

Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1054 (Cabaldon) – As Amended June 18, 2026

Policy Committee:	Insurance	Vote:	17 - 0
	Labor and Employment		7 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill requires certain employers to report additional information to the Employment Development Department (EDD) and requires EDD to share the information with certain state agencies to facilitate benefits administration and other program purposes.

Specifically, this bill:

- 1) Requires, beginning July 1, 2027, an employer with 10 or more employees to include information regarding each employee's total monthly wage, industry, occupation, worker type, and hours worked in the employer's report of wages to EDD; requires the report to be filed electronically at least monthly unless the employer qualifies for a waiver; and requires EDD to minimize employer reporting burdens to the extent feasible by aligning and streamlining requirements for the report and deploying user-friendly programming interfaces.
- 2) Requires EDD, by July 1, 2027, to adopt and develop procedures for sharing certain types of employment and wage information with the Department of Social Services (DSS), Department of Healthcare Services (DHCS), and Office of the California Education Interagency Council (Council) for certain purposes.
- 3) Requires EDD to work with the California Statewide Automated Welfare System (CalSAWS) on necessary systems changes to implement such data sharing.
- 4) Requires EDD to enable DSS and DHCS to access hours worked and other necessary employment data to support employment-related verifications for an employee's initial eligibility for and ongoing receipt of public benefits, including CalFresh and Medi-Cal, and requires EDD to consult with DSS, DHCS, and stakeholders (which must include the Office of Cradle-to-Career Data (C2C), County Welfare Directors Association of California, and CalSAWS) on implementation.
- 5) Requires EDD to work with the Council related to the collection of relevant wage data necessary for the Council's statutory purpose and requires EDD to enable the Council to access such wage data.
- 6) Requires EDD to enable data sharing access for DSS, DHCS, and the Council by 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.

- 7) Requires EDD to work with the California Workforce Development Board (CWDB) and Labor and Workforce Development Agency (LWDA) to implement certain workforce program reporting requirements related to job training services and requires EDD to provide CWDB and LWDA with relevant necessary wage data pursuant to EDD's existing authority to share related information.
- 8) Authorizes EDD to work with C2C to support existing state data systems, dashboards, and reports related to the collection of employment data pursuant to EDD's existing authority to share related information.
- 9) Requires EDD to use existing federal and state grant funds, to the extent available, to implement these provisions.

FISCAL EFFECT:

- 1) EDD estimates one-time costs of approximately \$92 million to implement this bill, including making information technology system upgrades to enable additional employer data collection and developing new information sharing procedures with various state agencies in consultation with certain stakeholders (General Fund). EDD notes that the July 1, 2027, effective date in this bill is operationally infeasible and instead estimates a multi-year implementation timeline. Upon implementation, EDD estimates ongoing costs of approximately \$52 million to maintain systems and procedures and work with employers to ensure compliance (General Fund). The author and sponsors of this bill cite the results of a fiscal impact report prepared by individuals from the University of San Francisco and Estuaire Advising, which estimates much lower costs of approximately \$10 million one-time and \$4 million ongoing to EDD to implement this bill. Although EDD's estimate may represent the higher end of the range of costs, actual one-time and ongoing costs will likely be in the high tens of millions of dollars.
- 2) One-time automation costs ranging from approximately \$250,000 to over \$500,000 to DSS to update CalSAWS to implement data sharing provisions (General Fund) and approximately \$292,000 to DHCS for DHCS's share of system changes (25% General Fund, 75% federal funds). DSS estimates needing 12 months after publication of the final policy to either update existing interfaces with an Income and Eligibility Verification System or create a new interface to receive daily data updates from EDD. The automation would also enable batch processing of data for ongoing online publication.
- 3) Costs of approximately \$450,000 in the first year and \$435,000 annually thereafter to DSS for two additional staff positions to build and maintain a data pipeline between DSS and EDD (75% General Fund, 25% federal funds). Additionally, one-time costs of approximately \$100,000 to DSS for data ingestion, cloud computing, and data storage needed to build the pipeline (75% General Fund, 25% federal funds).

Regardless of this bill, recent changes to federal law require DSS to gather additional information to verify a recipient's CalFresh eligibility and payments. DSS estimates the costs of contracts with private entities to obtain such data at approximately \$2 million annually (50% General Fund, 50% federal funds) for one vendor and over \$16 million in the first year with year-over-year cost increases of approximately 15% for another vendor (30% General Fund, 70% federal funds). By requiring EDD to provide employment verification

data to DSS, this bill negates the need for DSS to enter into contracts for such data, resulting in future ongoing cost savings to DSS commensurate to the cost of the contracts.

- 4) One-time costs of approximately \$6,000 to DHCS to make necessary changes to BenefitsCal, the online benefits management portal (75% General Fund, 25% federal funds).

Similar to DSS, future ongoing cost savings of an unknown amount to DHCS to the extent this bill negates the need for DHCS to enter into contracts for Medi-Cal employment verification data (General Fund and federal funds).

- 5) Absorbable costs to the Council to work with EDD to access and utilize wage data to further Council purposes (General Fund).
- 6) Costs of approximately \$46,000 in the first year and \$92,000 annually thereafter to CWDB to work with EDD to access and utilize wage data for workforce programs (General Fund).
- 7) Costs of approximately \$373,000 annually to C2C to work with EDD and accommodate more frequent data sharing (General Fund).

COMMENTS:

- 1) **Purpose.** According to the author:

The current wage file collected by EDD only includes quarterly earnings and employer ID numbers. As H.R. 1 threatens to reduce Californians' benefit access, the need to collect employees' hours worked is critical to ensure that California residents do not lose access to their Medicaid and SNAP benefits...

Additionally, California will soon require more precise data on labor market outcomes to administer the new Workforce Pell program and enable the [CEIC] to conduct analyses that support planning efforts to better align education pathways with workforce outcomes in sectors critical to California's economy. A lack of data on employees' occupation will inhibit these efforts.

- 2) **Background. *EDD Base Wage File.*** As part of EDD's administration of the state's unemployment insurance, disability insurance, and paid family leave programs, as well as EDD's collection of the employer and employee payroll taxes that fund such programs, EDD maintains a data source known as the "base wage file," which includes an employee's first and last name, social security number, total subject wages, wage plan code, total Personal Income Tax (PIT) wages, and total PIT withheld. Each employer reports base wage file data to EDD's Tax Branch on a quarterly basis, which EDD stores securely to protect confidentiality and may share with specified state agencies for certain authorized purposes only. In total, approximately 1.6 million employers report 22.5 million wage lines per quarter on behalf of approximately 18.5 million California wage earners.

Workforce Programs. SB 755 (Roth), Chapter 815, Statutes of 2022, required EDD and CWDB to collaborate on a plan to measure, analyze, and report on employment and earnings outcomes for individuals who received job training services through federal and state

programs. One of the SB 755 report recommendations is for the state to expand base wage file data collection to include the hours worked by an employee, thus allowing calculation of the hourly wage from quarterly employee earnings, as well as the employee's region and occupation. The report concludes that without such information, it is difficult to assess variation in earnings across employees (such as whether low earnings is driven by low wages, low hours worked, or both), whether earnings are considered a living wage in the region, and whether job training program participants are placed in a "training-related job."

Public Benefits Programs. H.R. 1 made federal funding for state Medicaid expansion pursuant to the Affordable Care Act and for the Supplemental Nutrition Assistance Program (Medi-Cal and CalFresh in California, respectively) contingent on work or community engagement requirements for program applicants. Under H.R. 1, an applicant must participate in a qualifying activity for up to 20 hours per week, or 80 hours averaged monthly, and such eligibility must be determined every six months, instead of every year.

Scope of This Bill. This bill increases the amount of information that an employer with more than 10 employees must report to EDD as part of the base wage file to include an employee's total monthly wage, industry, occupation, worker type (for example, salaried or hourly), and hours worked. This bill also requires an employer to electronically submit the data to EDD monthly. Thus, this bill expands the base wage file to include most of the information recommended by the SB 755 report, except for an employee's region, and the type of information, such as hours worked, needed by DSS and DHCS to facilitate verification of an employee's initial and ongoing eligibility for Medi-Cal and CalFresh benefits. This bill requires EDD to enable the sharing of such data with DSS, DHCS, and CWDB for these described purposes, as well as with the Council and C2C for additional workforce development purposes.

As noted in the Assembly Labor Committee's analysis of this bill, excluding smaller employers from this bill may "create confusion or conflict with the existing system, as the information that the EDD would be receiving from employers with 10 or more employees would be different and at a different frequency than that of employers with fewer than 10 employees." The analysis also notes that this bill does not include explicit authorization for EDD to share information with another state entity to help implement the Workforce Pell Grant program.

- 3) **Support and Opposition.** This bill is co-sponsored by California Competes, California EDGE Coalition, and UNITE-LA, which argue this bill "is a practical step with far-reaching impacts on economic mobility, college affordability, and access to public benefits" and that "many states have already begun collecting these data elements, demonstrating that California can seamlessly implement similar system enhancements." This bill is also supported by various other education, social service, and workforce development groups.

This bill is opposed by the City of La Verne, which argues, "this approach places a substantial and ongoing administrative burden on employers to solve a state-level data deficiency... an overreach that shifts responsibility away from the State and onto employers without sufficient safeguards or funding."