

ASSEMBLY THIRD READING

AB 1729 (Lee)

As Amended May 18, 2026

2/3 vote

SUMMARY

Makes changes to existing law known as the "State Employee Telecommuting Program" by renaming it the "State of California Flexible Telework Policy to Ensure Cost-Effective and Efficient Government Act," among other provisions.

Major Provisions

- 1) Amend the existing codified legislative findings and declarations by adding that telework schedules could reduce state-owned and leased office space by approximately 40% 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, amend 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) Amend 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.
- 3) Remove 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.
- 4) Require 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.
- 5) Add 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.
- 6) Amend 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.
- 7) Include an urgency clause for stated purposes.

COMMENTS

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 per 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 it 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 California Public Employment Relations Board (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.

¹ Return to Office Letter to California Agency Leaders, from the Office of the Governor, April 10, 2024.

² Executive Order N-22-25. Also 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. Visit: <https://www.sacbee.com/news/politics-government/the-state-worker/article301353839.html>

³ "CA departments lacked thousands of workstations before RTO order, documents show." Sacramento Bee, January 6, 2026. Visit: <https://www.sacbee.com/news/politics-government/the-state-worker/article314432697.html>

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.

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.⁴

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:

- 1) 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.
- 2) Telework can generate significant savings for state in office costs, if state employees telework three or more days per week.
- 3) Some of the departments reviewed partially evaluated their telework programs to inform their past return-to-office decisions.
- 4) DGS's oversight of telework policies was effective.

The State Auditor also provided the following recommendations to the Legislature and the 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

⁴ "Report No. 2024-118 State Telework Policies." California State Auditor, August 12, 2025. Visit <https://www.auditor.ca.gov/reports/2024-118/>

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 recommendations 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 mandatory subjects of bargaining, i.e., wages, hours, and other terms and conditions of employment. In addition, this bill neither specifies, prescribes, offers, nor 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, ongoing taxpayer savings and, importantly, relies on state agencies 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 considered as aligned with the various findings in the State Auditor's report, including that a "one-sized-fits all approach is counter to state policy and may limit opportunities for significant cost savings."

Please refer to the policy committee analysis for a full discussion of this bill.

According to the Author

"[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."

Arguments in Support

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.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, this bill would result in the following:

- 1) One-time General Fund costs of \$1.8 million, and \$1.2 million ongoing annually, for the DGS to procure a project contract, hire additional staff to implement and maintain the state telework dashboard, collect and update DGS's own data on its employees as well as coordinate with the approximate 200 departments, boards, and commissions covered under the telework policy, and oversee telework programs established pursuant to this bill and lead the telework advisory group.

According to the DGS, the Legislature provided limited-term funding for the telework unit at DGS to oversee the expansion of telework post-COVID-19 pandemic but that funding was allowed to expire in fiscal year 2024-25 and DGS now has no dedicated resources for these activities, even those required under existing law.

- 2) The DGS estimates approximately \$8.9 million in ongoing annual costs collectively to the approximately 200 other departments, boards, and commission to support an estimated 50 additional staff needed to collect data on employees and report to DGS. It is unclear to the committee whether this bill's requirements are commensurate with this amount of additional staffing at all affected government entities. While the bill places various data collection requirements upon DGS, it does not compel other affected government entities to report information to the DGS.

Any potential cost exposure to DGS or other departments, boards, and commissions from increased data reporting, including establishment of the state telework dashboard, may be offset by savings achieved from maintaining or expanding telework programs.

VOTES

ASM PUBLIC EMPLOYMENT AND RETIREMENT: 6-0-1

YES: McKinnor, Lackey, Boerner, Garcia, Nguyen, Michelle Rodriguez

ABS, ABST OR NV: Alanis

ASM APPROPRIATIONS: 11-0-4

YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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