

GOVERNOR'S VETO
AB 2367 (Kalra)
As Enrolled August 26, 2026
2/3 vote

SUMMARY

Requires the Department of Corrections and Rehabilitation (CDCR), Department of Developmental Services (DDS), Department of Veterans Affairs (CalVet), and Department State Hospitals (DSH) to provide certain information to relevant employee representatives and the public, among other provisions.

Major Provisions

- 1) Require the aforementioned departments to provide the following information to the relevant employee representatives and make it available to the public on a quarterly basis:
 - a) Vacancy data that includes classification title, classification code, full-time equivalent, total positions filled, and total vacant positions.
 - b) Overtime data that includes a monthly breakdown by classification, including voluntary and mandatory overtime.
 - c) All registry contact data that includes (i) bill rate and pay rate by classification; (ii) monthly total hours worked, and (iii) annual amount paid.
 - d) The number of shifts and the number of staff during which the facility fell short of its required shift staffing minimums, and an explanation for why those minimums were missed.
- 2) Require the above-described information to be provided to the relevant employee organization and made publicly available and accessible on the department's website.

Governor's Veto Message

This bill would require the Department of Corrections and Rehabilitation, the State Department of Development Services, the Department of Veterans Affairs, and the State Department of Hospitals to provide specified staffing information for state-run health facilities. Required information would include data on vacancies, overtime, contracts, and the number of times each facility fell short of a required staffing minimum.

I appreciate the author's goal to give the public and state employees more information about the hiring and retention challenges facing state-run health facilities. However, this measure would create substantial operational and technological burdens for affected departments by requiring the creation of more complex reporting structures than currently exist, resulting in millions of dollars in new General Fund costs.

COMMENTS

Government Contracting Public Services: Ongoing Questions and Concerns Regarding the Use of Public Funds, Transparency, Accountability, and Quality of Service Delivery

Government contracting of public services, generally, is to provide a particular service for a common public need. For example, in California, to address significant wildfires, the state regularly contracts with private companies to operate specialized aircraft to cover terrain that is difficult to access by traditional ground equipment or personnel.

"Government transparency strengthens democracy, promotes fiscal responsibility, checks corruption, and bolsters public confidence. Sunshine laws enshrine transparency into the fabric of government by guaranteeing citizens access to information regarding government expenditures and policies. When government contractors assume control of public services, in many cases they are able to circumvent sunshine laws and shield important information from disclosure. Corporations may refuse to release records that would otherwise be available by claiming that transparency would hurt their bottom lines. Many times, contractors claim that the information is a "trade secret" or "proprietary" and legally protected from public review. To protect the public's right-to-information, decision makers should adopt strong sunshine laws that require government contractors to follow the same disclosure rules as government entities. As an additional protection, state and local governments should also include disclosure requirements in contracts." (*Closing the Books: How Government Contractors Hid Public Records*, at p 2. In the Public Interest (ITPI), March 2015.)

Report by the California State Auditor

A report by the State Auditor focused on CDCR-Salinas Valley, DDS-Porterville, DSH-Atascadero and their use of health care staffing contracts at these facilities. Although it found that "contract workers make up a small portion of medical health staffing, the facilities have increasingly used them to address their growing number of staff vacancies."¹

The summary of this report further states, "[s]ince July 2019, vacancy rates have increased to 30 percent at Atascadero, 36 percent at Porterville, and more than 50 percent at Salinas Valley. Although the facilities have engaged in multiple recruitment strategies, they have not evaluated the success of their efforts to determine which are most effective. To help address vacancies, each facility has significantly increased its use of contract workers: Atascadero by 79 percent, Porterville by 172 percent, and Salinas Valley by 46 percent. Contract workers generally cost the State more than state employees in the same job classifications, and the shorter tenure of contract workers presents challenges for facilities because of the training necessary to ensure that the contract workers are prepared to provide appropriate care to the facilities' patient populations.

"The many staff vacancies have resulted in each facility realizing significant savings from fiscal year 2019–20 through 2024–25: about \$247 million for Atascadero, \$188 million for Salinas Valley, and \$157 million for Porterville. Nonetheless, neither [the] DSH nor DDS has required staff to evaluate staffing needs annually. Further, none of the three agencies require their facilities to report whether they are meeting shift-staffing minimums, which are critical to ensuring the provision of legally required levels of care. Because of the decades-long difficulties the facilities have had in filling vacant health care positions and a current and projected health

¹ "Report 2024-114 State Health Care Staffing Contracts: Contract Workers Are a Small but Growing Proportion of Three State Facilities' Workforces." California State Auditor, December 4, 2025. Visit: [http:// www.auditor.ca.gov/reports/2024-114/#summary](http://www.auditor.ca.gov/reports/2024-114/#summary)

care professional shortage, the State should consider facilitating a statewide campaign to draw medical and mental health care workers to California's civil service."

Key findings in this report include:

- 1) The three facilities reviewed have increasingly struggled to fill vacant positions.
- 2) To address vacancies, the three facilities have increased their use of contract workers.
- 3) The CDCR, DDS, and DSH have not taken necessary steps to ensure that their facilities have appropriate staffing levels.

The State Auditor also reviewed staffing logs from the three facilities and found that they used state employees to provide the majority of patient care, but filled in shifts with contract workers as necessary.

In response, among the various recommendations offered by the State Auditor, the CDCR agreed with the State Auditor's recommendations, and the DDS and DSH generally agreed with the recommendations. However, the DDS disagreed with the State Auditor's recommendation that it require its facilities to track and report whether they are meeting required shift-staffing minimums, and the DSH disagreed with the State Auditor's recommendation that it evaluate whether offering affordable housing options would improve Atascadero's ability to recruit new state employees.

The State Auditor also recommended that, "to maximize the effectiveness of the State's recruiting efforts, the Legislature should require [the] CalHR to assemble and coordinate a cross-agency collaborative campaign to recruit medical and mental health care staff for state facilities statewide. [The CalHR] should continue, modify, and improve such efforts until the State can achieve and maintain appropriate vacancy rates, as the Legislature determines. This campaign should include, but not be limited to, the following:

- 1) A total compensation analysis, and adjust as appropriate, to ensure that all medical and mental health care classifications' compensation is commensurate and competitive with similarly situated recruiting entities.
- 2) The provision of online and in-person assistance for candidates during the application and testing process.
- 3) The implementation of targeted efforts, including development of marketing materials, as appropriate, highlighting the benefits of state employment in California, to recruit candidates for specific job classifications and facility locations that are historically difficult to fill.
- 4) The establishment of measurement metrics to track the results of each type of recruiting activity and test modifications to each strategy. These measurements should include, but not be limited to, the number of candidates who express interest, apply, interview, receive, and accept employment offers."

Nexus to State Public Employment Relations

Existing law, the State Employer-Employee Relations Act (commonly referred to as the "Ralph C. Dills Act," or the "Dills Act"), regulates public employment relations between the state, as an

employer, and its employees represented by a recognized employee organization by providing a reasonable of resolving disputes regarding wages, hours, and other terms and conditions of employment. In addition, the scope of representation is limited to wages, hours, and other terms and conditions of employment, while excluding other specified items. (Sections. 3512 *et seq.* of the Gov. Code). Where a state agency contracts for services and its represented employees perform the same or similar services, indeed, such contracting that may or does impact those employees, more likely than not, may be within the scope of representation under the Dills Act; thereby, being subject to bargaining under that act.

This Bill

In several respects, this bill is aligned with the findings and information discussed in the State Auditor's report. As such, this bill seeks to avail the exclusive representative and the public of information relating to the quality of service provision in the CDCR, DDS, CalVets, and DSH in furtherance of public transparency, disclosure, and accountability.

According to the Author

"Chronic understaffing and contracting out hurts our workers, our patients, and our state's health outcomes. [This bill] builds on recommendations by the State Auditor and requires our state run health facilities to track and publicly report staffing levels in order to promote transparency, accountability, and oversight."

Arguments in Support

Referencing the report by the State Auditor, the Service Employees International Union states, among other things, "[t]his bill takes an important step toward improving transparency and accountability in state-run healthcare facilities," [and] "responds directly to these concerns [in the report] by establishing standardized reporting requirements. By ensuring the Legislature, the public, and stakeholders have access to consistent and detailed staffing data, this bill will support better decision-making and help the state prioritize investments in its civil service workforce."

Among other things, the Service Employees Internation Union, Local 1000 expresses that, "[this bill] establishes reporting requirements and guidelines to ensure that the contracts state healthcare facilities have or newly establish will be reported to the Legislature, [and] "... will also support our workers by providing information on vacancies and overtime data to help our members, the public, and the Legislature understand the staffing shortages present within the system. We believe this bill will help build toward more transparency and accountability within state-run healthcare facilities."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Senate Committee on Appropriations:

- 1) The 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. The CDCR also notes that requests for this information can be addressed through the collective bargaining process.

- 2) The 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. The 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. The DDS estimates it would require 5.5 additional positions to collect, aggregate, and prepare the required facility-level reports.
- 3) The 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.
- 4) The bill would result in ongoing General Fund costs of \$3.7 million (General Fund) annually for the DSH to hire 25 additional positions to collect, manage, analyze, and report the data required by the bill. Although the 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. The 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, the 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.

VOTES

ASM PUBLIC EMPLOYMENT AND RETIREMENT: 6-0-1

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

ABS, ABST OR NV: Alanis

ASM APPROPRIATIONS: 15-0-0

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

ASSEMBLY FLOOR: 78-0-2

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Muratsuchi, Celeste Rodriguez

SENATE FLOOR: 40-0-0

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNERney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

UPDATED

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