SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2367 (Kalra) - State employment: reporting: health facilities

Version: March 19, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: L., P.E. & R. 5 - 0
Mandate: No
Consultant: Robert Ingenito

Bill Summary: AB 2367 would require the Department of Corrections and Rehabilitation (CDCR), the State Department of Developmental Services (DDS), the Department of Veterans Affairs (CalVet), and the State Department of State Hospitals (DSH) to provide, on a quarterly basis, specified staffing information for all their state-run health facilities.

Fiscal Impact:

- CDCR estimates that the bill would result in annual costs in the low millions of dollars for additional staffing and workload to collect, compile, coordinate, and report quarterly facility-level data on vacancies, overtime, registry staffing, and staffing shortfalls. It is unclear whether the reporting requirements apply only to health care staff or also include custody staff assigned to health care settings. To the extent custody staff are included, workload and costs could increase. CDCR also notes that requests for this information can be addressed through the collective bargaining process.

- DDS would incur first-year costs of $542,000 ($434,000 General Fund) in 2025-26, and $1.1 million annually thereafter ($867,000 General Fund), to implement the provisions of the bill. DDS indicates that the required data are currently maintained across multiple systems, including manual and paper-based processes with limited system integration. Although the department periodically reviews this information for operational purposes, the bill's detailed quarterly reporting requirements would create significant new workload that cannot be absorbed within existing resources. DDS estimates it would require 5.5 additional positions to collect, aggregate, and prepare the required facility-level reports.

- CalVet indicates one-time implementation costs of approximately $6.8 million to develop, implement, and deploy a new information technology system capable of collecting, integrating, validating, and reporting workforce data from multiple systems, generating the required quarterly reports, and publishing the information on the department's website. Ongoing annual costs are estimated at approximately $3.6 million for system maintenance, software licensing, hosting, technical support, and information technology staff, plus an additional $120,000 to $250,000 annually for analyst positions at the Veterans Homes to support ongoing data collection, validation, compliance, analysis, and quarterly reporting.

- The bill would result in ongoing General Fund costs of $3.7 million (General Fund) annually for DSH to hire 25 additional positions to collect, manage, analyze, and report the data required by the bill. Although DSH currently collects much of the required information for certain clinical and nursing classifications, it does not track comparable data for many other employee classifications. DSH indicates the bill could require tracking data for approximately 400 classifications and nearly 13,000 employees across its state hospitals, including food service, police, general services, and plant operations staff. Because much of the existing data collection is manual and occurs independently at each hospital, DSH states it would need to establish dedicated reporting units at each facility, along with centralized analytical and information technology support, to comply with the bill's quarterly reporting requirements.

Background: Existing law limits the use of personal services contracts to specified circumstances, including when they achieve cost savings under strict statutory criteria or when services cannot reasonably be performed by state employees. Agencies must notify affected employee organizations before executing a contract, and the SPB may review disputed contracts for compliance with these requirements. Contracts subject to SPB review may not take effect until approved. These provisions are intended to limit the state's reliance on contractors and ensure that work is performed by civil service employees whenever appropriate.

In December 2025, the State Auditor examined staffing practices at the Department of State Hospitals–Atascadero, Porterville Developmental Center, and Salinas Valley State Prison. The audit found that all three facilities faced persistent recruitment challenges (including difficult working conditions, shortages of qualified health care professionals, and competition from other employers) which contributed to increasing vacancy rates in medical and mental health classifications. Although the facilities primarily relied on state employees, they increasingly used contract workers to maintain required staffing levels. The Auditor found that contract workers generally cost more per hour than comparable state employees, even after accounting for salary, benefits, and overhead, while also tending to have shorter tenures.

The audit also found that the departments accumulated significant vacancy savings from unfilled positions—$247 million at Atascadero, $188 million at Salinas Valley, and $157 million at Porterville over the six-year audit period—but were unable to explain how those savings were used. In addition, the departments lacked formal systems to monitor and publicly report compliance with required staffing levels, limiting oversight and transparency. Among other recommendations, the Auditor recommended requiring DSH, DDS, and CDCR to establish systems to track and publicly report staffing by shift, distinguish between state employees and contract workers, identify staffing shortages, and explain instances in which minimum staffing requirements were not met.

Proposed Law: This bill would do the following:

- Require CDCR, DDS, CalVet, and DSH to provide, on a quarterly basis, the following information, by facility, of their state-run health facilities:

  - Vacancy data that includes the following information: classification title, classification code, full-time equivalent, total positions filled, and total vacant positions.

  - Overtime data that includes the following information: a monthly breakdown by classification to include voluntary and mandatory overtime, including a.m., p.m., and nocturnal shift hours, and total hours worked.

  - All registry contract data that includes the following information: bill rate and pay rate by classification, monthly total hours worked, and annual amount paid.

  - The number of shifts during which, and the number of staff by which, the facility fell short of its required shift staffing minimums, and an explanation for why it missed those minimums.

- Require the specified information to be provided to the relevant employee representatives and to be made available to the public on a publicly accessible website.

Related Legislation:

- AB 2223 (Lowenthal) would require CDCR to disclose specified information for each new contract or contract renewal entered into on or after January 1, 2027, for medical and mental health staffing. This bill is currently pending in this Committee.

- AB 393 (Connolly) would have required CDCR and DSH to take specified actions, including preparing an analysis comparing the hourly cost of a contractor to a civil service Bargaining Unit 16 (BU-16) physician, before entering into a personal services contract to fill a BU-16 physician position. This bill was vetoed by Governor Newsom.

- AB 339 (Ortega, Chapter 687, Statutes of 2025) required public agencies regulated by the Meyers-Milias-Brown Act 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 recognized employee organization.

- AB 2557 (Ortega, 2024) would have required the governing bodies of local agencies that contract for certain services to, among other things, post contracts and related documents on the agency's website and provide advance notice to the public agency's affected workforce union representative. This bill was held under submission on the Suspense File of this Committee.

- AB 2860 (Arambula, 2023) would have required DSH and CDCR to only fill a vacant supervisor position overseeing healthcare employees in State Bargaining Units 16, 17, 18, 19, or 20, with a permanent full-time civil service employee. This bill was held under submission on the Suspense File of the Assembly Appropriations Committee.

- SB 422 (Pan, 2022) would have required DSH to establish, by January 1, 2024, a physician registry as a three-year pilot program for the Patton State Hospital to be maintained by DSH and composed of members of State Bargaining Unit 16, who may elect to join the registry. This bill was vetoed by Governor Newsom.

- AB 657 (Cooper, 2021) would have prohibited specified professionals (generally medical personnel) employed under personal service contracts with state agencies from being under contract for a period that exceeds 365 consecutive days or 365 nonconsecutive days in a 24-month period. This bill was amended into another issue area.

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