
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1054 (Cabaldon) - Unemployment insurance: reporting requirements

Version: March 26, 2026

Urgency: No

Hearing Date: April 13, 2026

Policy Vote: L., P.E. & R. 5 - 0

Mandate: Yes

Consultant: Robert Ingenito

Bill Summary: SB 1054 would require specified employers and other affected entities to also report total monthly wage, industry, occupation, worker type, and hours worked for each employee, as specified.

Fiscal Impact:

- The bill's administrative costs to the Employment Development Department (EDD) have yet to be identified, but would likely reach the low tens of millions of dollars minimally (See Staff Comments regarding funding source).
- The Department of Social Services (DSS) indicates that it would incur one-time costs of up to \$600,000, and ongoing costs of \$435,000 to implement the provisions of the bill. (General Fund).
- The Office of Cradle to Career Data (C2) indicates that it would incur ongoing costs of \$373,000 to collaborate with EDD and accommodate the bill's increased data frequency (General Fund).
- Costs to the Department of Health Care Services (DHCS) and the Education Interagency Council (EIC) have yet to be determined, but combined would likely, at a minimum, reach the hundreds of thousands of dollars (General Fund).

Background: EDD administers the State's Unemployment Insurance (UI), Disability Insurance (DI), and Paid Family Leave (PFL) programs. The department also provides employment service programs and collects the state's labor market information and employment data. Employers of all sizes are required to file a report of contributions, quarterly returns, and a report of wages paid to their employees to EDD. As part of the UI, DI, and PFL benefit program administration, EDD is also responsible for gathering and maintaining information in the base wage file. The base wage file assists in determining benefit program eligibility, distributing benefits, and minimizing fraud in the distribution of benefits.

Currently, the base wage file includes employee first and last name, social security number, total subject wages, wage plan code, total personal income tax (PIT) wages, and total PIT withheld of each employee in California recorded separately for each employer on a quarterly basis. The base wage file is also an administrative data source for workforce program performance analysis and evaluation. The base wage file contains employment and earnings data for the time before and after workforce

programs, and it allows analysts to compare employment and earnings for participants to individuals who are similar but did not participate in workforce programs.

EDD currently shares base wage file data, but only with specified state agencies and for specific allowable purposes authorized by current law. UI Code Section 1095 outlines what the data can and cannot be used to do. More generally, UI Code Section 1095 requires EDD to permit the use of any information in their possession to the extent necessary, for the specified purposes, and allows them to requirement reimbursement for all direct costs incurred.

In 2022, SB 755 (Roth, 2022) required EDD and CWDB to work collaboratively to (1) create a plan that identifies the costs and implementation timelines to measure, analyze, and (2) report on employment and earnings outcomes for individuals who received job training services through specific programs, including the Workforce Innovation and Opportunity Act (WIOA) Title 1 managed by EDD and all programs managed by CWDB.

As the SB 755 report notes, there have been discussions at the federal and state level that have identified limitations within existing base wage files if data is used for program evaluation and research. For instance, the report states, “only ‘quarterly earnings’ are available on employees. Without understanding hours paid and total compensation to arrive at an hourly wage, it can be challenging to understand variation in earnings across employees. When earnings are particularly low, it is not clear if this is driven by low wages, low hours worked, or both. It is also not feasible to compare earnings to a regional living wage when the quarterly earnings are not accompanied with location data, such as employee’s region (residence or work site). In addition, it is not possible to determine if job training participants are placed in a ‘training-related job’ when there is no data related to occupation in the base wage file and limited information regarding the training services delivered in the participant data system.” The report further claims that these limitations affect the type of performance analysis and evaluation, as well as broader research, that is feasible when relying on the base wage file.

Federal legislation (H.R. 1, 2025) resulted in significant changes to the State’s Medi-Cal and CalFresh programs. Currently, Medi-Cal does not require beneficiaries to work in order to be eligible for coverage; however, beginning January 2027, H.R. 1 requires most able-bodied, childless adults in Medicaid (generally 19-64 year olds who received coverage through the 2014 Affordable Care Act expansion) to complete at least 80 hours per month of work, education, or community service. This requirement does not apply to certain exempt groups, and states can provide additional exceptions for short-term hardship such as living in high-unemployment counties. The Legislative Analyst’s Office (LAO) estimates that, after exemptions, the requirement will apply to around 3.5 million Californians; the LAO further estimates that the federal policy change could result in disenrollments of around 1 to 2 million individuals, both from insufficient hours of engagement as well as administrative burden.

Additionally, able-bodied adults without dependents generally are limited to three months of CalFresh assistance in a three-year period unless they work or participate in qualifying activities for at least 20 hours per week. According to the LAO, until recently, California has had a statewide waiver exempting all CalFresh enrollees from the requirement based on economic conditions in the State. H.R. 1 expands the work

requirement by (1) applying it to adults through age 64, rather than 54, (2) limiting a dependent-child exemption to adults caring for children under 14, rather than under 18, (3) eliminating exemptions for former foster youth, veterans, and homeless individuals, and (4) tightening rules for waivers based on economic conditions, ending California's statewide waiver. With these changes, the administration estimates that about 840,000 individuals will become subject to the work requirement beginning June 2026 and will not qualify for an exemption. Of these, about 660,000 are estimated to not meet the requirement, thus becoming at risk of losing food assistance.

Proposed Law: This bill, among other things, would do the following:

- Require EDD to work with employers to enhance the reporting of employment and earning data, as specified, and, where feasible, to align and streamline definitions and requirements for the quarterly report of wages, deploy user-friendly application programming interfaces, and implement other means to simplify reporting processes.
- Require, beginning July 1, 2027, every employer with 10 or more employees and every individual or organization that, as an agent, reports wages on a total of 10 or more employees, as specified, to include in the report of wages, information on total monthly wage, industry, occupation, worker type, and hours worked for each employee, as provided.
- Require EDD, on or before July 1, 2027, to adopt and develop appropriate procedures for the sharing of hours worked and other necessary employment data to support employment-related verifications for initial eligibility for, and ongoing receipt of, public benefits, and to enable access to relevant wage data, as specified.
- Require EDD to work with the California Statewide Automated Welfare System (CalSAWS) to develop and implement the necessary system changes to implement the data sharing process to verify hours worked for those public benefits.
- Require or authorize EDD to work with other specified state agencies relating to reporting requirements on workforce and employment.
- Require EDD to use existing federal and state grant funds to the extent available and to implement the bill's provisions on or before July 1, 2027, except that, the bill would require the department to begin the data sharing process to verify hours worked for the public benefits on January 1, 2028, or when the department notifies the Legislature that CalSAWS can perform the necessary automation to implement the data sharing process, whichever is later.
- Require EDD, on or before January 1, 2028, to enable DSS and DCHS to access hours worked and other necessary employment data to support employment-related verifications for initial eligibility for, and ongoing receipt of, public benefits, as prescribed.

- Require EDD, on or before January 1, 2028, to enable the Office of the California Education Interagency Council to access any relevant wage data necessary for the purposes of supporting the council's agendas, reports, work products, and resources.

Related Legislation:

- AB 1098 (Fong, Chapter 446, Statutes of 2025) established EIC within the Government Operations Agency to align education and workforce systems, support adult skill development, and address the changing nature of work and the economy. The Council would adopt strategic and workforce plans, issue recommendations to the Governor and Legislature, and, upon appropriation, create a faculty and employer advisory committee. This bill also created the Office of the California Education Interagency Council (managing entity) as a neutral administrative body.
- SB 638 (Padilla, Chapter 457, Statutes of 2025) established a new statewide coordinating entity, the California Education Interagency Council (Council), to strengthen alignment of career technical education (CTE) and workforce development efforts.
- SB 755 (Roth, Chapter 815, Statutes of 2022) required EDD to work with the CWDB to measure and report specified information regarding aggregate labor market outcomes of individuals receiving training services through the workforce system. This bill required, among other things, that the board and department create a plan to use existing data to match relevant employee occupational data, employee place of employment data, and employee hours worked data, to persons who enroll in job training services, and to outline various objectives. This bill required the board and department, upon appropriation by the Legislature, to implement the plan, and within 2 years of the appropriation, to summarize and provide an initial report of their findings to specified committees of the Legislature.
- SB 753 (Roth, Chapter 550, Statutes of 2021) required among other things, the director of EDD to permit the use of specified wage data with the CWDB in order to assist the board in its obligation to evaluate program outcomes for the grant programs it administers.
- AB 2148 (Mullin, Chapter 385, Statutes of 2014) required the California Workforce Investment Board (CWIB) to assist the Governor in the development of an annual workforce metrics dashboard to measure investment in workforce development, as specified.

Staff Comments: As part of the SB 755 report, EDD noted that a growing number of states have implemented data enhancements to their base wage file systems. The most common data elements collected by other states at the time of the SB 755 report were hours worked, occupation or job title, and job location. This bill would partially implement the SB 755 report's recommendations to require additional data collected by employers (hours worked and employee occupation/job title) in their base wage file.

Additionally, it would help the State meet the new federal work verification requirements related to Med-Cal and CalFresh benefits.

As noted above, the bill would require EDD to perform its workload using federal and state grant funds to the extent available. The General Fund would be likely be required to make up any shortfall.

Any local government costs resulting from the mandate in this measure are not state-reimbursable because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

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