Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON PUBLIC EMPLOYMENT AND RETIREMENT
Tina S. McKinnor, Chair
AB 1729 (Lee) – As Introduced February 5, 2026

SUBJECT: State employment: telework programs

SUMMARY: Makes changes to existing law relating to the State Employee Telecommuting Program. Specifically, **this bill:**

1) Amends the existing codified legislative findings and declarations by adding that telework schedules could reduce state-owned and leased office space by approximately 40 percent according to the Department of General Services (DGS), which the California State Auditor (State Auditor) estimates could generate annual costs savings of as much as $225 million. In addition, amends legislative intent to encourage state agencies to adopt policies that encourage teleworking by state employees to ensure cost-effective and efficient delivery of services to taxpayers.

2) Renames the "State Employee Telecommuting Program" to be the "State of California Flexible Telework Policy to Ensure Cost-Effective and Efficient Government Act," and changes the term "telecommuting" to read "telework" or "teleworking," where appropriate.

3) Amends the existing policy to require each state agency to develop and implement a telework plan as part of its teleworking program in work areas where such teleworking is identified as being both practical and beneficial to the organization.

4) Removes provisions providing discretionary authority granted to agencies that participated in experimental studies, as provided, to continue to expand telecommuting programs in accordance with this policy, procedures, and guidelines developed by the DGS in conjunction with participating agencies, as well as provisions applicable to agencies that did not participate.

5) Requires a state agency to provide a detailed, written justification to the DGS and the agency's employees where the agency's unique operations needs and programmatic mission require employees to report to a workplace, but excludes the California Highway Patrol (CHP), Department of Forestry and Fire Protection (CAL FIRE), and the Department of Corrections and Rehabilitation (CDCR) from this requirement.

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

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

8) Includes an urgency clause for the immediate preservation of public peace, health, or safety for immediate effect, as well as facts constituting the necessity, as provided.

EXISTING LAW:

1) Requires every state agency to develop and implement a telecommuting plan as part of its telecommuting program in work areas where telecommuting is identified as being both practical and beneficial to the organization. (Section 14201, Gov. Code.)

2) Requires the DGS to establish a unit to oversee telecommuting programs that must, among other things, develop and update policy, procedures, and guidelines to assist agencies in the planning and implementation of such programs. (Section 14202, Gov. Code.)

3) Requires each state agency evaluate its telecommuting program, and the DGS to establish criteria for evaluating the state's telecommuting program and recommend modifications, if necessary. (Section 14203, Gov. Code.)

4) Governs collective bargaining in the private sector under the federal National Labor Relations Act (NLRA) but leaves to the states the regulation of collective bargaining in their respective public sectors. (Sections 151 *et seq.*, Title 29, United States Code.) While the NLRA and the decisions of its National Labor Relations Board (NLRB) often provide persuasive precedent in interpreting state collective bargaining law, public employees generally have no collective bargaining rights absent specific statutory authority establishing those rights.

5) Provides several statutory frameworks under California law to provide public employees collective bargaining rights, govern public employer-employee relations, and limit labor strife and economic disruption in the public sector through a reasonable method of resolving disputes regarding wages, hours and other terms and conditions of employment between public employers and recognized public employee organizations or their exclusive representatives. These include the Ralph C. Dills Act ("Dills Act") that provides collective bargaining for certain state employees of the executive branch and establishes a process for determining wages, hours, and other terms and conditions of employment for represented employees. (Sections 3512 et seq., Gov. Code.)

6) Requires the Governor and the recognized state employee organizations to meet and confer in good faith regarding wages, hours, and other terms and conditions of employment and, if they reach an agreement, to jointly prepare a written memorandum of understanding (MOU), which the Governor shall present, when appropriate, to the Legislature for determination. (Sections 3517 et seq., Gov. Code.)

7) Establishes the Public Employment Relations Board (PERB) – a quasi-judicial administrative agency charged with administering the several statutory frameworks governing employer-employee relations, resolving disputes, and enforcing the statutory duties and rights of public agency employers, employees, and employee organizations, but provides the City and County of Los Angeles a local alternative to PERB oversight. (Sections 3541 et seq., Government (Gov.) Code.)

8) Establishes, pursuant to Section 1 of Article VII of the Constitution of California, that the civil service includes every officer and employee of the state, except as otherwise provided.

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

10) Establishes the State Civil Service Act to facilitate the operation of the Constitution's merit principle for the state civil service, and requires that state employment be based on the merit principle; appointments are based upon merit and fitness ascertained through practical and competitive examination; tenure of civil service employment is subject to good behavior, and among other provisions, applicants and employees are treated in an equitable manner without regard to political affiliation, race, color, sex, religious creed, national origin, ancestry, marital status, age, sexual orientation, disability, political or religious opinions or non-job related factors. (Section 18500, Gov. Code.)

11) Establishes, pursuant to Section 3, art. VII, Cal. Const., the State Personnel Board (SPB) which must enforce civil service statutes, and by majority vote of all its members, prescribe probationary periods and classifications, adopt other rules authorized by statute, and review disciplinary actions. In addition, the Executive Officer of the SPB is required to administer civil service statutes under the rules of the SPB.

12) Establishes the Department of Human Resources (CalHR), which succeeds to and is vested with the powers and duties of the former Department of Personnel Administration, to operate the state civil service system pursuant to Article VII of the California Constitution, applicable sections of the Gov. Code, the merit principle, and applicable rules adopted by the SPB. (Section 18502(a), Gov. Code.)

13) Requires the SPB to prescribe rules consistent with a merit based civil service system to govern appointments classifications, examinations, probationary periods, disciplinary actions, and other matters related to the SPB's authority under Article VII of the California Constitution. Also authorizes the SPB to conduct audits and investigations of the personnel practices of the CalHR and appointing authorities to ensure compliance with civil service policies, procedures, and statutes, and to post notices of proposed changes to regulations for public comment. (Section 18502(b), Gov. Code.)

FISCAL EFFECT: Unknown. This bill is flagged as fiscal by Legislative Counsel.

COMMENTS:

Among other things, information provided by the author states, "[c]urrent state telecommuting law has not been updated in approximately 30 years, and does not reflect current telecommunication technology or work environments. 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.

The COVID-19 Global Health Pandemic and Telecommuting

While the state's telecommuting policy has existed and not been updated for decades, its broad use became a staple at the outset of, and during, the COVID-19 global health pandemic. To ensure the health, welfare, and safety of the public as well as numerous state employees, its broad implementation was a critical necessity to safeguard those interests while also ensuring the continuity of public service provision.

After the pandemic was largely deemed to have subsided or over, state employees were able to continue telecommuting and, in many instances, perform their duties via a hybrid form of work, i.e., a combination of telecommuting and in-person days in the office, which was continued and relatively become normalized.

Return to Office Letter to California Agency Leaders

In April 2024, the Governor's Office issued a letter to Cabinet Secretaries directing all state agencies and departments to "…implement a hybrid telework policy with the expectation of at least two in-person days pers week, with case-by-case exceptions to be considered…."[1] Less than one year later, this was followed by the Governor's Executive Order that mandated an increase in the number of days per week that state employees must be in the office.[2]

The Governor's Executive Order

Although telecommuting was largely successful on multiple fronts, including supporting goals previously espoused or proclaimed as state goals by the Governor (e.g., address traffic congestion/reduce emissions, make government more effective through efficiency, generate taxpayer savings, etc.), on March 3, 2025, the Governor announced that state employees must return to office in person four days per week, effective July 1, 2025. The Executive Order resulted in substantial confusion and concern to many state employees as tit appeared to contradict various goals previously espoused or proclaimed by the Governor. Many state employees questioned the rationale for, and prudence of, the departure, including where the state has reduced its real estate occupancy footprint, which raised additional concerns and questions as to where state employees were supposed to return when insufficient office space exists to meet the change.[3]

On March 4, 2025, after an unfair practice charge filed with the PERB by an employee organization representing state employees against the Governor, the PERB's Office of General Counsel opined that the Governor's directive may have violated the Dills Act as it appeared the Administration "…failed and refused to meet and confer in good faith…," which denied the employee organization its right to represent its members. Subsequently, the Governor delayed the order for one year.

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[1] Return to Office Letter to California Agency Leaders, from the Office of the Governor, April 10, 2024.
[2] Executive Order N-22-25. Visit: https:// www.gov.ca.gov/wp-content/uploads/2025/03/RTO-EO-3.3.25_-GGN-signed.pdf. Also see " *"Gavin Newsom orders California state workers back to offices in person four days a week."* Sacramento Bee, March 4, 2025.
[3] *"CA departments lacked thousands of workstations before RTO order, documents show."* Sacramento Bee, January 6, 2026.

Given and following the uncertainty and concerns raised by state employees and various public officials, the Joint Legislative Audit Committee subsequently directed the State Auditor to review the matter, discussed further below.

Collective Bargaining Under the Dills Act and Relation to Telecommuting

As previously enumerated, the Dills Act provides for its primary purposes and objectives.[4]

In the public sector, the core mechanics of collective bargaining are twofold: (i) Each party must give up something to receive something in return to, (ii) achieve the manifestation of the art of compromise represented by a written and signed agreement that is formally executed as a MOU. Achieving the agreement, i.e., contract, is identical to the common law principles of the formation of a contract, i.e., offer, acceptance, and exchange of consideration. However, to achieve an agreement assumes that the collective bargaining process and negotiation strategy or tactics used by both the employer and employee organization are in good faith and not to reach an impasse, nor the employer driving negotiations in a manner ultimately to be able to unilaterally implement (also commonly referred to by employee organizations as "impose") what might be considered by the employee organization as an unfair or objectionable contract.

What is "good faith"? "The phrase "good faith" is used in a variety of contexts, and its meaning varies somewhat with the context. Good faith performance or enforcement of a contract emphasizes faithfulness to an agreed common purpose and consistency with the justified expectations of the other party; it excludes a variety of types of conduct characterized as involving "bad faith" because they violate community standards of decency, fairness, and reasonableness. The appropriate remedy for a breach of the duty of good faith also varies with the circumstances."[5] "[G]ood faith is an elusive idea, taking on different meanings and emphases as we move from one context to another – whether the particular context is supplied by the type of legal system (e.g., common law, civilian, or hybrid), the type of contract (e.g., commercial or consumer), or the nature of the subject matter of the contract (e.g., insurance, employment, sale of goods, financial services, and so on)."[6] Generally, "good faith" means a state of mind consisting in: i) honesty in belief or purpose, ii) faithfulness to one's duty or obligation, iii) observance of reasonable commercial standards of fair dealing in a given trade or business, or iv) absence of intent to defraud or to seek unconscionable advantage.

What is "bad faith"? A complete catalogue of types of bad faith is impossible, but the following are among those which have been recognized in judicial decisions: evasion of the spirit of the bargain, lack of diligence and slacking off, willful rendering of imperfect performance, abuse of a power to specify terms, and interference with or failure to cooperate in the other party's performance."[7] Generally, "bad faith" means the opposite of good faith. That is, dishonesty of belief, purpose, or motive.

The mandatory subjects of collective bargaining under the Dills Act's scope of representation covers "wages, hours, and other terms and conditions of employment," and excludes certain matters. (Section 3516, Gov. Code.)

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[4] Ref. "Existing Law," No. "5)."
[5] Section 205, Restatement (Second) of Contracts, cmt. a (1979).
[6] "Good Faith in Contract," in *Good Faith in Contract: Concept and Context* 1, 3. Roger Brownsword, et al. (Roger Brownsword, ed., 1999).
[7] Section 205, Restatement (Second) of Contracts, cmt. d (1979).

The subject of "wages" under the scope is relatively self-explanatory. Generally, this refers to pay, salary, wages, compensation, or remuneration for official work performed by the employee for, or on behalf of, the employer. The subject of "hours" under the scope also is relatively self-explanatory. Generally, this refers to the hours in which an employee works to perform official work for, or on behalf of, the employer. The category of "other terms of conditions of employment" is not as readily self-explanatory. Here, "terms and conditions of employment" acts similarly as a category of "other" when compared to the specific categories of "hours" and "wages." It is not specifically defined, but the PERB has interpreted the Dills Act's scope of representation which has resulted in what is largely a well-settled rule. That is, 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 negotiation is an appropriate means of resolving the conflict." However, decisions that concern "essential managerial prerogatives" are not within the scope of representation under the (Dills) Act." (*California State Employees Assn. v. State of California (Dept. of Transportation)* (1983) PERB Decision No. 361.) Based on the rationale for, and totality of, the Dills Act, including the PERB's administration and enforcement of that statute, since the Governor's issuance and subsequent implementation delay of the Executive Order, a number of state bargaining units have collectively bargained over various matters, including telecommuting.[8]

The State Auditor's Report on State Telework Policies

As directed by the Joint Legislative Audit Committee, the State Auditor conducted an audit of the rationales that informed changes that the DGS, CalHR, and other departments made to their telework policies, as well as reviewed the state's costs for maintaining office space for state employees in various telework or hybrid work arrangements.[9]

Among other things, the State Auditor noted that, "[we] evaluated the evidence the Governor cited to support his return-to-office directive and order and determined that they could have made better use of information about departments' office space needs or the associated costs of those space needs before directing state employees to work an increasing number of days per week in the office." Further, "based on the two-day in-office requirement from the April 2024 directive, it estimated that "in fiscal year 2024-25, 19 selected departments spent almost $117 million on nearly 3.2 million square feet of office space that was often unused in the seven large state-owned office properties [it] reviewed…," and "DGS has not established criteria required by state law that would facilitate departments' evaluations of their telework programs, and departments relied on intangible factors and direction from external entities when changing their telework policies.

Summary of Key Findings:

- The Governor's return-to-office order could have made better use of important information regarding department's needs and costs where, among other things, the Governor's Office could have used available information about the effects of returning state employees to the office when making such mandates.

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[8] *"The Bargaining Process: A Historical Perspective."* CalHR. Visit: https://www.calhr.ca.gov/about-calhr/divisions-programs/labor-relations/bargaining-contracts/

[9] *Report No. 2024-118 State Telework Policies*. California State Auditor, August 12, 2025.

- Telework can generate significant savings for state in office costs, if state employees telework three or more days per week.

- Some of the departments reviewed partially evaluated their telework programs to inform their past return-to-office decisions.

- DGS's oversight of telework policies was effective.

The State Auditor also provided the following recommendations to the Legislature and the Department of General Services (DGS) stating:

> *"If the Legislature would like to achieve some of the potential savings that we have identified in our assessment of the use of office space under teleworking conditions, it should amend state law to require departments to identify positions that can successfully telework three or more days per week and to offer this level of telework to those employees. The law should also require these departments to then reduce their overall office space usage, if prudent, such as by consolidating office space in state-owned buildings and ending leases in commercially owned buildings. To facilitate departments in measuring whether their telework programs benefit the State and its employees, DGS should update the statewide telework policy to provide guidance for departments to follow when evaluating their telework programs' effectiveness in meeting the goals of the statewide telework policy."*

In response to the State Auditor's recommendation to the DGS, the DGS response states:

> "DGS has reviewed the findings, conclusions and recommendation presented in Report No. 2024-118. DGS will take appropriate action to the extent possible to implement the recommendation and collaborate with those departments that have expertise in the areas of performance management measures. As noted in the audit, DGS lacks funding to conduct oversight of telework programs."

This Bill

Although telecommuting is, and more recently has been demonstrated to be, a subject of bargaining under the Dills Act, this bill does not amend that act concerning the collective bargaining of this subject relative to the act's scope or representation, i.e., wages, hours, and other terms and conditions of employment.

In addition, this bill neither specifies, prescribes, offers, or suggests an exacting number of days that state employees must be teleworking or in-person at work. Instead, it proposes to modify the existing law program; includes tracking telework and other benefits derived therefrom for best practice purposes via the telework dashboard towards ensuring efficiency and ongoing taxpayer savings and, importantly, relies on state agencies – with a few specific state agency exceptions – to justify their specific workplace needs based on their unique operational requirements and programmatic missions that are best positioned to make that determination, rather than a single, central unit doing so by fiat in a manner that would be applicable to all without additional or further considerations. As to these, this bill may be viewed as aligned with various findings of the State Auditor and that a "one-sized-fits all approach is counter to state policy and may limit opportunities for significant cost savings."

Author's Statement

"[This bill] empowers and supports our state workers by ensuring transparency about their agency's telework policy. The State Auditor has shown that telework could save upwards of $225 million annually, while significantly reducing carbon emissions. These environmental benefits and cost savings directly benefit the public. As such, [this bill] will pave the way for increased transparency of state agencies' telework policies."

Comments by Supporters

Generally, supporters express that telework has been proven to be beneficial to state government and its workforce by reducing burnout; addressing persistent staffing shortages; allowing disabled employees, including those with chronic health conditions, to perform at a higher level without navigating undue burdens or barriers that have excluded them from equal workforce participation; continuing high quality service provision to the public, and allows for meaningful work-life balance, among various other positive attributes.

They further express that this bill will help the state to remain competitive in recruitment and retention to address vacancies; generate hundreds of millions annually in ongoing budgetary savings that benefit taxpayers; reduce personal expenses associated with transportation; reduce emissions that support the state's goals, and is a practical and transparent framework for modernizing the state's workplace standards.

Comments by Opponents

None on file.

Prior or Related Legislation

Chapter 1209, Statutes of 1994 (Assembly Bill 2672, Cortese) authorized every state agency to incorporate the telecommuting work option as an element of its transportation management programs, which are designed to reduce the number of commute trips by state employees; removed the authorization in Chapter 1389, Statues of 1990 (below) and, instead, required every state agency to review its work operations to determine where in its organization telecommuting can be of practical benefit to the agency, and on or before July 1, 1995, to develop and implement a telecommuting plan, as specified.

Chapter 1389, Statutes of 1990 (Assembly Bill 2963, Klehs) authorized every state agency, board and commission to incorporate the telecommuting work option as an element of its transportation management system. Agencies that participated in specified experimental studies were authorized to continue and expand those programs, and those who did not participate were authorized to comply with policy, procedures, and guidelines developed by the DGS. Also required the DGS to establish an internal unit to oversee agency telecommuting programs and perform specified duties.

REGISTERED SUPPORT / OPPOSITION:

Support

Professional Engineers in California Government *(Sponsor)*
American Federation of State, County and Municipal Employees, AFL-CIO *(Co-Sponsor)*
California Attorneys, Administrative Law Judges and Hearing Officers in State Employment *(Co-Sponsor)*
Association of California State Employees with Disabilities
California Association of Professional Scientists, UAW Local 1115
California Faculty Association
California State Council of Service Employees International Union
Fossil Free California
Service Employees International Union, Local 1000
Statewide Disability Advisory Council
UAW Region 6
10 Individuals

Opposition

None on file.

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