birth, adoption, or foster care placement of a new child. (Unemployment Insurance Code §2601-3308)

3) Paid Family Leave (PFL) provides eligible employees up to eight weeks of wage replacement benefits within a 12-month period to worker who need to take time off work for the following reasons:
   a. To care for a seriously ill family member or, beginning July 1, 2028, other designated person, as defined;
   b. To bond with a minor child within one year of the birth or placement of the child in connection with foster care or adoption;
   c. To participate in a qualifying exigency related to the covered active duty or call to covered active duty of the individual's spouse, domestic partner, child, or parent in the Armed Forces of the United States.
   (Unemployment Insurance Code §3301)

4) Defines "covered active duty" to mean, with respect to a member of the regular Armed Forces of the United States, duty during the deployment of the member with the regular armed forces to a foreign country and, with respect to a member of the reserve components of the Armed Forces of the United States, duty during the deployment of the member of those reserve components to a foreign country under a federal call or order to active duty.

(Unemployment Insurance Code §3302.1)

5) Defines "qualifying exigency related to the covered active duty or call to covered active duty of the individual's spouse, domestic partner, child, or parent in the Armed Forces of the United States" to mean:
   a. Activities undertaken within seven calendar days from notification of an impending call or order to covered active duty to address any issue that arises from the call or order.
   b. Attendance at specified events sponsored by the military related to the covered active duty, or family support or assistance programs sponsored or promoted by the military, military service organizations, or the American Red Cross.
   c. Specified activities related to arranging and managing childcare and school obligations for a minor child or person over the age of 18 that is incapable of self-care because of a disability for whom the individual stands in loco parentis.
   d. Activities for making specified financial or legal arrangements related to addressing the absence of the individual called or ordered to covered active duty, or related to the receipt of military service benefits.
   e. Attendance at counseling provided by someone other than a health care provider, provided that the need for counseling arises from the covered active duty or call to covered active duty.
   f. Accompanying the individual while the individual is on short-term, temporary, rest and recuperation leave during the period of deployment in a foreign country, for not more than 15 days.
   g. Addressing issues that arise from the death of the individual while on covered active duty status.
   h. Specified activities related to arranging or managing care for the parent of the individual if the parent is incapable of self-care, as defined.
   i. Any other activities to address other events that arise out of the covered active duty or call to covered active duty of the individual, provided that the employer and employee agree the leave shall qualify as an exigency, and agree to both the timing and duration of the leave. (Unemployment Insurance Code §3302.2)

This bill:

1) For purposes of PFL benefits eligibility, expands the definition of "covered active duty" to additionally include duty during training, domestic deployments (in addition to foreign deployments), and, with respect to a member of the reserve components of the Armed Forces of the United States, a call or order to state active duty.

2) Strikes an obsolete January 1, 2021 operative date on the original provisions for this eligibility.

COMMENTS

1. Background

Paid Family Leave Program
The State Disability Insurance program, administered by the EDD, was created in 1946 to provide monetary benefits to workers unable to work due to non-work-related illness, injury, or pregnancy. The SDI program is financed solely by worker contributions and covers

approximately 18 million individuals across the state. In 2004, California was the first state in the nation to implement a Paid Family Leave program (administered as part of SDI) that provides benefits to workers who need to take time off to care for a seriously ill family member, or to bond with a new child either from birth, adoption, or foster care placement. Effective January 1, 2021, the PFL scope was expanded to include employees taking time off work to assist a military family member under covered active duty or call to covered active duty. PFL provides up to eight weeks of wage replacement benefits.

SDI and PFL are funded by the proceeds of an employee payroll deduction deposited into the Disability Insurance (DI) Fund. The payroll deduction and maximum benefit amount are determined annually by EDD. As of January 1, 2026, the employee payroll deduction is set at 1.3% of the employee's wages. In 2022, SB 951 (Durazo, Chapter 878, Statutes of 2022) was adopted to, among other things, revise the formula for determining benefits under both the SDI and PFL programs to provide an increased wage replacement rate ranging from 70-90 percent based on the individual's wages.

In Fiscal Year (FY) 2024-25, California paid out over 300,000 PFL claims, totaling over $2 billion in benefits paid. These claims had an average weekly benefit amount of $996, and an average claim duration of 7.1 weeks. Roughly 85% of PFL claims in FY 2024-25 were for bonding with a new minor child.

PFL for Military Families

In 2018, the California Legislature passed SB 1123 (Jackson, Chapter 849, Statutes of 2018), which, effective January 1, 2021, expanded the PFL program to extend wage replacement benefits to workers that need time off to participate in a qualifying exigency related to the covered active duty, as defined, or call to covered active duty of the individual's spouse, domestic partner, child, or parent in the armed forces of the United States, as specified.

As noted above, existing law considers a qualifying exigency to include any of a number of activities resulting from the call to covered active duty, as defined, including attending counseling or support sessions, making childcare or elderly parental care arrangements, attending to financial or legal matters, accompanying the military family member during rest and recuperation leave, and attending specified military events.

Nearly 450,000 active-duty military members serve in the Army nationwide, the most of any military branch. The Navy has the second-largest number of active-duty members (about 334,000), followed by the Air Force and Marine Corps. The Coast Guard and Space Force are much smaller, with fewer than 50,000 active-duty members each.[1] Active-duty military members are assigned to work in every state and internationally, although, according to the Defense Manpower Data Center, *a large majority are stationed domestically, while only 14% are stationed internationally*. California has the most active-duty military, with about 157,500 individuals.[2] In FY 2024-25, qualifying exigency leave for military families comprised 0.03% of PFL claims filed.[3]

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[1] Hatfield, Jenn, *"6 facts about the U.S. military,"* June 6, 2025. Pew Research Center. https://www.pewresearch.org/short-reads/2025/06/06/6-facts-about-the-us-military/

[2] Ibid.

[3] Employment Development Department, Paid Family Leave Program Statistics: https://edd.ca.gov/siteassets/files/about_edd/quick-stats/qspfl_pfl_program_statistics.pdf

California defines "covered active duty" for the purposes of PFL eligibility to include only deployment to a *foreign country*. Additionally, the existing definition of "covered active duty" with respect to a member of the reserve components of the United States Armed Forces includes only *federal* calls or orders to deployment overseas. The National Guard, a military reserve organization comprised of reserve components of the Army and Air Force, however, is under dual control of the federal and state governments. In some cases, the National Guard can be deployed to supplement regular armed forces during wars, and in many cases, the National Guard is mobilized by the state to respond to emergencies declared by the Governor, such as natural disasters.

This bill proposes to expand the scope of covered active duty for purposes of PFL eligibility to include domestic deployments and military training to accommodate the needs of military calls to duty. These changes may significantly expand the number of individuals eligible for PFL, however, the circumstances considered "qualifying exigencies" does not change and remains limited to the military event activities delineated in existing law.

2. **Need for this bill?**

According to the author:

"Existing law for Paid Family Leave does not fully reflect the realities of modern military service. The current law covers military exigencies related to overseas deployments. This creates gaps in coverage for the families of service members who are activated for stateside missions, ordered to extended training, or mobilized as part of the National Guard or Reserve. These assignments create the same urgent needs for families as overseas deployments, such as arranging childcare and managing financial and legal affairs. The lack of a clear, updated definition of "covered active duty" leads to inconsistent application of the law, administrative confusion, and inequitable treatment of military families, causing financial and logistical stress that can distract service members during critical operations.

AB 2054 remedies this deficiency by adding a clear definition of "covered active duty" to the Unemployment Insurance Code. This new definition specifies that qualifying duty includes not only foreign deployments but also non-foreign deployments, extended training assignments, and activations of the armed forces' reserve components and the National Guard. By modernizing the statutory language, the bill ensures that all military families facing a qualifying military event have uniform and equitable access to the PFL benefits they need, regardless of the location or type of their loved one's service."

3. **Proponent Arguments:**

According to the sponsors of the measure, the United States Department of Defense:

"With over 240,000 service members and nearly 90,000 military spouses contributing to California's economy and communities, this bill is a critical investment in both our families' and the nation's military readiness.

Military readiness depends on service members who can focus entirely on their mission without distraction. However, military life presents unique challenges including deployments, extended training missions, state activations to support disasters and emergencies, and even long-term care for combat-related injuries. When military family

members lack adequate leave options, service members deploy knowing their families are under financial and logistical stress, which can create dangerous distractions during high-stakes operations.

California has long been a leader in supporting working families, establishing the nation's first Paid Family Leave (PFL) program and later expanding it to include military exigencies related to overseas deployments. AB 2054 builds on this successful framework by closing critical gaps in the existing law. Specifically, this bill extends PFL eligibility for military exigencies beyond foreign deployments to address the operational realities of modern military service, to also apply to families of active-duty and reserve members ordered to extended training and other temporary stateside duties and National Guard members mobilized under Title 10 or Title 32 orders."

4. **Opponent Arguments:**

None received.

5. **Double Referral:**

This bill has been double referred and if approved by this Committee today, will be sent to the Senate Military and Veterans Affairs Committee.

6. **Prior/Related Legislation:**

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

SB 1090 (Durazo, Chapter 876, Statutes of 2024) authorized workers to file a claim for SDI or PFL benefits up to 30 days in advance of the first compensable day of disability and requires EDD to issue payment on those claims within 14 days of receipt (per existing law) or as soon as eligibility begins for the claimant, whichever is later.

AB 575 (Papan, 2023, Vetoed) would have made changes to the PFL program to extend eligibility to workers who need to take time off work to bond with a minor child within one year of assuming responsibilities of a child in loco parentis and delete restrictions relating to how individuals use their PFL benefits, as specified. *AB 575 was vetoed by the Governor who stated, among other things, that this bill "would create pressure on the DI Trust Fund's solvency and adequacy resulting in higher disability contributions paid by employees. In addition, it contains implementation costs not accounted for in the annual budget process."*

SB 951 (Durazo, Chapter 878, Statutes of 2022), revised the formula for the computation of SDI and PFL benefits to increase the wage replacement available to claimants.

SB 1058 (Durazo, Chapter 317, Statutes of 2022), required EDD to collect demographic data, including race and ethnicity data and sexual orientation and gender identity data, for individuals who claim disability benefits under the SDI and PFL programs.

SB 83 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2019), beginning July 1, 2020, extended from six to eight weeks the maximum duration of PFL benefits.

SB 1123 (Jackson, Chapter 849, Statutes of 2018) expanded the PFL program to include time off to participate in a qualifying exigency related to covered active duty or call to covered active duty of the individual's spouse, domestic partner, child, or parent in the armed forces.

SUPPORT

U.S.A. Department of Defense
California Association of County Veterans Service Officers
City of Fairfield
Military Services in California, Department of the Navy

OPPOSITION

None received

-- END --

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

Bill No:	AB 2157	**Hearing Date:**	June 17, 2026
Author:	Connolly		
Version:	May 18, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Jazmin Marroquin		

SUBJECT: Workforce development: Displaced Oil and Gas Worker Pilot Program: extension

KEY ISSUE

This bill removes the July 1, 2027, sunset date for the Displaced Oil and Gas Worker Pilot Program, making the program permanent.

ANALYSIS

Existing law:

1) Establishes the Employment Development Department (EDD) within the LWDA. EDD is responsible for, among other duties, job creation activities and administering unemployment and disability insurance coverage and benefits. (Unemployment Insurance Code §301)

2) Establishes the Displaced Oil and Gas Worker Pilot Program, to be administered by EDD, for the purpose of addressing employment dislocations associated with oil, gas, and related industries, only until July 1, 2027, and after that date is repealed. (Unemployment Insurance Code §§9920 – 9925)

   a) Defines the following:
      i) "Department" means the Employment Development Department.
      ii) "Program" means the Displaced Oil and Gas Worker Pilot Program.
      iii) "Qualified applicant" means a public or private nonprofit organization, local workforce development area, education and training provider, tribal organization, faith-based organization, or community-based organization. "Qualified applicant" does not include an individual applicant.
      iv) "Target population" means individuals who are transitioning or have been displaced from the oil, gas, and related industries.

3) Requires EDD to award grants to qualified applicants on a competitive basis using funds to be appropriated by the Legislature for purposes of the program. (Unemployment Insurance Code §9922)

   a) Requires EDD to accept grant applications from qualified applicants. The grant application must identify a lead applicant who will be deemed the fiscal agent responsible for reporting and monitoring.
   b) Requires EDD to develop criteria for the selection of grant recipients that include, but are not limited to, all of the following:

i) Demonstrated experience working to ensure populations who have been dislocated from the labor market have access to quality jobs in their regions, with an emphasis on those transitioning or displaced from the oil, gas, and related industries.
ii) Capacity to provide services to target populations and provide evidence of this capacity.
iii) Experience in providing services, consistent with the objectives of the program, to the target population.
iv) Support from partner entities includes, but is not limited to, local workforce development areas, education and training providers, tribal organizations, employers and faith-based organizations, business-based, labor-based organizations, including labor-management partnerships and labor-community partnerships, cultural-based organizations, and services-based organizations.
v) The specific purpose and goals of the grant award, the roles and responsibilities of the lead applicant and partner entities, a discussion of how funds will be used and success will be measured, the number of individuals who will be served, and the services to be provided to these individuals. Documentation must be included to demonstrate that each partner entity has agreed to the activities in the grant proposal.
vi) A description of how the grant proposal is designed to complement the work of, and integrate the individuals being served with, the broader workforce, education, and employment system within the proposed service area, and evidence that the proposal incorporates innovative strategies or proven practices for service delivery that will create pipelines to quality jobs, including temporary job creation, and income security for workers with an emphasis on career pathway programs aligned with regional labor market needs.

c) Requires funding awarded for training to meet the requirements of high road, as specified.

4) Specifies criteria that grant recipients will be evaluated and requires EDD to procure a technical assistance and evaluation contractor to convene communities of practice to identify and help replicate evidence-based practices and to help facilitate an assessment and evaluation of grant performance and program success, as specified. (Unemployment Insurance Code §9923)

5) Specifies that eligible activities for the program and grant funds include, but are not limited to, all of the following: (Unemployment Insurance Code §9924)

a) Labor market information.
b) Career exploration activities.
c) High school diploma and GED acquisition.
d) Skills and vocational training that aligns with regional labor market needs.
e) Work-based learning, transitional jobs, internships, on-the-job training, work experience, preapprenticeship, and apprenticeships.
f) Stipends for trainees.
g) Mentoring.
h) Other remedial education and work readiness skills.
i) Supportive services.
j) Entrepreneurial training and support for small business development.
k) Activities undertaken, as specified.

This bill:

1) Extends the Displaced Oil and Gas Worker Pilot Program, as specified, indefinitely by removing the July 1, 2027, sunset date.

2) Specifies that the Legislature finds and declares the following:

   a) The economic threats facing oil and gas workers are immense as refineries shut down across the state.
   b) In 2020 and 2021, the closure of Marathon's Martinez Refinery and the closure of the Phillips 66 Santa Maria Refinery displaced over 600 full-time workers and between 250 and 2,500 contract workers.
   c) More than 300 full-time workers experienced layoffs after the Phillips 66 refinery closure in Los Angeles at the end of 2025.
   d) Additionally, the Valero Benicia refinery closure in 2026 stands to impact hundreds of additional workers.
   e) Surveys of impacted workers reveal that, more than a year after their layoffs, many remain unemployed or underemployed and struggle to pay basic bills.
   f) Oil and gas workers are best positioned to understand the needs of impacted communities and craft effective responses.

3) Specifies that it is the intent of the Legislature to do both of the following:

   a) Provide urgent and practical solutions for oil and gas workers to remain full and active participants in California's economy as an increasing number face industry closure and layoffs.
   b) Establish a program that will provide the comprehensive approach needed to successfully transition workers into new, secure, high-skill careers, while maintaining economic stability for workers, their families, and their communities.

COMMENTS

1. Background:

<u>*Displaced Oil and Gas Worker Pilot Program*</u>
In 2022, the Legislature created the Displaced Oil and Gas Worker Fund (DOGWF), a program grant administered by EDD and funded by a one-time allocation of $36.5 million in the 2022 Budget Act (SB 191, Ch. 67, Statutes of 2022). The fund was established until July 1, 2027, and without any further action from the Legislature would be repealed.

The grant was set up to address the needs of displaced workers in the oil and gas industry. The program aims to support workers transitioning into sectors that match their skills and expertise and offers comparable wages. These industries include renewable energy, high-technology, construction, advanced manufacturing, nanotechnology, and other high-growth, high-wage certificated jobs. Programs supported by these grants will not only provide training and job opportunities but may also facilitate general support services for workers during their transition into new stable roles that offer long-term growth potential. Eligible applicants for grants include public and private non-profit organizations, local workforce development areas, education and training providers, community-based organizations (CBOs) and faith-based organizations, and labor organizations.

Since 2022, five grants were awarded, totaling around $28 million in Kern County, Contra Costa County, and Los Angeles County. [1,2] As noted by the Assembly Labor Committee, to date, 518 individuals have benefited from these grants. The goal is to help over 1,700 individuals. Overall, about 27.7 million dollars has been awarded and of that, 4.8 million dollars has been spent by the awardees.

2. **Need for this bill?**

According to the author, "As California and the global economy shifts away from oil and gas production - both extraction and refining – operational closures have displaced thousands of workers throughout the state. In 2020 and 2021, the Marathon refinery closure in Martinez and the Phillips 66 refinery closure in Santa Maria displaced over 600 full-time workers and between 250 and 2,500 contract workers. In October of 2024, the Phillips 66 Refinery in Carson announced its plan to close by the 4th quarter of 2025, with approximately 900 employees and contractors expected to lose their jobs. Additionally, Valero refineries in both Benicia and Wilmington have announced their closures in 2026.

In 2022, Senate Bill (SB) 191 established the Displaced Oil and Gas Worker Fund (DOGWF) pilot program under the administration of Employment Development Department (EDD). The program received $36.5m in general fund dollars to provide grants to help address the needs of displaced workers in the oil and gas sector by supporting them in transitioning into sectors that match their skills, expertise, and offer comparable wages.

Under SB 191, DOGWF sunsets on March 31, 2027. However, due to a delayed Request for Proposal (RFP), grant funds did not get distributed until early 2024. This delay has truncated the time for grant recipients to provide services to workers who face layoffs and pushes recipients to expedite the timeframe to spend grant funding before the program ends. In addition to this issue, the Political Economy Research Institute at the University of Massachusetts Amherst estimates that California will lose approximately 57,600 fossil fuel jobs over the next nine years, with 32,000 to 37,000 workers requiring reemployment, even after accounting for retirements. Consequently, the need for the DOGWF program will continue long into the future, not just past 2027."

3. **Proponent Arguments:**

According to the sponsors, the United Steelworkers District 12, "AB 2157 would remove the sunset date of the Displaced Oil and Gas Worker Fund (DOGWF) […]. This is a critical and time sensitive need, as under current law, DOGWF will sunset in Spring 2027, while refinery closures are projected to continue well into the future.

Established under SB 191, DOGWF is currently the only state program of its kind, providing direct transition support to displaced oil and gas workers. The program has demonstrated

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[1] "The EDD awards $26.7 million to provide job training and support services to displaced oil and gas industry workers," Employment Development Department, 2024. https://edd.ca.gov/en/about_edd/news_releases_and_announcements/the-edd-awards-$26.7-million-to-provide-job-training-and-support-services-to-displaced-oil-and-gas-industry-workers/

[2] California Awards Another Grant to Support Displaced Oil and Gas Workers" EDD, 2024. https://edd.ca.gov/en/about_edd/news_releases_and_announcements/california-awards-another-grant-to-support-displaced-oil-and-gas-workers/

favorable results, with workers having successfully enrolled in training program leading to careers in wastewater treatment, public sector employment, construction, computer technology and other high-demand fields. These outcomes demonstrate that with the right support, experienced workers can transition into high-road careers that sustain families and communities.

The recent closure of the Phillips 66 facility in Wilmington/Carson, CA highlights how our members were only able to begin utilizing DOGWF to attend courses once they lost their jobs. Having to work a modified schedule of 13 days on, one day off, 13 days on, at 12 to 16 hour shifts per shift or, stated differently, working twenty-six out of twenty-seven days, no time was left to focus on nor develop their personal career next steps. This clearly demonstrates that without having a long-term framework in place to assist these highly skilled workers, California risks leaving them behind without the support they need during a crucial period of significant career transition in their lives."

4. **Opponent Arguments:**

The State Building and Construction Trades Council, write in an oppose unless amended position, "AB 2157 intends to remove the sunset of what was intended to be a short-term study on how to retrain or compensate displaced oil and gas workers. As we objected to the original bill, we feel that this type of endeavor is a self-fulfilling prophecy for the thousands of highly paid workers in the oil and gas industry and a poor use of public funds. We would much prefer this study to pivot and seek solutions to RETAINING these highly paid union industrial jobs in California rather than retrain workers into subpar industries."

5. **Prior Legislation:**

SB 191 (Committee on Budget and Fiscal Review, Chapter 67, Statutes of 2022) established the Displaced Oil and Gas Worker Pilot Program, to be administered by the EDD, for the purpose of addressing employment dislocations associated with oil, gas, and related industries, as specified, until July 1, 2027.

SUPPORT

United Steelworkers District 12 (Sponsor)
350 Bay Area Action
Active San Gabriel Valley
American Federation of State, County and Municipal Employees, Afl-cio
Bike LA
Bluegreen Alliance
Brightline Defense
California Environmental Justice Alliance
California Environmental Justice Alliance (CEJA) Action
California Environmental Voters
California Green New Deal Coalition
California Labor for Climate Jobs
CAUSE
Center for Community Action and Environmental Justice (CCAEJ)
Center for Environmental Health

Center of Race, Poverty and the Environment
Central California Asthma Collaborative
Change Begins With Me (INDIVISIBLE)
City of Richmond
Clean Earth 4 Kids
Cleanearth4kids.org
Climate Action Campaign At the Humboldt Uu Fellowship
Climate Health Now Action Fund
County of Kern
Courage California
Culver City Democratic Club
Earth Ethics, INC
East Bay Municipal Utility District
Environmental Information Protection Center
Facts Families Advocating for Chemical and Toxics Safety
Families Advocating for Chemical and Toxics Safety
Food and Water Watch
Fossil Free California
Fossil Free California Votes
Friends Committee on Legislation of California
Greenpeace USA
Grid Alternatives
Indivisible Alta Pasadena
Leadership Council for Justice and Accountability
NRDC
Oil & Gas Action Network
Physicians for Social Responsibility - Los Angeles
Physicians for Social Responsibility - San Francisco Bay
Reclaim Our Power Utility Justice Campaign
Reclaim Our Power!
Resource Renewal Institute
S.F. Bay Physicians for Social Responsibility
San Francisco Bay Area Physicians for Social Responsibility
San Francisco Baykeeper
Stand LA
Sunflower Alliance
The Climate Center
Third ACT Bay Area
Transition Sebastopol

OPPOSITION

State Building and Construction Trades Council

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

Bill No:	AB 2417	**Hearing Date:**	June 17, 2026
Author:	Zbur		
Version:	May 18, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Glenn Miles		

SUBJECT: Community colleges: part-time faculty: retirement

KEY ISSUE

This bill requires a community college district to provide temporary faculty employees the option to participate in social security, the CalSTRS defined benefit program, the CalSTRS Cash Balance Benefit program, if offered, or the CalPERS defined benefit program, and requires the CCC Chancellor's Office to work with CalSTRS and CalPERS to develop specified information materials on retirement programs opportunities for the CCC temporary faculty.

ANALYSIS

Existing law:

1) Requires public employers, under federal law, to provide their employees with either social security coverage or membership in a qualified retirement plan, as specified. (Public Law 101-508, § 11335)

2) Provides, under state law, defined benefit pension plans for public employers that meet the federal requirement of a qualified retirement plan, including, among others, the California Public Employees' Retirement System (CalPERS) defined benefit plan, the California State Teachers Retirement Plan (CalSTRS) defined benefit (DB), and CalSTRS Cash Balance (CB) Benefit Program plan. (Government Code § 20000 et seq.; Education Code § 22000 et seq.; and Education Code § 26001 et seq.)

3) Requires a district to classify specified employees (i.e., those employed to teach for not more than 67 percent of the regular full-time weekly assignment) as a temporary employee. (Education Code § 87482.5(a))

4) Provides CalSTRS' CB plan for, among others, temporary community college district employees excluded from CalSTRS' DB plan, as specified. (Education Code § 26000 et seq.)

5) Requires the district to provide specified information about the CB plan to eligible temporary employees within 10 days of the employee's first day of employment. (Education Code § 26300)

This bill:

1) Requires a community college district to provide a temporary faculty employee the option of membership in CalSTRS' Defined Benefit (DB) Program, its Cash Balance Benefit Program if offered by the district, or social security.

2) Clarifies that the district may also offer an alternative retirement option *in addition* to those required by this bill.

3) Requires CalSTRS and CalPERS to develop and post on their internet websites on or before July 1, 2027, informational materials regarding the difference between the employee's available options, as specified.

4) Requires the district to provide, commencing July 1, 2027, the informational material developed by the retirement systems to newly hire temporary faculty.

COMMENTS

1. Background:

According to CalSTRS:

"Members and participants of CalSTRS' DB and CB Benefit programs do not contribute to SSA for their CalSTRS-covered employment. Under current law, to retain an exemption from mandatory SSA coverage, a state must offer a retirement plan with commensurate benefits to SSA, known as a FICA-replacement plan. CalSTRS' DB and CB Benefit programs both serve as suitable FICA-replacement plans."

"Generally, an individual contributing to SSA can earn up to four credits a year and must earn minimum of 40 credits to be eligible for an SSA retirement benefit. A person's benefit is calculated based on their highest 35 years of SSA-covered earnings. For those with less than 35 years of earnings, SSA fills the remaining years with zeros, which lowers the average benefit. This means that working a career with some covered and some non-covered employment could dilute an individual's average earnings, resulting in a lower SSA benefit. The Social Security Administration estimates SSA benefits replace about 40% of annual pre-retirement earnings for career SSA contributors. By comparison, a career educator in CalSTRS' DB Program receives an average DB benefit replacing between 50% and 60% of salary. Still, an individual whose primary career was in non-SSA-covered employment might choose to contribute to SSA on a part-time basis to earn sufficient credits to qualify for a modest SSA benefit."

"Prior to 2025, CalSTRS members seeking to claim an SSA benefit were subject to two provisions that could negatively impact their benefit—the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). The WEP reduced SSA benefits for individuals who also received a pension for non-SSA covered work via a modified formula for calculating an individual's own SSA benefit. The GPO similarly reduced spousal and survivor SSA benefits payable to those receiving a government pension, such as through CalSTRS. On January 5, 2025, President Biden signed the Social Security Fairness Act, which repealed these two provisions."

2. Need for this bill?

According to the author, part-time community college employees sometime come to the education field after careers in other industries where they earned retirement credits in Social Security. They may be unaware of the potential personal implications of selecting the most common retirement options in the public education field: CalSTRS' Defined Benefit or Cash Balance plans or an alternative option, instead of Social Security. Those plans are excellent for employees who start their careers early and stay continuously in the education field. They may not provide much benefit for people who come later in their careers and may prevent those people from earning the 40 credits necessary to qualify for Social Security, since positions covered by those plans are typically excluded from Social Security. Since coverage under those plans means neither the employer nor the employee pay into Social Security, it may be tempting for the employee to elect those plans instead of Social Security and for the employer not to promote Social Security as an option. Thus, the employee who is unaware of the complicated interaction of these different retirement options may end up with very little retirement benefit and not enough credits to qualify for Social Security.

3. Proponent Arguments:

According to the California Federation of Teachers:

"New part-time faculty may not be aware of the long-term requirements, benefits, and drawbacks of the retirement benefits they can choose between. In many instances, these workers have accumulated decades of service credit in social security, and may not work as a part-time faculty member long enough so that starting over in a new pension system makes financial sense."

"AB 2417 brings clarity, ensuring part-timers both have the option of Social Security and a basic understanding of what options they have for retirement planning. The bill accomplished the latter by asking the community college chancellor's office to work with CalSTRS to develop informational materials that cover the financial retirement options available to part-time college faculty. This way, newly employed educators will have the most relevant information at hand so they can make the best-informed decision for their own retirement security."

4. Opponent Arguments:

None received.

5. Dual Referral: The Senate Rules Committee referred this bill to the Senate Labor, Public Employees and Retirement Committee and to the Senate Education Committee.

6. Prior Legislation:

H.R. 82 (Graves-LA, 2025) repealed the federal Windfall Elimination Provision and Governmental Pension Offset provisions for Social Security benefit recipients.

AB 3221 (Gallegos, Chapter 383, Statutes of 1996) among other changes combining existing retirement election provisions, added employer notification requirements to Education Code section 22509.

AB 1298 (Ducheny, Chapter 592, Statutes of 1995) established the CalSTRS Cash Balance Plan, including the requirement for employers to inform employees of their right to elect membership in an alternative plan.

SUPPORT

California Federation of Teachers (Sponsor)
California Community College Independents
California Federation of Labor Unions
California School Employees Association
Faculty Association of California Community Colleges
Service Employee Internation Union, California

OPPOSITION

None received

-- END --

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

Bill No:	AB 2545	**Hearing Date:**	June 17, 2026
Author:	Schiavo		
Version:	April 14, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alma Perez-Schwab		

SUBJECT: Report: labor force impact: artificial intelligence

KEY ISSUE

This bill creates the California Artificial Intelligence Worker Impact Data Assessment Project within the Employment Development Department to, among other things, establish an advisory panel consisting of labor, technology experts and employers, as specified, to study and report to the Legislature on the existing data collection systems and gaps in data collection related to the use and impact of advanced artificial intelligence systems on the labor force, as specified.

ANALYSIS

Existing law:

1) Defines the following terms:

   a) "Artificial intelligence" or "AI" means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.
   b) "Automated decision system" means a computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output, including a score, classification, or recommendation, that is used to assist or replace human discretionary decisionmaking and materially impacts natural persons. "Automated decision system" does not include a spam email filter, firewall, antivirus software, identity and access management tools, calculator, database, dataset, or other compilation of data.
   c) "Generative artificial intelligence" or "GenAI" to mean an artificial intelligence system that can generate derived synthetic content, including text, images, video, and audio that emulates the structure and characteristics of the system's training data. (Government Code §11546.45.5 & §11549.64)

2) Requires the Department of Technology to conduct, in coordination with other interagency bodies, as it deems appropriate, a comprehensive inventory of all high-risk automated decision systems (ADS) that have been proposed for use, development, or procurement by, or are being used, developed, or procured by, any state agency. As part of this review, requires the analysis to include descriptions of any alternatives to its use, the categories of data and personal information the ADS uses to make decisions, and measures that are in place to mitigate the risks of its use, including cybersecurity risk and the risk of inaccurate, unfairly discriminatory, or biased decisions of the ADS. (Government Code §11546.45.5)

3) Establishes the California Consumer Privacy Act (CCPA), which grants consumers certain rights with regard to their personal information, including enhanced notice, access, and disclosure; the right to deletion; the right to restrict the sale of information; and protection from discrimination for exercising these rights. It places attendant obligations on businesses to respect those rights. (Civil Code §1798.100 et seq.)

4) Establishes the Consumer Privacy Rights Act (CPRA), which amends the CCPA and creates the California Privacy Protection Agency (PPA), which is charged with implementing these privacy laws, promulgating regulations, and carrying out enforcement actions. (Civil Code §1798.100 et seq.; Proposition 24 (2020))

5) Establishes the Employment Development Department (EDD) in the Labor and Workforce Development Agency (LWDA), and vests it with various duties and responsibilities including job creation activities, administration of the Unemployment, Disability, and Paid Family Leave programs, collection of payroll taxes, keeping track of employment records, managing federal job training programs, and collecting and sharing information about the job market. (Unemployment Insurance Code §301)

6) Requires the EDD to operate the State-Local Cooperative Labor Market Information Program as a primary source for local and statewide occupational information. (Unemployment Insurance Code §10533)

This bill:

1) Establishes the California Artificial Intelligence Worker Impact Data Assessment Project within the Employment Development Department.

2) Creates the California Artificial Intelligence Worker Impact Data Assessment Project Advisory Panel, consisting of the following 13 members on or before March 1, 2027:

   a. Two experts of the University of California Labor Centers who lead research on employment, technology impacts on employment, and workforce development as appointed by the Governor.
   b. Two experts from AI developers who have assessed and analyzed technological impacts on labor markets appointed by the Governor.
   c. Two experts from nonprofit organizations who have experience in assessing upward mobility, worker development, worker training, or workplace evolution from the introduction of new technology appointed by the Speaker of the Assembly.
   d. One expert from a bona fide labor organization representing workers in California, including public sector, private sector, or multisector organizations appointed by the Speaker of the Assembly.
   e. One expert from a nonprofit organization who has experience in assessing upward mobility, worker development, worker training, or workplace evolution from the introduction of new technology appointed by the Senate Rules Committee.
   f. Two experts from bona fide labor organizations representing workers in California, including public sector, private sector, or multisector organizations appointed by the Senate Rules Committee.

g. One member appointed by the Assembly Committee on Rules representing a small or medium-sized private sector employer with demonstrated experience deploying AI technologies or automated decisions systems in the workplace.
h. One member appointed by the Governor representing a large private sector employer with demonstrated experience in deploying AI technologies or automated decisions systems in the workplace.
i. One member appointed by the Speaker of the Assembly representing a nonprofit organization with demonstrated experience deploying AI technologies or automated decisions systems in the workplace.

3) Provides that the members of the advisory panel shall serve without compensation but shall be reimbursed for all necessary expenses actually incurred in the performance of their duties.

4) Requires the EDD, in consultation with the advisory panel, to perform an assessment of data sources and collection methodologies utilized by federal, state, and local governmental agencies with regards to the use and impact of AI systems on the labor force and compile a report on existing data collection systems and gaps in data collection.

5) On or before January 1, 2028, requires the advisory panel to submit a report to the Legislature on the results of the assessment, and to post the report on its internet website. Requires that the report include all of the following:

   a. Identification of key questions and data that need to be answered to assess how the introduction of AI systems impacts individual workers and labor markets broadly, including, but not limited to, how technology is being introduced in the workplace to manage or replace workers and how technology is being used to automate tasks and jobs.
   b. Inventory of existing data that the state collects across agencies to analyze developments in technology and their impact on the workforce.
   c. Assessment of federal governmental and local governmental data collection systems and how they may be leveraged to assess future workforce developments and issues.
   d. Assessment of current data collection partnerships between federal, state, and local governmental agency partners.
   e. Assessment of data collection efforts by nongovernmental partners.
   f. Assessment of gaps in data collection systems to inform future policy development.
   g. Any other assessment and data the advisory panel determines is appropriate.
   h. Policy recommendations to the Legislature that include, but are not limited to:
      i. How to effectively support workers impacted by artificial intelligence.
      ii. How to ensure workforce pipelines remain open for positions with expertise.

6) Dissolves the advisory panel upon submission of the report to the Legislature and sunsets all the bill's provisions on January 1, 2029.

COMMENTS

1. Background:

AI, GenAI & ADS Use in Employment:
With technological advancements happening faster than humans can react, we often miss opportunities to pause and evaluate its impact. Until recently, advancements in technology

often automated physical tasks, such as those performed on factory floors or self-checkouts, but AI functions more like human brainpower. AI can use algorithms to accomplish tasks faster and sometimes at a lower cost than human workers can. As this technology develops, so do fears of worker displacement in more areas and industries.

According to a recent CNBC article, "recent estimates from Goldman Sachs suggest that 6% to 7% of U.S. workers could lose their jobs because of AI adoption. The Stanford Digital Economy Lab, using ADP employment data, found that entry-level hiring in "AI exposed jobs" has dropped 13% since large language models started proliferating. The report said software development, customer service and clerical work are the types of jobs most vulnerable to AI today."[1]

In February of 2019, Data & Society, an independent non-profit research institute, published a study evaluating the impact of algorithmic management on the workforce. The study highlights several examples where algorithmic management is becoming more common. In the delivery industry, companies from UPS to Amazon to grocery chains are using automated systems to optimize delivery workers' daily routes. In other industries, trends show an increase in remote tracking and managing using AI software. In retail and service jobs, automated scheduling is replacing managers' discretion over employee schedules, while the work of evaluating employees is being transferred to consumer-sourced rating systems.[2]

Beyond replacing workers, GenAI tools like ChatGPT, Gemini or Claude are being used to complement the duties of employees in astonishing numbers. A 2025 report assessed the scale of global daily active usage for GenAI tools and found that daily active user base for these tools likely falls within the range of 115 million to 180 million individuals.[3] In terms of state employment and GenAI use, a 2024 survey by the National Association of State Chief Information Officers (NASCIO) found that 53 percent of chief information officers reported using GenAI tools in their daily work.[4]

Recent Legislative Efforts to Regulate AI:

Over the last couple years, the Legislature has considered a multitude of bills aimed at regulating AI and its use to ensure that the privacy rights of Californians continue to be protected. For example, SB 896 (Dodd, Chapter 928, Statutes of 2024) required that the Office of Emergency Services perform a risk analysis of potential threats to California's critical infrastructure posed by GenAI and established disclosure requirements for state agencies and departments that use GenAI.

In 2025, SB 7 (McNerney, 2025) attempted to regulate the use of ADS' in the employment setting by, among other things, 1) requiring employers to provide a written notice that an ADS is in use at the workplace to all workers directly affected by the ADS; 2) prohibiting in some instances and in others limiting the use of an ADS, as specified; 3) providing worker

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[1] Samantha Subin, "*AI is already taking white-collar jobs. Economists warn there's 'much more in the tank,'*" October 23, 2025, CNBC. https://www.cnbc.com/2025/10/22/ai-taking-white-collar-jobs-economists-warn-much-more-in-the-tank.html

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

[3] Andres, Guadamuz, *"How many people are using generative AI on a daily basis? A Gemini report,"* (Apr 14, 2025), https://www.technollama.co.uk/a-gemini-report-how-many-people-are-using-generative-ai-on-a-daily-basis-a-gemini-report.

[4] Amy Glasscock, *"Generating opportunity: The risks and rewards of generative AI in state government," National Association of State Chief Information Officers,* (Nov 2024), https://www.nascio.org/wp-content/uploads/2024/11/NASCIO_Risks-and-Rewards-of-GenAI_2024_a.pdf

anti-retaliation protections for exercising these rights; and 4) specifying enforcement mechanisms that included penalties and relief for violations. SB 7 was vetoed by Governor Newsom.

Several other bills attempted to regulate AI and ADS use in 2025. This year, lawmakers continue to introduce bills aimed at imposing guardrails on the use of AI in employment. Please see related legislation listed below for more information.

Governor Newsom Executive Orders (EOs) on AI and Generative AI (GenAI)
In September 2023, Governor Newsom issued Executive Order N-12-23 to deploy GenAI ethically and responsibly throughout state government, protect and prepare for potential harms, and remain the world's AI leader.[5] Among other things, the EO directed state agencies and departments to develop a report examining the most significant and beneficial uses of AI in the state, including the potential harms and risks for communities, government, and workers.

On March 30, 2026, Governor Newsom issued Executive Order N-5-26 directing, among other things, the Department of General Services and the Department of Technology to submit recommendations to the Governor for new AI vendor certification standards requiring companies interested in doing business with California to certify that their AI systems include necessary safeguards against illegal content, harmful bias, and violations of civil rights and liberties.[6]

Most recently, on May 21, 2026, Governor Newsom issued Executive Order N-6-26 directing state agencies to build a framework for responding to potential workforce disruption and ensuring workers are not left behind as AI adoption accelerates.[7] Among other things, this EO directs various state agencies to:

- *Track and understand the impact of AI on the workforce, filling the gaps of knowledge and providing clear and concrete data with:* 1) a new report on recommendations, best practices, and early economic warning signals of potential labor disruptions, drafted in consultation with labor, industry, and academic experts; 2) a new dashboard showing the impact of AI across sectors; 3) recommendations on revisions and updates to the California Worker Adjustment and Retraining Notification (WARN) Act, to ensure it can be used to provide early warning data and is responsive to emerging industry trends; and 4) business feedback on the role of technology in workforce decisions incorporated into the state's monthly jobs report.

- *Respond to possible employment and workforce disruption by:* 1) reviewing policies that provide workers with a safety net, including severance and other forms of compensation; 2) increasing awareness and enrollment of employment insurance programs; 3) creating an AI playbook to modernize job training programs; 4) creating a single online platform to enable Californians to more easily navigate government services and, ultimately, help Californians identify all social services for which they

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[5] Governor Gavin Newson, Executive Order N-12-23, https://www.gov.ca.gov/2023/09/06/governor-newsom-signs-executive-order-to-prepare-california-for-the-progress-of-artificial-intelligence/.
[6] Governor Gavin Newson, Executive Order N-5-26, https://www.gov.ca.gov/wp-content/uploads/2026/03/3.30-FINAL-Trusted-AI-Procurement-EO-N-5-26.pdf.
[7] Governor Gavin Newson, Executive Order N-6-26, https://www.gov.ca.gov/wp-content/uploads/2026/05/5.21.26-AI-Workforce-EO-FINAL-SIGNED.pdf.

may be eligible; and 5) leveraging California Volunteers for those experiencing long-term unemployment and to provide essential training for entry-level workers.

- *Develop stronger public policy and support programs for using AI to advance the public good:* by working with academic experts and the private sector to develop recommendations for altering incentive structures and increasing the likelihood of AI development and deployments that advance the public good and address critical problems facing society.

This bill:
This bill creates the California Artificial Intelligence Worker Impact Data Assessment Project within the EDD to, among other things, establish an advisory panel to study and report to the Legislature on the existing data collection systems and gaps in data collection related to the use and impact of AI on the labor force.

It appears that some of the information sought by this bill may be captured as part of the Governor's recent EO on AI. While perhaps overdue, the Governor's executive orders may provide necessary guardrails on how California employers use AI, as well as how the state responds to and assists impacted workers. However, just as AI evolves so will its impact on workers and the future of work. This bill allows experts and impacted stakeholders to continue the important work of identifying how to best support workers through this transition.

2. Need for this bill?

According to the author:

"While various federal, state, and local agencies collect workforce economic data, there is no unified effort to assess AI's specific impacts or to identify gaps in existing data systems. Without this information, it is difficult for the state to proactively develop policies that protect workers, support job transitions, and maintain strong workforce pipelines. Without solid projections and widespread agreement that AI could drastically impact employment and labor markets, there could be substantial pressure to the State's social safety net."

This bill creates the California AI Worker Impact Data Assessment Project with EDD to study how AI affects workers and labor markets.

3. Proponent Arguments:

The California Federation of Labor Unions is in support of the measure which, they argue, will assess how AI will impact California's workforce, as well as identify gaps in existing data collection to provide a roadmap for data collection to help policymakers make informed decisions on the future of workers and AI. They write:

"ChatGPT was introduced in 2022, sparking an explosion of AI investment and public attention. Within five days, ChatGPT gained 1 million users, breaking records for the fastest adoption of technology in history. ChatGPT also ushered in the potential for massive job elimination as users experimented with outsourcing tasks to the new AI chatbot. This set off

an AI arms race with companies such as Google, Anthropic, Meta, Deep Seek, Baidu, and many others developing more advanced AI technologies and products.

According to the Challenger Jobs Report that tracks workforce trends, 2023 was the first year that companies cited artificial intelligence as a reason for layoffs. Since then, AI was cited as the cause of close to 72,000 job cuts, with 55,000 AI-related layoffs in 2025 alone. Amazon, Dow Chemical, Accenture, Dell, Intel, Microsoft, TCS, UPS, and Citigroup all announced tens of thousands of AI-related job cuts in 2025. Salesforce laid off 4,000 customer support staff and froze hiring lawyers or software engineers, stating that AI now does up to 50% of the work of the company. In February 2026, CEO Jack Dorsey of Block and Square payments announced that he was laying off 4,000 workers, about 40% of the entire workforce, stating explicitly that the company would use AI to automate work.

While various federal, state, and local agencies collect workforce economic data, there is no unified effort to assess AI's specific impacts or to identify gaps in existing data systems. Without this information, it is difficult for the state to proactively develop policies that protect workers, support job transitions, and maintain strong workforce pipelines. Without solid projections and widespread agreement that AI could drastically impact employment and labor markets, there could be substantial pressure to the State's social safety net."

4. **Opponent Arguments:**

None received.

5. **Committee Amendments:**

Appointments of individuals to government roles exist in various settings in the State. Historically, appointments are made by the Speaker of the Assembly on behalf of the Assembly and by the Senate Rules Committee on behalf of the Senate. The Committee is unaware of provisions of law requiring Assembly Rules Committee to make an appointment. This bill includes one member appointment representing small or medium-sized private sector employers with demonstrated experience deploying AI or ADS in the workplace to be appointed by the Assembly Committee on Rules. *The author may wish to amend the bill to change that appointment to the Senate Committee on Rules. Additionally, the author may wish to consider requiring the nonprofit members of the panel to also have experience assessing equity and the impacts of technology amongst our most vulnerable communities.*

This bill requires the Advisory Panel to study the impacts of advanced AI systems on the labor force and compile a report to be submitted to the Legislature. *The author may wish to expand the study parameters to include an analysis of the demographic impacts of these technological advancements as well as the impacts of worker displacement on state revenues.*

Additionally, the California State Association of Counties, Urban Counties of California, League of California Cities, and the Association of California School Administrators have adopted a "support if amended" position seeking an amendment that adds a local agency employer representative to the proposed advisory panel to ensure the recommendations to the Legislature reflect a more complete assessment that includes the impact of AI on local governments.

The author may wish to consider the following committee amendments:

Amend: (b) (3) Two experts from nonprofit organizations who have experience in assessing upward mobility, **equity**, worker development, worker training, or workplace evolution from the introduction of new technology appointed by the Speaker of the Assembly.

Amend: (b) (5) One expert from a nonprofit organization who has experience in assessing upward mobility, **equity**, worker development, worker training, or workplace evolution from the introduction of new technology appointed by the Senate Rules Committee.

Amend: (b) (7) One member appointed by the ~~Assembly~~ **Senate** Committee on Rules representing a small or medium-sized private sector employer with demonstrated experience deploying artificial intelligence technologies or automated decisions systems in the workplace.

Add: (b)(10) One member appointed by the Senate Rules Committee representing a city, county, special district, or local educational agency with demonstrated experience deploying artificial intelligence technologies or automated decisions systems in the workplace.

Amend: (f) (1) (A) Identification of key questions and data that need to be answered to assess how the introduction of artificial intelligence systems impacts individual workers and labor markets broadly, including, but not limited to, how technology is being introduced in the workplace to manage or replace workers, **how worker displacement impacts state revenues, how technology disproportionately impacts demographic groups,** and how technology is being used to automate tasks and jobs.

6. **Double Referral:**

This bill has been double referred and if approved by this Committee today, will be sent to Senate Privacy, Digital Technologies, and Consumer Protection Committee for a hearing.

7. **Prior/Related Legislation:**

AB 1883 (Bryan, 2026) would prohibit an employer from using certain types of workplace surveillance tools or using workplace surveillance tools to violate or prevent compliance with laws, or infer information about a worker's legally-protected status or activities. Provides for a civil penalty, enforcement by the LC or a public prosecutor, and a private right of action. *AB 1883 is pending referral in the Senate.*

AB 1898 (Schultz, 2026) would, among other things, require an employer to provide a written notice to an employee that a workplace AI tool, as defined, was used to assist the employer in making employment-related decisions or to surveil workers in the workplace. *AB 1898 was held under submission in the Assembly Appropriations Committee.*

AB 1979 (Bonta, 2026) subjects businesses offering "healthcare chatbots" to the California Medical Information Act (CMIA) and imposes guardrails around the use of automated decision systems (ADS) and other generative AI (GenAI) models in clinical decisionmaking. *AB 1979 is pending before the Senate Privacy, Digital Technologies & Consumer Protection Committee.*

AB 2027 (Ward, 2026) would, among other things, prohibit an employer from using a worker's personal information, as defined, to train an AI system to replicate, automate, ore

place a worker's job, as specified. *AB 2027 was held under submission in the Assembly Appropriations Committee.*

AB 2653 (Lee, 2026) would require the Department of Industrial Relations (DIR) to convene a working group to study the labor practices underlying the development of modern foundation models and associated AI systems. *AB 2653 as held under submission in the Assembly Appropriations Committee.*

AB 2656 (Petrie-Norris, 2026) would requires certain public employers to provide a recognized employee organization with no less than 45 days' written notice before developing, purchasing, implementing, or utilizing any GenAI to perform a service that is within the scope of work of the job classification represented by the recognized employee organization. *AB 2656 is pending before this Committee.*

SB 947 (McNerney, 2026) would, among other things, 1) prohibit an employer from using an ADS that does certain functions and would limit the purposes and manner in which an ADS may be used to make disciplinary, termination, or deactivation decisions; 2) require an employer to provide a written postuse notice when an employer has used an ADS, as specified; 3) include worker anti-retaliation provisions for exercising these rights; and 4) specify enforcement provisions including specified penalties and relief for violations. *SB 947 is pending in the Assembly Privacy & Consumer Protection Committee.*

SB 951 (Reyes, 2026) would, among other things, establish the California Worker Technological Displacement Act requiring a covered employer to provide at least a 60-day advanced written notice before any technological displacement or termination of contract affecting 25 or more workers during any 30-day period. less. *SB 947 is pending in the Assembly Privacy & Consumer Protection Committee.*

SB 1248 (Cabaldon, 2026) would, among other things, impose certain restrictions on the use of an ADS by a state agency to confer services including the issuance of professional licenses and provision of public benefits. *SB 1248 was held under submission in the Senate Appropriations Committee.*

Several bills in 2025 addressed related AI issues including: SB 7 (McNerney, Vetoed), 238 (Smallwood-Cuevas), SB 503 (Weber Pierson), AB 1018 (Bauer-Kahan), AB 1221 (Bryan), AB 1331 (Elhawary)

SUPPORT

California Conference Board of the Amalgamated Transit Union
California Conference of Machinists
California Federation of Labor Unions, AFL-CIO
California Initiative for Technology & Democracy
California School Employees Association
California Teachers Association
Engineers and Scientists of California, IFPTE Local 20, AFL-CIO
Kapor Center Advocacy
Los Angeles Area Chamber of Commerce
Screen Actors Guild-American Federation of Television and Radio Artists

SEIU California
Teamsters California
TechEquity Action
UNITE HERE, AFL-CIO
Utility Workers Union of America

OPPOSITION

None received

-- END --

AMENDMENTS TO ASSEMBLY BILL NO. 2545
AS AMENDED IN ASSEMBLY APRIL 14, 2026

SECURED COPY

Amendment 1

On page 2, in line 8, strike out “13” and insert:

14

Amendment 2

On page 2, in line 18, after the first comma insert:

equity,

Amendment 3

On page 2, in line 26, after the first comma insert:

equity,

Amendment 4

On page 3, in line 5, strike out “Assembly” and insert:

Senate

Amendment 5

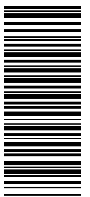
On page 3, between lines 16 and 17, insert:

(10) One member appointed by the Senate Committee on Rules representing a city, county, special district, or local educational agency with demonstrated experience deploying artificial intelligence technologies or automated decisions systems in the workplace.

Amendment 6

On page 3, in line 36, strike out “workers” and insert:

workers, how worker displacement impacts state revenues, how technology disproportionately impacts demographic groups,



PROPOSED AMENDMENTS TO ASSEMBLY BILL NO. 2545

AMENDED IN ASSEMBLY APRIL 14, 2026

AMENDED IN ASSEMBLY MARCH 19, 2026

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL No. 2545

Introduced by Assembly Member Schiavo

February 20, 2026

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An act to add and repeal Section 9620 of the Unemployment Insurance Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

AB 2545, as amended, Schiavo. Report: labor force impact: artificial intelligence.

Existing law establishes the Employment Development Department (EDD), which is administered by the Director of Employment Development. Under existing law, the Director of Employment Development is vested with specified duties, purposes, responsibilities, and jurisdiction related to job creation activity functions, among other things.

This bill would establish the California Artificial Intelligence Worker Impact Data Assessment Project and would establish the California Artificial Intelligence Worker Impact Data Assessment Project Advisory Panel in the EDD. The bill would require the advisory panel to consist of ~~13~~ *14* members, appointed as prescribed. The bill would require the EDD, in consultation with the advisory panel, to perform an assessment of data sources and collection methods regarding the use and impact of advanced artificial intelligence systems on the labor force, as specified. The bill would require the advisory panel to submit a report to the

Legislature by January 1, 2028, with the results of the assessment and would require the report to provide policy recommendations to the Legislature, including, but not limited to, how to effectively support workers impacted by artificial intelligence. The bill would require the advisory panel to post the report on its internet website. The bill would require that the advisory panel be dissolved upon submission of the report to the Legislature and would repeal these provisions on January 1, 2029.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

Page 2
1 SECTION 1. Section 9620 is added to the Unemployment
2 Insurance Code, to read:
3 9620. (a) The California Artificial Intelligence Worker Impact
4 Data Assessment Project is hereby established within the
5 department.
6 (b) The California Artificial Intelligence Worker Impact Data
7 Assessment Project Advisory Panel is hereby created and, on or
8 before March 1, 2027, shall consist of ~~13~~ *14* members appointed — **Amendment 1**
9 as follows:
10 (1) Two experts of the University of California Labor Centers
11 who lead research on employment, technology impacts on
12 employment, and workforce development as appointed by the
13 Governor.
14 (2) Two experts from artificial intelligence developers who have
15 assessed and analyzed technological impacts on labor markets
16 appointed by the Governor.
17 (3) Two experts from nonprofit organizations who have
18 experience in assessing upward mobility, *equity,* worker — **Amendment 2**
19 development, worker training, or workplace evolution from the
20 introduction of new technology appointed by the Speaker of the
21 Assembly.
22 (4) One expert from a bona fide labor organization representing
23 workers in California, including public sector, private sector, or
24 multisector organizations appointed by the Speaker of the
\+ Assembly.
25 (5) One expert from a nonprofit organization who has experience
26 in assessing upward mobility, *equity,* worker development, worker — **Amendment 3**

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Page 2 27 training, or workplace evolution from the introduction of new
28 technology appointed by the Senate Rules Committee.
Page 3 1 (6) Two experts from bona fide labor organizations representing
2 workers in California, including public sector, private sector, or
3 multisector organizations appointed by the Senate Rules
4 Committee.
5 (7) One member appointed by the ~~Assembly~~ *Senate* Committee
6 on Rules representing a small or medium-sized private sector
7 employer with demonstrated experience deploying artificial
8 intelligence technologies or automated decisions systems in the
9 workplace.

Amendment 4

10 (8) One member appointed by the Governor representing a large
11 private sector employer with demonstrated experience in deploying
12 artificial intelligence technologies or automated decisions systems
+ in the workplace.
13 (9) One member appointed by the Speaker of the Assembly
14 representing a nonprofit organization with demonstrated experience
15 deploying artificial intelligence technologies or automated
16 decisions systems in the workplace.
+ *(10) One member appointed by the Senate Committee on Rules*
+ *representing a city, county, special district, or local educational*
+ *agency with demonstrated experience deploying artificial*
+ *intelligence technologies or automated decisions systems in the*
+ *workplace.*

Amendment 5

17 (c) The members of the advisory panel shall serve without
18 compensation but shall be reimbursed for all necessary expenses
19 actually incurred in the performance of their duties.
20 (d) The department, in consultation with the advisory panel,
21 shall perform an assessment of data sources and collection
22 methodologies utilized by federal, state, and local governmental
23 agencies with regards to the use and impact of advanced artificial
24 intelligence systems on the labor force and compile a report on
25 existing data collection systems and gaps in data collection.
26 (e) On or before January 1, 2028, the advisory panel shall submit
27 a report to the Legislature on the results of the assessment
28 conducted pursuant to this section. The advisory panel shall
29 transmit the report in compliance with Section 9795 of the
30 Government Code and post the report on its internet website.
31 (f) (1) The report shall include all of the following:

Page 3
32 (A) Identification of key questions and data that need to be
33 answered to assess how the introduction of artificial intelligence
34 systems impacts individual workers and labor markets broadly,
35 including, but not limited to, how technology is being introduced
36 in the workplace to manage or replace ~~workers~~ *workers, how*
\+ *worker displacement impacts state revenues, how technology*
\+ *disproportionately impacts demographic groups,* and how
37 technology is being used to automate tasks and jobs.

Amendment 6

38 (B) Inventory of existing data that the state collects across
39 agencies to analyze developments in technology and their impact
40 on the workforce.

Page 4
1 (C) Assessment of federal governmental and local governmental
2 data collection systems and how they may be leveraged to assess
3 future workforce developments and issues.
4 (D) Assessment of current data collection partnerships between
5 federal, state, and local governmental agency partners.
6 (E) Assessment of data collection efforts by nongovernmental
7 partners.
8 (F) Assessment of gaps in data collection systems to inform
9 future policy development.
10 (G) Any other assessment and data the advisory panel
11 determines is appropriate.
12 (2) The report shall include policy recommendations to the
13 Legislature that include, but are not limited to, all of the following:
14 (A) How to effectively support workers impacted by artificial
15 intelligence.
16 (B) How to ensure workforce pipelines remain open for positions
17 with expertise.
18 (g) The advisory panel shall be dissolved upon submission of
19 the report required by subdivision (e) to the Legislature.
20 (h) This section shall remain in effect only until January 1, 2029,
21 and as of that date is repealed.

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

Bill No:	AB 2650	**Hearing Date:**	June 17, 2026
Author:	Pellerin		
Version:	May 22, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Glenn Miles		

SUBJECT: CalSavers: retirement savings

KEY ISSUE

This bill makes several changes to the CalSavers program to facilitate California workers' eligibility for Savers Match, a federal benefit for eligible IRA account holders; clarify that household employers are covered by CalSavers and must comply with the requirements to cover or enroll their employee or employees; increase penalties for employer non-compliance; increase the automatic employee contribution escalation limit from 8% to 10% of the employee's salary; and eliminate obsolete statutory provisions.

ANALYSIS

Existing law:

1) Creates the CalSavers Retirement Savings Board (consisting of nine members with the State Treasurer serving as chair) and requires the board to design and implement the CalSavers Retirement Savings Program, subject to its authority and fiduciary duty. (Government Code § 100002)

2) Establishes a retirement savings trust known as the CalSavers Retirement Savings Trust, administered by the CalSavers board, to promote greater retirement savings for California private employees in a convenient, voluntary, low-cost, and portable manner. (Government Code § 100004)

3) Requires employers that do not offer a retirement savings program, as specified, to have a payroll deposit retirement savings arrangement to allow employee participation in the CalSavers program but gives the board discretion to extend the time by which employers must participate in CalSavers. (Government Code § 100032)

4) Requires the board to use any contributions paid by employees and employers into the trust exclusively for paying benefits to the participants of the CalSavers Retirement Savings Program, for the cost of administration of the program, and for investments made for the benefit of the program. (Government Code § 100004 (e))

5) Defines "Eligible employer" as a person or entity engaged in a business, industry, profession, trade, or other enterprise in the state, whether for profit or not for profit, excluding sole proprietorships, self-employed individuals, or other business entities that do not employ any individuals other than the owners of the business, the federal government, the state, any county, any municipal corporation, or any of the state's units or instrumentalities, that has at least one eligible employee and that satisfies the requirements to establish or

participate in a payroll deposit retirement savings arrangement, including an employer of a provider of in-home supportive services, as specified; but excludes an employer that provides a retirement savings program, as specified. (Government Code § 100000 (d) and § 100032 (h))

6) Defines "Eligible employee", for purposes of participating in the program, to mean a person employed by an eligible employer except employees in a federally regulated railroad retirement plan, Taft-Hartley plan, or any employee engaged in interstate commerce so as not to be subject to the legislative powers of the state, except insofar as application of this title is authorized under the United States Constitution or laws of the United States. (Government Code § 100000 (c))

7) Defines "myRA" to mean the federal myRA retirement savings program, including any successor program, offered by the United States Department of the Treasury or an IRA offered under that program. ((Government Code § 100000 (f))

8) Requires the Cal Savers Retirement Savings Program to include, as determined by the board, one or more payroll deduction IRA arrangements. (Government Code § 100008

This bill:

1) Names the act establishing the CalSavers program, the Savings Access and Vested Empowerment (SAVE) for All Workers Act.

2) Provides that "Eligible employer" also includes household employers.

3) Clarifies that "Household employers" includes those who have hired someone to work in or around their home for the benefit of their personal household and provide the employee a W-2 federal tax form.

4) Deletes obsolete references to the federal myRA retirement savings program.

5) Requires the CalSavers to establish an IRA on behalf of participants who are eligible to receive federal or state retirement benefits, such as tax credits or deposits from any unit of federal or state government, that require monetary deposits into specified IRA accounts.

6) Requires CalSavers to notify participants at least 30 days prior to the creation of the IRA accounts created on their behalf and requires the notification include at a minimum the following:
   a) The benefits and risks associated with the existence and operation of the IRA.
   b) How to opt out of the IRA.
   c) The mechanics for how to operate the IRA alongside other CalSavers accounts.
   d) The process for withdrawal of retirement savings and any penalties or tax implications for early withdrawal.
   e) How to obtain additional information on the account.

7) Requires CalSavers to assess the feasibility of multistate or regional agreements to administer the program through shared administrative resources and enter into those agreements if determined beneficial.

8) Requires CalSavers disseminate information concerning federal retirement savings incentive, known as the Saver's Match.

9) Deletes the requirement that CalSavers establish a Retirement Investments Clearinghouse on its website and a vendor registration process for private sector providers to provide information on their retirement products to eligible employers and makes conforming changes deleting references to the clearinghouse and the related clearinghouse registry.

10) Adds explanation of their "language access services" capacity to the list of information that vendors must provide to contract with CalSavers.

11) Requires CalSavers to maintain on its website specified investment performance information regarding contracted vendors' products and provides that CalSavers is not liable for the adequacy of that information.

12) Requires eligible employers with one or more eligible employees who become subject to the requirements of the CalSavers Retirement Savings Trust Act on or after January 1, 2027, and who do not offer a retirement savings program to have a payroll deposit retirement savings arrangement to allow employee participation in the CalSavers program.

13) Raises the maximum automatic escalation of employees contributions from 8 percent to 10 percent of salary.

14) Imposes subsequent penalties of $500 per eligible employee on each eligible employer that, without good cause, fails to allow its eligible employees to participate in the program. This amount is above the employer's first violation penalties ($250 per eligible employee and $500 per eligible employee if noncompliance continues per Section 19287 of the Revenue and Taxation Code). CalSavers may impose the subsequent penalty repeatedly but not to exceed once every 180 days since the last notice of the imposition of a penalty for the specific noncompliance.

15) Deletes the requirement CalSavers education and outreach programs to business associations be live, thereby, authorizing video and internet based presentations.

16) Requires the Franchise Tax Board (FTB), after notification from CalSavers, to issue to eligible employers, subsequent penalty notices of the imposition of penalties for noncompliance with CalSavers program requirements.

17) Allows an eligible employer to appeal the penalty imposition within 90 days after FTB issues the notice, as specified.

COMMENTS

1. Background:

Program History

The CalSavers program originated from efforts after the 2008 financial crisis to encourage retirement savings and make retirement accounts more accessible to California workers who

do not have a pension fund or an employer-sponsored 401k plan. The crisis severely affected pension and investment funds. As policymakers grappled with how to restructure those systems to recover from the crisis, they also considered policies to address the savings shortfall among vulnerable, low-wage workers. Studies at the time focused on the increasing rate of retirement insecurity caused by the societal decline of traditional defined pension plans and the shifting of investment risk to individual workers. Once thought to be part of a "three-legged stool" consisting of a pension, personal savings, and Social Security, the latter became the last leg left for millions of Americans already pressed by economic instability. [1]

The program's creators designed CalSavers to eventually require nearly all California employers to either offer a retirement savings account to their employees or to provide an automatic enrollment mechanism for those employees to make automatic contributions into a CalSavers IRA. The automatic contributions begin at 3% and increase yearly, under this bill's changes, up to 10% of the employees' salary.

Concerns

Existing law requires CalSavers to cover In-house Supportive Services (IHSS) providers if, among other conditions, CalSavers can identify the appropriate employer of record for the purpose of satisfying all the program's employer requirements and CalSavers can implement the payroll deduction at reasonable costs. [2]

This bill appears to attempt to implement or expand coverage for IHSS workers by redefining the definition of employer to unmistakably cover household employers, including household employers who have only one employee. The bill also further increases penalties for employer non-compliance. This bill could result in elderly recipients of IHSS services facing ongoing penalties for failing to adopt a payroll deduction arrangement to provide their IHSS service provider access to CalSavers. Complicating matters is the confusion whether an IHSS provider is a contractor or an employee. However, this bill specifies that "Household employers" are those who have hired someone to work in or around their home for the benefit of their personal household and *provide the employee a W-2 federal tax form*.

While extending coverage to vulnerable low-wage IHSS workers most at-risk of retirement insecurity is critical, the committee may wish to contemplate the unintended burden that could befall equally vulnerable small employers and household seniors requiring IHSS services.

The committee recommends that the author consider addressing this concern going forward. One alternative could be to limit penalties based on age, health, or other relevant factors and ensure that accumulated penalties don't result in punitive tax liens. Another approach could be to require CalSavers or FTB to provide such employers direct assistance in or responsibility for enrolling the senior's employee.

3. Need for this bill?

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[1] A review of some of the relevant studies from the time can be found here: https://laborcenter.berkeley.edu/meeting-californias-retirement-security-challenge/

[2] See Government Code § 100000 (d)(1)(B) and (d)(2) and § 100046.

According to the State Treasurer this bill aims to address five issues that limit its flexibility and reduce its ability to provide benefits to account holders by doing the following: facilitating California workers' eligibility for Savers Match, a federal benefit for eligible IRA account holders; clarifying that household employers are covered by CalSavers and must comply with the requirements to cover or enroll their employee or employees; increasing penalties for employer non-compliance; increasing the automatic employee contribution escalation limit from 8% to 10% of the employee's salary; and eliminating obsolete statutory provisions.

4. **Proponent Arguments:**

According to the American Association of Retired Persons:

"AB 2650 improves upon CalSavers by allowing participants to take advantage of a new federal benefit called the Saver's Match. This benefit would apply to many CalSavers participants who would receive a direct federal matching contribution deposited into their account, thereby giving their retirement savings a much-needed financial boost."

AB 2650 also strengthens participant's ability to build financial security and stability at their place of work by creating emergency savings accounts for participants, allowing workers to manage unexpected expenses without tapping into their retirement savings.

According to the Filipino Community of Sacramento and Vicinity:

"By strengthening CalSavers and expanding retirement infrastructure, AB 2650 will help more Californians prepare for retirement, expand the benefits available to them at work, and improve long-term financial stability."

5. **Opponent Arguments:**

None received.

6. **Dual Referral:** The Senate Rules Committee referred this bill to the Senate Labor, Public Employment Committee and to the Senate Revenue and Taxation Committee.

7. **Prior Legislation:**

SB 1126 (Cortese), Chapter 192, Statutes of 2022, expanded CalSavers coverage to employers that have one or more employees and mandates that all eligible employers participate in CalSavers by December 31, 2025, unless the CalSavers' board extends that date.

AB 102 (Committee on Budget, Chapter 21), Statutes of 2020, transferred authority from EDD to the CalSavers board to enforce, via FTB, employer compliance with the CalSavers program; allowed cannabis-regulating agencies to share data with CalSavers for its licensed cannabis businesses; and made other technical updates to the CalSavers program.

AB 1817 (Committee on Budget), Chapter 37, Statutes of 2018, (Sec. 29-39), as part of a budget trailer bill for state government renamed the program from the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program.

SB 1042 (Pan, 2020) would have required state regulatory licensing authorities of marijuana related businesses to furnish the CalSavers board specified employer contact information with respect to licenses issued. The bill died in the Senate Labor, Public Employment and Retirement Committee.

SB 1207 (De León, 2018) would have changed the name of the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program. The bill died in the Assembly Labor and Employment Committee.

SB 1234 (De León), Chapter 804, Statutes of 2016, provided legislative approval for the California Secure Choice Retirement Savings Program (SCRSP) and sets forth recommendations and requirements for the design and implementation of that program.

SB 1234 (De León), Chapter 734, Statutes of 2012, created the initial statutory framework for the California Secure Choice Retirement Savings Program (SCRSP) and required the board to perform a market analysis and feasibility study to determine if SCRSP could be implemented and to publish its findings and bring a recommendation to the Legislature for approval.

AB 2940 (De León, 2008) would have created the California Employee Savings Program (CalESP), under the administration of the California Public Employees Retirement System (CalPERS) to provide retirement savings opportunities to California's private sector employees and would have authorized CalPERS to offer deferred compensation programs to state employees. The bill died in the Senate Appropriations Committee.

SUPPORT

California State Treasurer (Sponsor)
American Association of Retired Persons
Asian Community Center Senior Services
Asian Resources, INC.
California Association for Micro Enterprise Opportunity Network
The Filipino Community of Sacramento and Vicinity

OPPOSITION

None received

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

Bill No:	AB 2656	**Hearing Date:**	June 17, 2026
Author:	Petrie-Norris		
Version:	April 14, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alma Perez-Schwab		

SUBJECT: Public employees: notice: artificial intelligence performing service within scope of work

KEY ISSUE

This bill requires certain public employers to provide a recognized employee organization with no less than 45 days' written notice before developing, purchasing, implementing, or utilizing any generative artificial intelligence to perform a service that is within the scope of work of the job classification represented by the recognized employee organization.

ANALYSIS

Existing law:

1) Defines the following terms:

   a) "Artificial intelligence" or "AI" means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.
   b) "Automated decision system" means a computational process derived from machine learning, statistical modeling, data analytics, or artificial intelligence that issues simplified output, including a score, classification, or recommendation, that is used to assist or replace human discretionary decisionmaking and materially impacts natural persons. "Automated decision system" does not include a spam email filter, firewall, antivirus software, identity and access management tools, calculator, database, dataset, or other compilation of data.
   c) "Generative artificial intelligence" or "GenAI" to mean an artificial intelligence system that can generate derived synthetic content, including text, images, video, and audio that emulates the structure and characteristics of the system's training data.
   (Government Code §11546.45.5 & §11549.64)

2) Requires the Office of Emergency Services to, as appropriate, perform a risk analysis of potential threats posed by GenAI to California's critical infrastructure, including risks that could lead to mass casualty events. Among other things, requires the analysis to include recommendations reflecting changes to AI technology, its applications, and risk management such as further private actions, administrative actions, and collaboration with the Legislature to protect against potential threats and vulnerabilities. (Government Code §11549.65)

3) Requires any state agency or department to consider procurement and enterprise use opportunities in which GenAI can improve the efficiency, effectiveness, accessibility, and equity of government operations consistent with relevant policies for public sector GenAI procurement. Additionally, it requires legal counsel for any state agency or department to consider any potential impact of GenAI on regulatory issues and recommend necessary updates, if appropriate, to this evolving technology. (Government Code §11549.65)

4) Governs collective bargaining in the private sector under the federal National Labor Relations Act (NLRA) but leaves it to the states to regulate collective bargaining in their respective public sectors. (United States Code, Title 29, §151 et seq.)

5) Provides several statutory frameworks in state law granting public employees collective bargaining rights, governing public employer-employee relations, and limiting labor strife and economic disruption in the public sector through a reasonable method of resolving disputes regarding wages, hours and other terms and conditions of employment between public employers and recognized public employee organizations or their exclusive representatives. (Government Code §3560 et seq.)

6) Requires the Governor, or their representative, to meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of recognized employee organizations. For these purposes, "meet and confer in good faith" requires both parties to meet for a reasonable period of time in order to exchange freely information, opinions, and proposals, and to endeavor to reach agreement on matters within the *scope of representation* prior to the adoption by the state of its final budget for the ensuing year. The process should include adequate time for the resolution of impasses. (Government Code §3517)

7) Limits the "scope of representation" to wages, hours, and other terms and conditions of employment, except, however, that the scope of representation shall not include consideration of the merits, necessity, or organization of any service or activity provided by law or executive order. (Government Code §3516)

8) Except in cases of emergency, as specified, requires public employers to give reasonable written notice to each recognized employee organization affected by any law, rule, resolution, or regulation directly relating to *matters within the scope of representation* proposed to be adopted by the employer, and shall give such recognized employee organizations the opportunity to meet and confer with the administrative officials or their delegated representatives as may be properly designated by law. (Government Code §3516.5)

9) Establishes the Public Employee Communication chapter (PECC) as a means to provide exclusive representatives meaningful access to, and communication with, their represented members. (Government Code §3555 et seq.)

10) Applies the PECC to the following employment relations statutes:
    a. The Meyers-Milias-Brown Act (MMBA) governing local public employment relations.
    b. The Ralph C. Dills Act (Dills Act) governing employment relations for certain executive branch, i.e., state, employees.
    c. The Judicial Council Employment Relations Act (JCEERA) governing employment relations for employees of the Judicial Council.

d. The Educational Employment Relations Act (EERA) governing employment relations for public K-12 school districts and community college districts.
e. The Higher Education Employer-Employee Relations Act (HEERA) governing employment Relations for the California State University, University of California (UC), and UC San Francisco School of Law (formerly, Hastings College of Law).
f. The Trial Court Employment Protection and Governance Act, commonly referred to as the Trial Court Act, governing employment relations for trial court employees.
g. The Trial Court Interpreter and Labor Relations Act, commonly referred to as the Court Interpreter Act, governing employment relations for trial court interpreters.
h. The Los Angeles County Metropolitan Transportation Authority (LAMTA) Transit Employer-Employee Relations Act governing employment relations for the LAMTA's supervisory employees (TEERA).
i. Other public transit districts, as specified.
(Government Code §3555.5 et seq.)

11) Establishes the Public Employment Relations Board (PERB), a quasi-judicial administrative agency charged with administering certain statutory frameworks governing California state and local public employer-employee relations, resolving disputes, and enforcing the statutory duties and rights of public agency employers, employees, and employee organizations. (Government Code §3541 et seq.)

This bill:

1) Requires specified public employers to provide a recognized employee organization no less than 45 days' written notice before taking an action to develop, purchase, implement, or utilize any generative artificial intelligence to perform a service that is within the *scope of work* of the job classification represented by the recognized employee organization.

2) Imposes this requirement on the public employers identified in subdivision (a) of Government Code Section 3555.5 (listed under item 7 of existing law above).

3) Defines "AI" and "GenAI" as currently defined in statute, as provided.

COMMENTS

1. Background:

Artificial Intelligence and Generative Artificial Intelligence
Until recently, advancements in technology often automated physical tasks, such as those performed on factory floors or self-checkouts, but AI functions more like human brainpower. AI can use algorithms to accomplish tasks faster and sometimes at a lower cost than human workers can. GenAI is a subfield of AI that creates content like text, images, audio or software code in response to human prompts. GenAI can learn from underlying patterns and structures of data to generate new data in response to input or prompts.

As this technology develops, so do fears of worker displacement in more areas and industries. According to a recent CNBC article, "recent estimates from Goldman Sachs suggest that 6% to 7% of U.S. workers could lose their jobs because of AI adoption. The

Stanford Digital Economy Lab, using ADP employment data, found that entry-level hiring in "AI exposed jobs" has dropped 13% since large language models started proliferating. The report said software development, customer service and clerical work are the types of jobs most vulnerable to AI today."[1]

Beyond replacing workers, GenAI tools like ChatGPT, Gemini or Claude are being used to complement the duties of employees in astonishing numbers. A 2025 report assessed the scale of global daily active usage for GenAI tools and found that daily active user base for these tools likely falls within the range of 115 million to 180 million individuals.[2] In terms of state employment and GenAI use, a 2024 survey by the National Association of State Chief Information Officers (NASCIO) found that 53 precent of chief information officers reported using GenAI tools in their daily work.[3]

Governor Newsom Executive Orders (EOs) on AI and GenAI
In September 2023, Governor Newsom issued Executive Order N-12-23 to deploy GenAI ethically and responsibly throughout state government, protect and prepare for potential harms, and remain the world's AI leader.[4] Among other things, the EO:

- *Procurement Blueprint:* To support a safe, ethical, and responsible innovation ecosystem inside state government, required agencies to issue general guidelines for public sector procurement, uses, and required training for application of GenAI, as specified, and directed them to consider opportunities where GenAI can improve the efficiency, effectiveness, accessibility, and equity of government operations.

- *Beneficial Uses of GenAI Report*: Directed state agencies and departments to develop a report examining the most significant and beneficial uses of GenAI in the state, including the potential harms and risks for communities, government, and workers.

- *State Employee Training:* To support California's government workforce and prepare for the next generation of skills needed to thrive in the GenAI economy, required agencies to provide training for state workers to use state-approved GenAI to achieve equitable outcomes, and establish criteria to evaluate their impact.

  Additionally, the EO directed all state agencies to consider pilot projects of GenAI applications, in consultation with the state workforce or organizations that represent state government employees, and experts as appropriate from civil society, academia, and industry. Under a controlled setting, pilots were required to measure 1) how GenAI can improve Californians' experience with and access to government services, and 2) how GenAI can support state employees in the performance of their duties in addition to any domain-specific impacts to be measured by the agency.

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[1] Samantha Subin, "*AI is already taking white-collar jobs. Economists warn there's 'much more in the tank,'*" October 23, 2025, CNBC. https://www.cnbc.com/2025/10/22/ai-taking-white-collar-jobs-economists-warn-much-more-in-the-tank.html
[2] Andres, Guadamuz, *"How many people are using generative AI on a daily basis? A Gemini report,"* (Apr 14, 2025), https://www.technollama.co.uk/a-gemini-report-how-many-people-are-using-generative-ai-on-a-daily-basis-a-gemini-report.
[3] Amy Glasscock, *"Generating opportunity: The risks and rewards of generative AI in state government," National Association of State Chief Information Officers,* (Nov 2024), https://www.nascio.org/wp-content/uploads/2024/11/NASCIO_Risks-and-Rewards-of-GenAI_2024_a.pdf
[4] Governor Gavin Newson, Executive Order N-12-23, https://www.gov.ca.gov/2023/09/06/governor-newsom-signs-executive-order-to-prepare-california-for-the-progress-of-artificial-intelligence/.

On March 30, 2026, Governor Newsom issued Executive Order N-5-26 directing, among other things, the Department of General Services and the Department of Technology to submit recommendations to the Governor for new AI vendor certification standards requiring companies interested in doing business with California to certify that their AI systems include necessary safeguards against illegal content, harmful bias, and violations of civil rights and liberties.[5]

Most recently, on May 21, 2026, Governor Newsom issued Executive Order N-6-26 directing state agencies to build a framework for responding to potential workforce disruption and ensuring workers are not left behind as AI adoption accelerates.[6] Among other things, this EO directs various state agencies to:

- *Track and understand the impact of AI on the workforce, filling the gaps of knowledge and providing clear and concrete data with:* 1) a new report on recommendations, best practices, and early economic warning signals of potential labor disruptions, drafted in consultation with labor, industry, and academic experts; 2) a new dashboard showing the impact of AI across sectors; 3) recommendations on revisions and updates to the California Worker Adjustment and Retraining Notification (WARN) Act, to ensure it can be used to provide early warning data and is responsive to emerging industry trends; and 4) business feedback on the role of technology in workforce decisions incorporated into the state's monthly jobs report.

- *Respond to possible employment and workforce disruption:* by 1) reviewing policies that provide workers with a safety net, including severance and other forms of compensation; 2) increasing awareness and enrollment of employment insurance programs; 3) creating an AI playbook to modernize job training programs; 4) creating a single online platform to enable Californians to more easily navigate government services and, ultimately, help Californians identify all social services for which they may be eligible; and 5) leveraging California Volunteers for those experiencing long-term unemployment and to provide essential training for entry-level workers.

- *Develop stronger public policy and support programs for using AI to advance the public good:* by working with academic experts and the private sector to develop recommendations for altering incentive structures and increasing the likelihood of AI development and deployments that advance the public good and address critical problems facing society.

<u>Recent Legislative Efforts to Regulate AI</u>

Over the last several years, the Legislature has considered a multitude of bills aimed at regulating AI and its use to ensure that the privacy rights of Californians continue to be protected. In response to Governor Newsom's 2023 executive order, the California legislature passed SB 896 (Dodd, Chapter 928, Statutes of 2024), which codified several provisions of EO N-12-23. Specifically, SB 896 required that the Office of Emergency Services perform a risk analysis of potential threats to California's critical infrastructure posed by GenAI, to be updated as needed to address significant developments. SB 896 also

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[5] Governor Gavin Newson, Executive Order N-5-26, https://www.gov.ca.gov/wp-content/uploads/2026/03/3.30-FINAL-Trusted-AI-Procurement-EO-N-5-26.pdf.

[6] Governor Gavin Newson, Executive Order N-6-26, https://www.gov.ca.gov/wp-content/uploads/2026/05/5.21.26-AI-Workforce-EO-FINAL-SIGNED.pdf.

established disclosure requirements for state agencies and departments that use GenAI to communicate directly with a person regarding government services and benefits.

SB 7 (McNerney, 2025) attempted to regulate the use of ADS' in the employment setting by, among other things, 1) requiring employers to provide a written notice that an ADS is in use at the workplace to all workers directly affected by the ADS; 2) prohibiting in some instances and in others limiting the use of an ADS, as specified; 3) providing worker anti-retaliation protections for exercising these rights; and 4) specifying enforcement mechanisms that included penalties and relief for violations. SB 7 would have applied to private and public employers but was vetoed by Governor Newsom.

Several other bills last year and some this year are going through the legislative process attempting to impose guardrails on the use of AI in employment. Please see related legislation listed below for more information.

"Scope of Representation" in Collective Bargaining

As noted under existing law, public employers are required to meet and confer in good faith with representatives of recognized employee organizations and endeavor to reach agreement on matters within the *scope of representation*. The mandatory subjects of collective bargaining, commonly referred to as the "scope of representation" or "scope of work" under the various public employment relations statutes cover wages, hours, and *other terms and conditions of employment*, and explicitly exclude certain matters.

Existing law requires public employers to give reasonable written notice to each recognized employee organization affected by any law, rule, resolution, or regulation directly relating to *matters within the scope of representation* proposed to be adopted by the employer, and shall give such recognized employee organizations the opportunity to meet and confer with the administrative officials or their delegated representatives as may be properly designated by law.

This bill

This bill would require public employers to provide a recognized employee organization no less than 45 days' written notice before taking an action to develop, purchase, implement, or utilize any GenAI to perform a service that is within the scope of work of the job classification represented by the recognized employee organization.

Although the use of AI and GenAI tools in employment is not wages or hours, for purposes of the scope of representation provisions of existing law, they may fall under the category of other terms and conditions which may be negotiated as part of the collective bargaining process. While "other terms and conditions" is not explicitly defined in all the public employment relations statutes, it is explicitly defined in some. In addition, a 1983 PERB decision has interpreted the Dills Act's scope of representation which has resulted in what is largely a well-settled rule, providing that subjects are within the scope of bargaining "if they involve the employment relationship and are of such concern to both management and employees that conflict is likely to occur, and if the mediatory influence of collective negotiations is an appropriate means of resolving the conflict."[7]

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[7] *California State Employees' Assn. v. State of California (Dept. of Transportation),* (November 28, 1983), PERB Decision No. 361-S

However, this framework of bargaining is bound by a major exception that PERB also decided. Decisions concerning 'essential managerial prerogatives' are not within the scope of representation.[8] Any disagreements on whether the development, purchase, implementation, or use of GenAI involve matters outside the scope of representation could be resolved through either the collective bargaining process or through PERB’s grievance resolution processes.

By requiring the prescribed written notice before the use of GenAI tools, the bill would promote transparency and give employees the opportunity to evaluate the effect, if any, that the tools may have on their employment. Lastly, the goals of this bill also appear to complement the directives of Governor Newsom’s executive orders.

2. Need for this bill?

According to the author:

“Existing law requires public agencies to meet and confer with recognized employee organizations regarding changes to wages, hours, and other terms and conditions of employment. However, these statutes were enacted long before the emergence of generative artificial intelligence (GenAI) and do not specifically address the development, purchase, implementation, or use of GenAI technologies in the public-sector workplace. As a result, public employers may move forward with adopting GenAI tools without providing advance notice to employee organizations, even when those tools may substantially affect employees’ job duties, workplace conditions, evaluations, and/or long-term job security.

AB 2656 seeks to address this gap by ensuring that employee organizations receive timely notice before public employers introduce GenAI systems that perform work within represented job classifications. By requiring covered public employers to provide at least 45 days’ written notice before developing, purchasing, implementing, or utilizing GenAI for work performed by represented employees, AB 2656 promotes transparency, allows employee organizations to raise concerns and provide expertise, and ensures that the impacts of AI technologies have a chance to be meaningfully addressed before implementation.”

3. Proponent Arguments:

According to the sponsors, the Peace Officers’ Research Association of California (PORAC):

“GenAI is rapidly transforming workplaces across the public sector, including law enforcement. While this technology has the potential to improve efficiency and support public safety operations, it also raises important concerns related to job displacement, working conditions, and the use of automated systems that may lack transparency or accountability. Decisions about the development and implementation of GenAI are often made without sufficient input from the employees most directly impacted.

Public safety professionals bring valuable, real-world experience and insight that can help ensure these tools are implemented effectively and responsibly. Providing advance notice and an opportunity to engage allows employee organizations to identify potential risks, improve

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[8] Ibid.

outcomes, and help integrate new technologies in a way that supports both public safety and workforce stability.

AB 2656 strikes an appropriate balance by fostering collaboration between public employers and employee organizations, while ensuring that decisions impacting wages, hours, and working conditions are not made unilaterally. By requiring advance notice, the bill promotes transparency, accountability, and thoughtful implementation of emerging technologies. Additionally, AB 2656 does not create a fiscal impact, as compliance is limited to providing advance notice, which can be accomplished through a simple written communication, such as an email to the recognized employee organization."

4. **Opponent Arguments:**

A coalition of local public employer organizations, including the California State Association of Counties, the League of California Cities, and the Association of California School Administrators, among others, write:

"When tools become available that assist with specific aspects of public service (like charting in health clinic or monitoring drinking water safety), they are often vetted in partnership with employees with the mutual goals of ensuring staff is empowered to focus on certain aspects of their work and providing more efficient and effective outcomes that benefit the public.

Importantly, local agencies remain subject to the statutory provisions Meyers-Milias-Brown Act (MMBA), which require local agencies to meet and confer with recognized employee organizations regarding changes to employees' wages, hours, or terms and conditions of employment. Existing law provides a robust framework for determining when particular uses of generative artificial intelligence may actually have a significant and adverse effect on the employment relationship, in which case notification (and more) is already required. This bill is therefore both overbroad and unnecessary.

Finally, local agencies are subject to last year's AB 339 (Chapter 687, Statutes of 2025), which requires additional notice to recognized employee organizations regarding a range of local agency contracting activities, even when those activities do not rise to the level of triggering meet-and-confer obligations under the MMBA's usual standards. This additional notification requirement has been incredibly burdensome for local agencies and has required a significant amount of time, legal resources, and training to implement. The further unworkable notification provisions in this bill would exacerbate these concerns and represent another state mandate for which the state may be obligated to provide reimbursement under Article XIII B of the California Constitution.

It is also important to note the myriad other legislative measures that seek to limit the use of artificial intelligence in the public sector in multiple forms. Regardless of the benefit of any new technologies and regardless of any obligation to take such action in a public meeting, local agencies would be seriously hindered in adopting such tools under these proposals. To be sure, if some of those measures are approved by the Legislature, there will be no notification necessary as many of them would effectively impose bans on the use of most AI tools. AB 2656 appears to be a solution without a clearly identified problem. As a result, we must oppose the bill unless it is amended to provide clarity and specificity as to when notification is to be provided."

5. Double Referral:

This bill has been double referred and if approved by this Committee today, will be sent to Senate Privacy, Digital Technologies, and Consumer Protection Committee for a hearing.

6. Prior/Related Legislation:

AB 1883 (Bryan, 2026) would prohibit an employer from using certain types of workplace surveillance tools or using workplace surveillance tools to violate or prevent compliance with laws, or infer information about a worker's legally-protected status or activities. Provides for a civil penalty, enforcement by the LC or a public prosecutor, and a private right of action. *AB 1883 is pending referral in the Senate.*

AB 1898 (Schultz, 2026) would, among other things, require an employer to provide a written notice to an employee that a workplace AI tool, as defined, was used to assist the employer in making employment-related decisions or to surveil workers in the workplace. *AB 1898 was held under submission in the Assembly Appropriations Committee.*

AB 1979 (Bonta, 2026) subjects businesses offering "healthcare chatbots" to the California Medical Information Act (CMIA) and imposes guardrails around the use of automated decision systems (ADS) and other generative AI (GenAI) models in clinical decisionmaking. *AB 1979 is pending before the Senate Privacy, Digital Technologies & Consumer Protection Committee.*

AB 2027 (Ward, 2026) would, among other things, prohibit an employer from using a worker's personal information, as defined, to train an AI system to replicate, automate, ore place a worker's job, as specified. *AB 2027 was held under submission in the Assembly Appropriations Committee.*

AB 2148 (Muratsuchi, 2026), in previous versions, attempted to prohibit a certificated or classified employee of a local educational agency or an academic or classified employee of a segment of public postsecondary education from being dismissed, suspended, disciplined, reassigned, transferred, or otherwise retaliated against (A) for refusing to use, refusing to deploy, or refusing to direct students to, any form of educational technology, or (B) based on any information on that employee that is transmitted, acquired, collected, or produced via AI or ADS output. These provisions have since been removed and what remains is a bill that clarifies that, for purposes of the Education Code, public school employees and contractors performing services in public schools must be natural persons, thereby affirming that interactions between students and school personnel are to be conducted by human beings rather than artificial intelligence (AI) systems. *AB 2148 is pending on the Senate Floor.*

AB 2545 (Schiavo, 2026) would create the California Artificial Intelligence Worker Impact Data Assessment Project within the Employment Development Department to, among other things, establish an advisory panel consisting of labor, technology experts and employers, as specified, to study and report to the Legislature on the existing data collection systems and gaps in data collection related to the use and impact of advanced artificial intelligence systems on the labor force, as specified. *AB 2545 is pending before this Committee.*

SB 947 (McNerney, 2026) would, among other things, 1) prohibit an employer from using an ADS that does certain functions and would limit the purposes and manner in which an ADS

may be used to make disciplinary, termination, or deactivation decisions; 2) require an employer to provide a written postuse notice when an employer has used an ADS, as specified; 3) include worker anti-retaliation provisions for exercising these rights; and 4) specify enforcement provisions including specified penalties and relief for violations. *SB 947 is pending in the Assembly Privacy & Consumer Protection Committee.*

SB 951 (Reyes, 2026) would, among other things, establish the California Worker Technological Displacement Act requiring a covered employer to provide at least a 60-day advanced written notice before any technological displacement or termination of contract affecting 25 or more workers during any 30-day period. less. *SB 947 is pending in the Assembly Privacy & Consumer Protection Committee.*

SB 1248 (Cabaldon, 2026) would, among other things, impose certain restrictions on the use of an ADS by a state agency to confer services including the issuance of professional licenses and provision of public benefits. *SB 1248 was held under submission in the Senate Appropriations Committee.*

AB 339 (Ortega, Chapter 687, Statutes of 2025) requires public agencies regulated by the Meyers-Milias-Brown Act (MMBA) to give a recognized employee organization no less than 45 days' written notice regarding contracts to perform services that are within the scope of work of job classifications represented by the REO, among other provisions.

Several other bills in 2025 addressed related AI issues including: SB 7 (McNerney, Vetoed), 238 (Smallwood-Cuevas), SB 503 (Weber Pierson), AB 1018 (Bauer-Kahan), AB 1221 (Bryan), AB 1331 (Elhawary)

SB 896 (Dodd, Chapter 928, Statutes of 2024) codified several provisions of EO N-12-23.

SUPPORT

Peace Officers Research Association of California

OPPOSITION

Association of California School Administrators
California Association of Recreation & Park Districts
California Special Districts Association
California State Association of Counties
City of Orinda
El Dorado Irrigation District
League of California Cities
Public Risk Innovation, Solutions, and Management (PRISM)
Rural County Representatives of California
Urban Counties of California

-- END --

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

Bill No:	AB 2780	**Hearing Date:**	June 17, 2026
Author:	Committee on Public Employment and Retirement		
Version:	April 20, 2026		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Glenn Miles		

SUBJECT: Public employees' retirement.

KEY ISSUE

This bill is the annual public employment and retirement housekeeping bill that makes various minor, technical, and conforming changes to provisions of the Education Code and Government Code governing the California State Teachers' Retirement System (CalSTRS), the California Public Employees' Retirement System (CalPERS), the California Department of Human Resources (CalHR), and the County Employees Retirement Law (CERL).

ANALYSIS

Existing law: establishes the following public retirement system segments: CalSTRS, which provides a defined benefit pension plan, a defined benefit supplement program, and a cash balance benefit program to certificated school employees. (Education Code §26000 et seq.); CalPERS, which provides a defined benefit pension to state employees, classified school employees, and employees of contracting public agencies. (Government Code § 20000 et seq.); and the twenty separate County Employees Retirement Law (CERL) county retirement systems represented by the State Association of County Retirement Systems (SACRS) (Government Code §31450 et seq.).

This bill:

1) Makes technical, non-substantive, or non-controversial amendments to provisions of the Education Code related to CalSTRS, including:

   a) Conforms the definition of "retired member activities" in the CalSTRS Cash Balance (CB) plan to the CalSTRS Defined Benefit (DB) plan's definition by deleting obsolete references to creditable service activities and instead referencing service subject to CalSTRS membership. (Education Code (EC) §§ 22164.5 and 26135.7)

   b) Clarifies that, for purposes of crediting unused sick leave as service credit, one day of unused sick leave is equivalent to the number of hours of creditable service performed in a day in that position on a full-time basis but no less than six hours. (EC § 22170.5)

   c) Clarifies the board's responsibility to minimize the risk of loss and to maximize the rate of return by conforming statutory language to controlling constitutional language. (EC § 22250)

d) Standardizes the timeframe for employers to notify employees of their CalSTRS eligibility and provide them with membership election forms to 10 working days within their date of hire. (EC §§ 22455.5 and 26300)

e) Clarifies that specified service retirement incentives do not apply to a service retirement benefit provided during the evaluation of a disability application unless and until the disability application is denied, thereby avoiding the necessity to reclaim overpayments if the disability retirement is approved. (EC § 24201.5)

f) Designates SB 327 (Laird, Chapter 708, Statutes of 2023)'s operative date as January 1, 2026, pursuant to the bill's provisions requiring that a member's service retirement effective date can be no more than 270 calendar days before CalSTRS receives their retirement application. (EC §§ 24201.5 and 24204)

g) Specifies that the Service Retirement Application and Service Retirement Application Change Request forms must be received by the system within 30 days of the member's signature date and the spouse's or registered domestic partner's signature date, if applicable, to be considered valid. (EC § 24204)

h) Allows members who service retire and elect to receive their Defined Benefit Supplement (DBS) benefit as an annuity to change that annuity to a lump sum at any time after retirement as long as there is a balance of credits available to distribute. (EC §§ 24204 and 25009)

i) Clarifies that if a member elects a beneficiary option when re-retiring after reinstatement, the entire subsequent service retirement benefit is modified by the appropriate option factor to actuarially offset costs. (EC §§ 24209, 24209.3 and 24210)

j) Clarifies that an additional earnings credit (AEC) is applied to all DBS and CB accounts that have a balance as of June 30, regardless of whether the account balance is transferred to the Annuitant Reserve after June 30. (EC §§ 25006 and 26606)

k) Conforms the CB Benefit Program's definition of "service" to the DB Program's definition of service as amended by AB 1997 and makes conforming changes operative July 1, 2027. (EC §§ 26004, 26113, 26139 and 26139.5)

2) Makes technical, non-substantive, or non-controversial amendments to clarify specified portions of the Government Code related to CalPERS, including:

a) Adds service in the California Council on Science and Technology fellows program to the list of service organizations including the Peace Corps, AmeriCorps VISTA (Volunteers In Service To America), and AmeriCorps for which a CalPERS member may purchase up to three years of service credit. (Government Code § 21023.5)

b) Amends the Public Employees' Retirement Law by updating various job classifications to be consistent with CalHR's ongoing efforts to update, eliminate, or consolidate various classifications. (Government Code §§ 20405 et seq.)

3) Makes technical, non-substantive, non-controversial amendments to clarify specified portions of the Government Code related to the County Employees Retirement Law including:

a) Conforms CERL system board elections to similar laws applicable to CalPERS and CalSTRS board elections, clarifies "active member" means a member in county service, and makes related conforming changes. (Government Code §§ 31520 et seq.)

b) Conforms the CERL statute of limitations for recovery of overpayments relating to fraud or erroneous payments of death benefits, to the 10-year period applicable to CalPERS and the Los Angeles County Employees Retirement Association (LACERA). (Government Code §§c31540.5)

c) Replaces obsolete references to "earnable compensation" with the contemporary term "compensation earnable" and makes conforming changes. (Government Code §§ 31621.7, 31622, 31639.3, 31641, 31641.2, 31641.6, 31641.20, and Section 31641.21)

d) Clarifies that a CERL member who has reciprocity with one or more other systems, only receives one burial allowance, and only from the last system in which they are a member. (Government Code § 31789.6)

e) Clarifies that retiring "concurrently" from two or more retirement systems means retiring on the same date or on different dates, not to exceed a difference of 30 calendar days, provided that the member does not perform service subject to coverage under the other system between the two retirement dates. (Government Code § 31835.02)

COMMENTS

1. Need for this bill?

According to the author:

"Each year, the various public employee retirement system segments may propose minor, technical, clarifying, or conforming changes to the various laws within their respective administrative jurisdictions to support and continue the efficient and effective administration of those laws. This bill represents those ongoing efforts."

2. Proponent Arguments

According to California State Teachers' Retirement System (CalSTRS):

"This measure contains the annual provisions that make various minor, technical and conforming changes to the Teachers' Retirement Law for the California State Teachers' Retirement System (CalSTRS), alongside minor, technical and conforming changes in the County Employees Retirement Law.

"This bill is necessary to permit continued effective administration of CalSTRS. Any administrative costs associated with these provisions are minor and absorbable, and there are no program costs resulting from them."

According to the State Association of California Retirement Systems (SACRS):

"This bill is necessary to make various technical, conforming, and minor changes to the Education and Government codes necessary for the efficient administration of the state's public retirement systems. Specifically, this measure includes SACRS-sponsored provisions to clarify and improve administration within County Employees Retirement Law (CERL) systems. These changes include clarifying that deferred members are not eligible to vote in or run for active member Miscellaneous and Safety trustee elections; establishing a 10-year statute of limitations for the recovery of overpayments due to fraudulent death benefit reporting; codifying that only the final system is responsible for payment of a lump-sum burial allowance for reciprocal members; and defining "concurrent retirement" to allow reciprocal members to retire within 30 days of one another without overlapping service. Collectively, these provisions promote consistency, reduce administrative ambiguity, and strengthen program integrity across CERL systems."

According to the Los Angeles County Employees Retirement Association (LACERA):

"These provisions are precisely the kind of clarifying and conforming changes that provide efficient and effective administration of CERL for LACERA and our fellow systems, consistent with our Board's legislative policy of supporting technical and clarifying updates."

3. **Opponent Arguments:**

None received.

4. **Prior Legislation:**

SB 853 (Committee on Labor, Public Employment and Retirement), Chapter 239, Statutes of 2025, made technical, conforming, clarifying, and noncontroversial changes to TRL, CERL, and PERL, for purposes of continued efficient and effective administration by the respective public employee retirement systems.

AB 2770 (Committee on Public Employment and Retirement), Chapter 117, Statutes of 2024, made technical, conforming, clarifying, and noncontroversial changes to TRL, CERL, and PERL, for purposes of continued efficient and effective administration by the respective public employee retirement systems.

AB 1997 (McKinnor), Chapter 690, Statutes of 2024, addressed compensation reporting challenges and other concerns encountered by employers, members and CalSTRS staff by simplifying sections of the Teachers' Retirement Law relating to creditable compensation and creditable service.

SB 885 (Committee on Labor, Public Employment and Retirement), Chapter 885, Statutes of 2023, made technical, conforming, clarifying, and noncontroversial changes to TRL, CERL, and PERL, for purposes of continued efficient and effective administration by the respective public employee retirement systems.

SB 327 (Laird), Chapter 708, Statutes of 2023, required a member's service retirement effective date to be no earlier than 270 calendar days prior to when CalSTRS receives their application.

SUPPORT

California State Teachers' Retirement System (Co-sponsor)
State Association of County Retirement Systems (Co-Sponsor)
Los Angeles County Employees Retirement Association

OPPOSITION

None received

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