

GOVERNOR'S VETO
AB 374 (Nguyen)
As Enrolled September 12, 2025
2/3 vote

SUMMARY

Requires, similar to the Labor Code as applicable to private sector employers, public school employers, as defined, to provide classified school employees certain information regarding their wages at the time of each payment, and as a detachable part of the check, among other provisions.

- 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: (i) salaried only and exempt from overtime, or (ii) exempt from minimum wage and overtime, as provided.
 - 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" and "classified school employee," respectively, for these purposes.

Governor's Veto Message

"While the author's goal is laudable, the associated costs of implementation are estimated at the tens of millions of dollars and are not accounted for in the state budget. The bill's sponsors have identified a problem with some employers not providing their classified employees with timely wage and leave information and I encourage them to work with school employers to find a less costly solution. In partnership with the Legislature this year, my Administration has enacted a balanced budget that recognizes the challenging fiscal landscape our state faces while maintaining our commitment to working families and our most vulnerable communities. With significant fiscal pressures and the federal government's hostile economic policies, it is vital that

we remain disciplined when considering bills with significant fiscal implications that are not include in the budget, such as this measure.

COMMENTS

While the Labor Code establishes certain standards regarding information provided to employees as part of their paycheck, the Education Code is devoid of such explicit standards, which has resulted in variation, and substantial variation in some instances, among the multitude of school districts throughout the state in providing the same type of information to classified school employees.

Similarly modeled after Section 226 (*id.*), this bill proposes to standardize throughout the state, information reported to TK-14 classified school employees via their paychecks that would increasingly inform these employees – many of whom are employed part-time – as to other important matters directly related to their employment at the time of wage payment.

Please see the various policy committee analyses for a full discussion of this bill.

According to the Author

"[Over 250,000] classified employees... 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 [a classified employee], or [their] exclusive representative, districts are often slow and inaccurate in the information that they provide. This has resulted in multiple pay discrepancy cases [... that] drag out for years longer than necessary. This bill would empower individual employees and their unions to better track employee pay, including [California Public Employees' Retirement System] contributions, so that issues can be addressed in a timely manner."

Arguments in Support

"Generally, supporters of this bill state that because classified employees are hourly workers who often work out of class and are pay at different rates throughout the month, this bill will help them track their pay where having accurate information about their rate of pay is critical. Further, by providing a clear standard for paystub information, similarly to private sector employers that are required to do so under Section 226 of the Labor Code, such information will be helpful to employer and classified employee to expeditiously resolve wage issues.

Arguments in Opposition

Generally, opponents of this bill articulate several concerns regarding this bill. Namely, they contend that: i) there are better formats than a detachable paystub such as a printed summary of benefit balances, and access to an employee portal; ii) calculating leave time could delay paychecks as this which does not take into account long-standing payroll practices to ensure timely paycheck distribution where accounting for time is in arrears; iii) because this bill requires a new service, it adds new costs; and, iv) there is a lack of pervasiveness that necessitates statewide changes proposed by this bill.

FISCAL COMMENTS

According to the Senate Committee on Appropriations, 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).

VOTES

ASM PUBLIC EMPLOYMENT AND RETIREMENT: 6-0-1

YES: McKinnor, Alanis, Boerner, Elhawary, Garcia, Nguyen

ABS, ABST OR NV: Lackey

ASM HIGHER EDUCATION: 8-0-2

YES: Fong, DeMaio, Boerner, Jeff Gonzalez, Jackson, Muratsuchi, Patel, Celeste Rodriguez

ABS, ABST OR NV: Sharp-Collins, Tangipa

ASSEMBLY FLOOR: 73-0-6

YES: 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

ABS, ABST OR NV: Arambula, Boerner, Jeff Gonzalez, Irwin, Celeste Rodriguez, Tangipa

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

ASSEMBLY FLOOR: 79-0-1

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, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Tangipa

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CONSULTANT: Michael Bolden / P. E. & R. / (916) 319-3957

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