

THIRD READING

Bill No: SB 1054
Author: Cabaldon (D), et al.
Amended: 3/26/26
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 3/25/26
AYES: Smallwood-Cuevas, Strickland, Cortese, Durazo, Laird

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: Unemployment insurance: reporting requirements

SOURCE: California Competes: Higher Education for a Strong Economy
California Edge Coalition
UNITE-LA

DIGEST: This bill (1) requires specified employers and other affected entities to include information on total monthly wage, industry, occupation, worker type, and hours worked for each employee, as specified, in the report of wages filed with the Employment Development Department (EDD), (2) requires EDD to, among other things, permit the use of specified information to enable the State Department of Social Services (DSS) and the State Department of Health Care Services (DHCS) to access hours worked and specified employment data to support employment-related verifications for eligibility for public benefits, as specified, (3) requires 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, as specified, (4) requires or authorizes EDD to work with other specified state agencies relating to workforce and employment reporting requirements, as specified, and (5) requires EDD to begin the data sharing process to verify hours worked for public benefits on January 1, 2028, or when EDD notifies the Legislature that CalSAWS can perform the necessary automation to implement the data sharing process, whichever is later.

ANALYSIS:

Existing law:

- 1) Establishes the EDD within the LWDA. EDD is responsible for, among other duties, the administration of the Unemployment Insurance (UI) and Disability Insurance (DI) programs. (Unemployment Insurance Code §301)
- 2) Establishes the UI program as a joint state/federal program, administered by EDD that provides weekly unemployment insurance payments for workers who lose their job through no fault of their own. Eligibility for benefits requires that the claimant be able to work, available for work, be seeking work, and be willing to accept a suitable job. (Unemployment Insurance Code §§100-144, 301-456)
- 3) Requires, among other things, an employer to file a report of contributions, a quarterly return, and a report of wages paid to the employer's worker, as specified. (Unemployment Insurance Code §1088)
 - a) Requires all employers to file the report of contributions, quarterly return, and report of wage electronically. (Unemployment Insurance Code §1088(h)(2))
 - b) Authorizes employers to request a waiver from the electronic filing requirements, as specified. (Unemployment Insurance Code §1088(h)(3))
- 4) Requires, in addition to information reported with Unemployment Insurance Code Section 1088, an employer to submit information on new employees, and among other things, a report containing the following:
 - a) The name, address, and social security number of the employees.
 - b) The employer's name, address, state employer identification number (if one has been issued), and identifying number assigned to the employer under Section 61095 of the Internal Revenue Code of 1986.
 - c) The first date the employee worked. (Unemployment Insurance Code §1088.5)
- 5) Requires the EDD Director to permit the use of any information, such as wage and employment data, in the director's possession to the extent necessary for specified purposes and under specified conditions. (Unemployment Insurance Code §1095)

This bill:

- 1) Requires EDD to work with employers to enhance the reporting of employment and earning data by employers, as required, consistent with federal law and regulations.
 - a) Requires EDD, 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 process to minimize employer reporting burdens.
- 2) Beginning July 1, 2027, requires 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 on behalf of one or more employers, to include in the report of wages required by Section 1088 information on *total monthly wage, industry, occupation, worker type, and hours worked* for each employee, in a format approved by EDD.
 - a) Authorizes the director to require the data on hours worked to be submitted separately from the report of wages and may require the information to be reported more frequently than quarterly, but not more frequently than once a month.
 - b) Requires the information reported to be filed electronically, as specified.
- 3) Requires EDD, on or before July 1, 2027, to adopt and develop appropriate procedures for the sharing of hours worked and other necessary employment data, as specified.
 - a) In adopting and developing the procedures, EDD is required to consult with DSS, DHCS, and stakeholders, including, but not limited to, the Office of Cradle-to-Career Data, the County Welfare Directors Association of California, and CalSAWS.
- 4) Requires EDD to work with CalSAWS to develop and implement the necessary system changes to implement the data sharing process to verify hours worked, as specified.
- 5) Requires EDD to work with the Office of the California Education Interagency Council related to the collection of employment data, as specified, for the

purposes of supporting the council's agendas, reports, work products, and resources.

- 6) Requires EDD to work with the California Workforce Development Board (CWDB) and the LWDA to implement the workforce program reporting requirements, as specified.
- 7) Authorizes EDD to work with the Office of Cradle-to-Career Data to support existing state data systems, dashboards, and reports related to the collection of employment data, as specified.
- 8) Requires EDD to use existing federal and state grant funds to the extent available.
- 9) Requires EDD to implement this section on or before July 1, 2027, except that EDD must begin the data sharing process to verify hours worked, as specified, on January 1, 2028, or when EDD notifies the Legislature that CalSAWS can perform the necessary automation to implement the data sharing process, whichever is later.
- 10) Permits the use of any information in the EDD Director's possession, on or before January 1, 2028, to enable DSS and DHCS to access hours worked and other necessary employment data to support employment-related verifications for initial eligibility for, and ongoing receipt of, public benefits, including, but not limited to, benefits pursuant to the Medi-Cal program and the CalFresh program.
 - a) Requires EDD to consult with DSS, DHCS, and stakeholders, including, but not limited to, the Office of Cradle-to-Career Data, the County Welfare Directors Association of California, and CalSAWS.
- 11) Permits the use of any information in the EDD Director's possession, 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.
- 12) Defines the following terms:
 - a) "Hours worked" means the total hours worked by each worker each month. The employer may report 40 hours worked for each week any duties were performed by a full-time employee and shall report hours paid or a

reasonable estimate of the hours worked for each week duties were performed by a part-time employee.

- b) “Occupation” means an occupation listed in the United States Bureau of Labor Statistics’ Standard Occupational Classification system or the job title of each worker.
- c) “Worker type” means the salaried or hourly, and full-time, part-time, intern, or apprentice status of each worker.

13) Provides that this act is known as Better Data, Better Coverage, Better California Act.

14) Makes several findings and declarations.

Background

EDD wage reporting and the base wage file. The Employment Development Department (EDD) administers Unemployment Insurance (UI), Disability Insurance (DI), and Paid Family Leave (PFL) programs. EDD 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.¹

In California, 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. Base wage file data is reported from employers to EDD’s Tax Branch on a quarterly basis and stored securely by EDD to protect confidentiality. 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

¹SB 755 (2022) *Expanding Workforce Performance Analysis and Employer Quarterly Wage Reports, Final Report to Legislature*. EDD, CWDB, LWDA, https://edd.ca.gov/siteassets/files/about_edd/sb-755-report--expanding-workforce-performance-analysis-and-employer-quarterly-wage-reports.pdf

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 through UI Code Section 1095 that outline what the data can and cannot be used for.² UI Code Section 1095 requires the EDD Director 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.

SB 755 Report. In 2022, SB 755 (Roth, Chapter 815, Statutes of 2022) was signed, which required EDD and CWDB to work collaboratively to create a plan that identifies the costs and implementation timelines to measure, analyze, and 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 points out, 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.

EDD also reported 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 (eight states, plus the District of Columbia), occupation or job title (seven states, plus the U.S. Virgin Islands), and job location (eight states). Some states (Connecticut,

² For instance, UI Code Section 1095 authorizes CWDB and other stakeholders to access any relevant quarterly wage data necessary for the evaluation and reporting of their respective program performance outcomes.

Indiana, Nebraska, Mississippi) had recently adopted three or more data elements, which, at the time the report was released, were in various phases of planning or implementation. At least six states (Massachusetts, Minnesota, Nebraska, Oregon, Rhode Island, Washington) in addition to the District of Columbia had collected data on the hours worked by their employees. Five states (Alaska, Indiana, Mississippi, Nebraska, Washington) are collecting employee occupation and/or job title from the employer's quarterly wage reports.

SB 1054, in part, aims to implement those recommendations to require additional data collected by employers (hours worked and employee occupation/job title) in their base wage file.

Who reports wages to EDD? As mentioned earlier, 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. This bill requires 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 on behalf of one or more employers, to include in the base wage file information on total monthly wage, industry, occupation, worker type, and hours worked for each employee, in a format approved by EDD. Under the proposed language in this bill, employers with less than 10 employees would not have to report the additional data. It is also unclear who would be captured under "individual or organizations that, as an agent, reports wages on a total of 10 or more employees" as these individuals or organizations do not currently have to report any wages to EDD, thus creating new reporters. As the bill moves forward, the author may wish to consider whether to limit the bill with the employers that currently do have a requirement to report wages to EDD.

[NOTE: See the Senate Labor, Public Employment and Retirement Committee analysis for detailed background on this bill.]

Related/Prior Legislation

AB 1098 (Fong, Chapter 446, Statutes of 2025) established the California Education Interagency Council 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 1245 (Cooley, Chapter 222, Statutes of 2016) required employers with 10 or more employees to file all reports and returns, and remit all contributions for unemployment insurance premiums to EDD electronically, as specified. Beginning on January 1, 2018, this bill extends the application of these electronic filing requirements to all employers.

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.

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

According to Senate Appropriations Committee:

- 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).

SUPPORT: (Verified 5/14/26)

California Competes: Higher Education for a Strong Economy (Co-Source)

California Edge Coalition (Co-Source)

UNITE-LA (Co-Source)

All Home

Bay Area Council

Blu Educational Foundation

Building Skills Partnership

California Association of Food Banks

California In-Home Supportive Services Consumer Alliance

California State Association of Counties

California Workforce Association

Ceo Leadership Alliance Orange County

Coalition of California Welfare Rights Organization

Coalition of California Welfare Rights Organizations

Economic Security Project Action

EdTrust-West

Inland Empire Health Plan Foundation

Jewish Vocational Service

Jobs for the Future

Jobtrain

JVS Bay Area

JVS SoCal

Little Hoover Commission

National Talent Collaborative

Northern California College Promise Coalition

Parent Institute for Quality Education

Solano County Democratic Central Committee
Strada Education Foundation
The Institute for College Access & Success
Tipping Point Community
University of California Student Association
Western Center on Law & Poverty
Yolo County Commission on Aging and Adult Services
Yolo County In-Home Supportive Services Advisory Committee
Young Invincibles

OPPOSITION: (Verified 5/14/26)

City of LA Verne

ARGUMENTS IN SUPPORT: According to one of the bill’s co-sponsors, California Edge Coalition, “SB 1054 is a practical step that strengthens California’s ability to evaluate whether skills training and education programs are leading to real employment outcomes. Today, the core wage file largely captures quarterly earnings and employer identifiers, but not the hours worked metric that is essential for understanding job quality and program-to-employment results. By adding hours worked and occupation, California will be better positioned to measure job placement and wage progression, identify workforce shortages, and improve the alignment of training investments with labor market demand. This builds on the state’s interest in more meaningful workforce outcomes measurement and supports statewide alignment efforts, including the Cradle-to-Career Data System and the California Education Interagency Council. [...]

Additionally, SB 1054 helps California meet new federal work verification requirements for essential safety net programs. New federal rules now require states to verify that applicants work 80 hours per month for Medicaid and SNAP. Without timely, reliable hours worked data, working families may be forced into duplicative paperwork and face avoidable delays, errors, and benefit disruptions. An estimated 840,000 people could lose their CalFresh benefits if they are unable to verify meeting the work requirement.

SB 1054 enables the state to support automated eligibility determinations by collecting needed information directly from employers, helping eligible Californians keep their health coverage and nutrition assistance while reducing administrative strain on counties.”

ARGUMENTS IN OPPOSITION: According to the City of La Verne, opponents of this measure, “SB 1054 is intended to address gaps in the state’s

existing wage data system by requiring employers to report additional information such as hours worked and occupation, largely to support workforce program evaluation and to comply with new federal work verification requirements tied to Medi-Cal and CalFresh eligibility.

However, this approach places a substantial and ongoing administrative burden on employers to solve a state-level data deficiency. Employers would be required to implement new tracking systems, report more frequently, and provide detailed employee-level data, all while the State expands data sharing across multiple agencies and programs. This represents an overreach that shifts responsibility away from the State and onto employers without sufficient safeguards or funding.

Additionally, the bill dramatically expands the collection and distribution of sensitive employment data, increasing the risk of data misuse, security vulnerabilities, and unintended consequences for workers. While intended to streamline eligibility verification, the scale of data collection and interagency access raises serious concerns about privacy and long-term data management.

SB 1054 prioritizes expansive data collection over practical implementation, creating a broad, one size-fits-all mandate that imposes significant costs and risks on employers with uncertain benefits.”

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