
THIRD READING

Bill No: AB 374
Author: Nguyen (D), et al.
Amended: 8/29/25 in Senate
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 6/11/25
AYES: Smallwood-Cuevas, Strickland, Cortese, Durazo, Laird

ASSEMBLY FLOOR: 73-0, 5/8/25 - See last page for vote

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: K–14 classified employees: payment of wages: itemized statements

SOURCE: California Federation of Teachers
California School Employees Association

DIGEST: This bill applies Labor Code provisions that require private sector employers to provide accurate, itemized statements of their wages at the time of each payment to their employee, as specified, to public school and California Community College (CCC) employers for their classified school employees beginning with the 2026-27 school year.

ANALYSIS:

Existing law:

- 1) Requires a private sector employer, semi-monthly or at the time of payment of wages, to furnish an employee an accurate, itemized, written statement generally containing specified information regarding the amounts earned, hours worked, and the employee's identity, among other information. An itemized wage statement furnished by an employer is not required to show total hours worked by the employee if, among other things, the employee is exempt from

the payment of minimum wage and overtime, and provides rights to the inspection and copying of records. (Labor Code §226)

- 2) Specifies that the provisions of Labor Code §226 do not apply to public employers except to restrict the use of any social security number on a paycheck or stub, if issued, to the social security number's last four. (Labor Code §226(i))
- 3) Establishes general provisions relating to orders for wage payment and payroll of full-time employees in positions not requiring certification qualification in which they are to be drawn. (Education Code §§42644 - 42646)
- 4) Requires school district and CCD governing boards to employ persons not requiring certification qualifications and to classify these employees and positions as the "classified service." (Education Code §§45100 et seq. and 88000 et seq.)
- 5) Provides for the time of payment of compensation to employees who are part of the classified service in any public school system. (Education Code §45166)
- 6) Sets forth the obligations of an appointing authority in the event of an error made to calculate or report payroll or payment of salary to a classified employee. (Education Code §§45167)

This bill:

- 1) Declares the Legislature's intent to provide classified public school employees and classified community college district school employees with the same information guaranteed to private sector employees on their paychecks.
- 2) Beginning with the 2026-27 school year, requires a public school employer, including a community college district (CCD), at the time of each wage payment, to provide a classified school employee an accurate itemized statement showing all of the following:
 - a) Gross wages earned;
 - b) Total hours worked by the employee unless the employee is 1) salaried only and exempt from overtime or 2) exempt from minimum wage and overtime, as specified;

- c) All deductions (provided that all deductions made on written orders of the employee may be aggregated and shown as one item);
 - d) Net wages earned;
 - e) Inclusive dates of the period for which the employee is paid;
 - f) The employee's name and last four digits of their social security number or employee identification number;
 - g) The name and address of the employer;
 - h) All applicable hourly rates in effect during the payroll reporting period and corresponding number of hours worked at each hourly rate, or the units of full-time equivalent; and,
 - i) The total number of hours of paid and unpaid leave taken during the payroll reporting period and applicable hourly rates for any paid leave taken. School employers may report this leave time separately on a supplemental itemized statement if they provide it at the same frequency as the wage statement.
- 3) Requires the employer to record the deductions made from the payment of wages in ink or other indelible form, properly dated, showing the month, day, and year.
- 4) Requires the employer to keep a copy of the statement and the record of the deductions on file for at least three years at their location or a central location within the state.
- 5) Requires the employer to provide the itemized statement in at least one of the following formats:
- a) As a detachable part of the check;
 - b) As a printed statement issued concurrently with direct deposit, provided it is readily accessible to a classified school employee; and,
 - c) As a digital statement made available through a secure employee portal that allows a classified school employee to view, download, and print current and past wage statements at no cost to the employee, provided it is readily accessible to the employee.
- 6) Affords current or former classified school employees the right to inspect or receive a copy of their employment records upon reasonable request and permits the employer to take reasonable steps to ensure the identity of the current or former classified school employee.

- 7) Authorizes the employer to charge the employee for the actual cost of records reproduction.
- 8) Requires the employer to comply with the request as soon as practicable, but not later than 21 calendar days from the request date.
- 9) Provides that impossibility of performance is an affirmative defense for the employer if the employer does not cause the impossibility or the impossibility is not a result of the employer's unlawful actions.
- 10) Authorizes the employer to designate the person to whom the employee must make the request for their employee records.
- 11) The wage statement does not have to show the classified school employee's hourly rates or total hours worked if any of the following apply:
 - a) The employee's compensation is based on a monthly or yearly salary.
 - b) The employee is exempt from minimum wage and overtime payments, as specified.
- 12) Defines "Classified school employee" for K-12 school employers, to mean a person employed on full- or part-time basis as a classified employee at a public school employer.
- 13) Defines "Public school employer" to mean the governing board of a school district; a school district; county board of education; county superintendent of schools; a public charter school, as specified; a CCC auxiliary organization, as specified; or a joint powers authority (JPA), as specified.
- 14) Defines "Classified school employee" for CCC employers to mean a person employed by a CCC district for a non-academic position.

Comments

Need for this bill? According to the author:

"The over 250,000 classified employees represented by CSEA have been denied basic rights around transparency in their wages. There is no consistent standard about what information must be provided on our members' pay stubs, which creates a meaningful inequity between public and private sector employees.

In material terms, it makes it unnecessarily difficult for classified employees to determine if they have been paid appropriately for holidays, out of class work, paid leaves, and even overtime. Even when this information is requested by the member, or the exclusive representative, Districts are often slow and inaccurate in the information that they provide. This has resulted in multiple pay discrepancy cases pursued by CSEA to drag out for years longer than necessary.

This bill would empower individual employees and their unions to better track employee pay, including CalPERS's contributions, so that issues can be addressed in a timely manner.”

Related/Prior Legislation:

SB 913 (Hertzberg, Chapter 920, Statutes of 2022) required, inter alia, school district governing boards to transmit a classified employee's union dues to the employee's authorized union within 15 days of issuing the paycheck containing the deduction to the employee, provided that the provision does not limit the union's right to sue the employer for failure to transmit the dues, as specified, and prohibited the state board from waiving compliance with this provision.

SB 866 (Committee on Budget and Fiscal Review, Chapter 53, Statutes of 2018) provided, inter alia, that a certified or recognized employee organization that certifies that it has and will maintain individual employee authorizations shall not be required to submit to the governing board of a public school employer a copy of the employee's written authorization in order for the payroll deductions described in this section to be effective, unless a dispute arises about the existence or terms of the written authorization. The employee organization shall indemnify the public school employer for any claims made by the employee for deductions made in reliance on its notification.

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

According to the Senate Appropriations Committee:

“By requiring affected public school employers to provide specified information to employees at the time of wage payment, this bill potentially creates a state-mandated local program. To the extent the Commission on State Mandates determines that the provisions of this bill create a new program or impose a higher level of service on local agencies, local agencies could claim reimbursement of those costs. The magnitude is unknown (General Fund).”

SUPPORT: (Verified 8/29/25)

California Federation of Teachers (Co-source)
California School Employees Association (Co-source)
American Federation of State, County and Municipal Employees
California Federation of Labor Unions
California State Safety and Legislative Board of Sheet Metal, Air, Rail, and
Transportation – Transportation Division
California Teachers Association
California Teamsters Public Affairs Council
Service Employees International Union, California

OPPOSITION: (Verified 8/29/25)

Association of California School Administrators
California Association of School Business Officials
California County Superintendents
Office of the Riverside County Superintendent of Schools
San Bernardino Community College District
Community College League of California

ARGUMENTS IN SUPPORT: According to the California School Employees' Association:

“Labor Code 226 requires private employers to provide their employees with an accurate itemized statement on their paystub including: gross wages earned, total hours worked, all deductions, net wages earned and inclusive dates for which the employee was paid. There is no such standard for classified employees. This glaring inequity means the amount of information classified employees receive on their paystub varies greatly from district to district. Additionally, this lack of information makes it unnecessarily difficult for classified employees to determine if they have been paid appropriately for holidays, out of class work, paid leave or overtime.”

ARGUMENTS IN OPPOSITION: According to the California Association of School Business Officials:

“Many of the details required by AB 374 are already in the pay stubs. However, the challenge stems from being able to provide accurate leave usage, which often cannot be reflected in real-time. Currently, leave balances are shown on the pay stub, but the actual usage of leave within the same month typically lags by at least

one pay cycle, depending on the district's systems and processes. This is due to system limitations and variations in payroll software.

For districts whose systems don't have integrated leave-tracking capabilities, compliance could require significant programming costs or labor-intensive manual entry, which would be both inefficient and expensive.

Additionally, the bill's requirement to provide employee records within 21 days upon request, while reasonable for recent payrolls, poses logistical challenges for older records."

ASSEMBLY FLOOR: 73-0, 5/8/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, 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, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Arambula, Boerner, Jeff Gonzalez, Irwin, Celeste Rodriguez, Tangipa

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