Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 1729
Author: Lee (D), et al.
Amended: 5/18/26 in Assembly
Vote: 27 - Urgency

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 4-1, 6/17/26
AYES: Smallwood-Cuevas, Cortese, Durazo, Laird
NOES: Strickland

SENATE GOVERNMENTAL ORG. COMMITTEE: 13-0, 6/23/26
AYES: Rubio, Archuleta, Ashby, Blakespear, Cervantes, Dahle, Hurtado, Ochoa Bogh, Padilla, Richardson, Smallwood-Cuevas, Wahab, Weber Pierson
NO VOTE RECORDED: Valladares, Alvarado-Gil

SENATE APPROPRIATIONS COMMITTEE: 5-0, 8/13/26
AYES: Cervantes, Cabaldon, Dahle, Grayson, Richardson
NO VOTE RECORDED: Seyarto, Wahab

ASSEMBLY FLOOR: 67-7, 5/27/26 - See last page for vote

SUBJECT: State employment: telework programs

SOURCE:
Association of California State Supervisors
American Federation of State, County and Municipal Employees
California Association of Professional Scientists
California Attorneys Administrative Law Judges and Hearing Officers in State Employment
Professional Engineers in California Government
Service Employees International Union, California
Service Employees International Union, Local 1000

DIGEST: 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% 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.

Background

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.

Related/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.

FISCAL EFFECT: Appropriation: No Fiscal Com.:Yes Local:No

According to the Senate Appropriations Committee:

"Current law requires state agencies to develop and implement telecommuting programs where telework is practical and beneficial, and requires the Department of General Services (DGS) to oversee statewide telework policies. Although these statutes date back to the 1990s, they have not been substantially updated despite the widespread expansion of telework during and after the COVID-19 pandemic.

Following the pandemic, many state employees continued working under hybrid telework schedules. In April 2024, Governor Newsom directed most state agencies to require employees to work in the office at least two days per week. In March 2025, the Governor issued Executive Order N-22-25 increasing the in-office requirement to four days per week. The order prompted collective bargaining disputes, an unfair practice charge before the Public Employment Relations Board, and a subsequent one-year delay in implementation. In response, the Joint Legislative Audit Committee directed the State Auditor to review the state's telework policies and return-to-office decisions.

In August 2025, the State Auditor concluded that the Administration could have made better use of available information on departmental operational needs, office space utilization, and costs before expanding return-to-office requirements. The audit found that 19 departments spent approximately $117 million in 2024-25 to maintain underutilized office space under the two-day-per-week policy and estimated statewide savings from broader telework could reach approximately $225 million. The Auditor also found that DGS had not established the telework evaluation criteria required by existing law, limiting departments' ability to assess the effectiveness and fiscal impacts of their telework programs."

SUPPORT: (Verified 8/12/26)

Association of California State Supervisors (co-source)
American Federation of State, County and Municipal Employees (co-source)
California Association of Professional Scientists, UAW Local 1115 (co-source)
California Attorneys Administrative Law Judges and Hearing Officers in State Employment (co-source)
Professional Engineers in California Government (co-source)
Service Employees International Union, California (co-source)
Service Employees International Union, Local 1000 (co-source)
Association of California State Employees With Disabilities
California Faculty Association
California Federation of Labor Unions
City of Sacramento
Engineers & Architects Association
Statewide Disability Advisory Council
UAW Region 6
Worklife Law

OPPOSITION: (Verified 8/12/26)

Downtown Sacramento Partnership

ARGUMENTS IN SUPPORT: 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."

ARGUMENTS IN OPPOSITION:

According to the Downtown Sacramento Partnership: "At a time when state and local governments face persistent structural budget challenges, AB 1729 undermines taxpayer investments, weakens California's most productive economic centers, and erodes the tax base that funds essential public services.

State agencies serve as anchor institutions in employment centers throughout California. In Sacramento, they occupy more than 60% of the downtown office market, according to Department of General Services (DGS) and CoStar data.i As a result, state workplace policies carry significant economic and fiscal consequences – impacts that AB 1729 largely ignores.

While AB 1729 requires reporting on projected savings within state agencies, it provides no mechanism to evaluate the corresponding fiscal impacts shifted onto local governments and taxpayers. Property tax, sales tax, transit occupancy tax, and related revenues that fund essential public services throughout entire jurisdictions depend on healthy, circular economic activity in high occupancy commercial centers. These fiscal outcomes are closely tied to land use and transportation policies that shape residential and employment patterns, infrastructure utilization, and regional mobility.

Policies that encourage permanent or predominantly remote work diminish the value of employment centers, weakening the economic clustering that drives commercial investment, business activity, and local tax generation. State telework policies reduce Sacramento's economic activity by more than $218.5 million annually, according to an estimate in a 2023 report by Varshey & Associates.ii Moreover, downtown Sacramento commercial office values have declined by $800 million since 2020.iii Those effects ultimately weaken the tax base local governments rely upon to fund police, fire, parks, education, infrastructure, and other essential services. These indicators demonstrate why evaluating only state-level office savings provides an incomplete fiscal picture."

ASSEMBLY FLOOR: 67-7, 5/27/26
AYES: Addis, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NOES: DeMaio, Dixon, Gallagher, Macedo, Petrie-Norris, Blanca Rubio, Sanchez
NO VOTE RECORDED: Aguiar-Curry, Castillo, Ellis, Johnson, Celeste Rodriguez, Ta

Prepared by: Glenn Miles / L., P.E. & R. / (916) 651-1556
8/14/26 11:25:00

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