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# SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair  
2023 - 2024 Regular Session

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## **SB 640 (Portantino) - California State University: food service contracts and hotel development projects**

**Version:** February 16, 2023

**Urgency:** No

**Hearing Date:** May 1, 2023

**Policy Vote:** ED. 4 - 2, L., P.E. & R. 4 - 1

**Mandate:** No

**Consultant:** Lenin Del Castillo

**Bill Summary:** This bill prohibits the California State University (CSU) from entering into a food service contract or undertaking a hotel development project unless the food service employer or hotel employer is party to a labor peace agreement with a labor organization.

**Fiscal Impact:** This bill could result in indeterminate costs to the CSU. To the extent that it creates an increase in union membership by food service and hotel development employees, the bill could result in increased labor costs at the CSU. This could then lead to cost increases by the food service providers which could, in turn, be passed along to students in the form of higher food prices or more expensive meal plans.

**Background:** Existing law authorizes the Trustees of the CSU to enter into agreements for the performance of acts or for the furnishing of services, facilities, materials, goods, supplies, or equipment under certain conditions. It also requires the Trustees to prescribe policies and procedures for the acquisition of services, facilities, materials, goods, supplies, or equipment, subject to specified criteria.

A labor peace agreement is a contract between an employer and a union, in which the employer agrees to be neutral during a union organizing campaign and not interfere with union organizing. The union agrees not to engage in picketing, work stoppages, boycotts, and any other economic interference with the employer. According to the CSU, most campuses contract their food service and hospitality programs to service management companies, whereas other campuses provide these services to students and staff "in-house". It has become increasingly common for self-operating campuses to engage in hospitality assessments to determine whether their food service programs are efficient enough to maintain profitability, particularly as student housing needs expand. In-house providers typically employ CSU workers and students. For campuses that contract out, the three food service management companies being used are Chartwells Higher Education, Aramark, and Sodexo.

**Proposed Law:** This bill requires the CSU Trustees to make it a condition precedent to entering into each food service contract and to the Trustees' participation in a hotel development project, and an ongoing material requirement of that contract or participation, that the person contracting with the Trustees and each food service employer or hotel employer be party to a labor peace agreement with any labor organization that represents or seeks to represent food service employees performing work under the food service contract or hotel employees at the hotel development project.

This bill defines “food service contract” to mean a contract with the Trustees or the CSU for a cafeteria or food and beverage outlet on or serving a CSU campus, and “food service employer” to mean a person who employs employees performing work at a food service venue under a food service contract.

This bill defines “labor organization” to mean any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and that exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. It also defines “labor peace agreement” to mean a written agreement with a labor organization that contains, at a minimum, a provision prohibiting the labor organization and its members from engaging in any picketing, work stoppage, boycott, or other economic interference with food service or hotel operations in which the Trustees have a proprietary interest. This bill includes other definitions, as specified, including hotel development project and proprietary interest.

This bill specifies that any food service contract or hotel development project in which the CSU or an auxiliary organization has a proprietary interest and that is performed pursuant to a contract entered into or awarded by an auxiliary organization is subject to its requirements.

**Staff Comments:** This bill applies to all “food service contracts”, defined to mean a contract with the Trustees of the CSU for a cafeteria or food and beverage outlet on or serving a CSU campus, and “food service employers” defined to mean a person who employs employees performing work at a food service venue under a food service contract. This bill would require each food service employer (either a CSU campus, its auxiliary, or the entity it contracts with for food service) or hotel employer be party to a labor peace agreement with a labor union. At a minimum, this would prohibit the labor organization and its members from engaging in any picketing, work stoppage, boycott, or other economic interference with food service or hotel operations in which the trustees have a proprietary interest.

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