

VETO

Bill No: SB 1059
Author: Archuleta (D)
Enrolled: 8/25/26
Vote: 27

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 4/15/26

AYES: Smallwood-Cuevas, Strickland, Cortese, Durazo, Laird

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SENATE FLOOR: 33-0, 5/22/26

AYES: Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

NO VOTE RECORDED: Allen, Alvarado-Gil, Becker, Hurtado, Niello, Padilla, Stern

SENATE FLOOR: 40-0, 8/24/26

AYES: 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: 78-0, 8/20/26 - See last page for vote

SUBJECT: Employment Training Panel

SOURCE: Coalition for ETP and Jobs

DIGEST: This bill requires the Employment Training Panel (ETP) to authorize and encourage the use of electronic systems for recordkeeping, as specified, adopt specified recordkeeping and training administration standards, and adopt or amend regulations and guidance as necessary. This bill also prohibits structured onsite training (SOST) from being considered an eligible training delivery methodology for purposes of reimbursement or approval under the ETP program.

ANALYSIS:

Existing law:

- 1) Establishes the ETP within the Employment Development Department (EDD) and charges it with performing certain duties including soliciting proposals and writing contracts for the purpose of providing employment training. (Unemployment Insurance Code (UIC) §10202)
- 2) Declares the intent of the Legislature that the purpose of provisions relating to ETP is to establish an employment training program to promote a healthy labor market in a growing, competitive economy and to fund only projects that meet specified criteria, including, among other things, fostering retention of high wage, high-skilled jobs in manufacturing, and other industries, as specified. (UIC §10200)
- 3) Establishes the Employment Training Fund (fund) in the State Treasury and requires that money in the fund be expended only for purposes of the ETP, except as provided. (UIC §§1610-1611.5)
- 4) Authorizes ETP to allocate money in the fund for any of the following purposes:
 - a) Reimbursement of reasonable training costs, and administrative costs incurred by contractors. In making a determination of costs to be reimbursed under this paragraph, ETP may allocate funds in accordance with any of the following methods:
 - i) For purposes of providing simplified fixed-fee performance contracts, a flat rate per hour for categories of training that are substantially similar with respect to content, methodology, and duration, as determined by ETP, not to exceed the reasonable and normal costs for the training. ETP must periodically adjust the standardized rates established pursuant to this paragraph to reflect changes in training costs.

- ii) A complete review of the proposal and its costs, including a budget listing the planned costs of training, including personnel, fringe benefits, equipment, supplies, fees for consulting or administrative services, and other costs attributable to training; the services provided by subcontractors; the length and complexity of the training; the method of training; the wages and occupations following training; whether the trainees are new hires or retrainees; and the cost of similar training that the panel has funded previously. The cost of administration shall not exceed 15% of the training costs under this paragraph, except that for new hire training the panel may fund administrative costs of up to 25% of the training cost.
- i) ETP may modify the specific requirements of this paragraph as they apply to employers or contractors proposing projects that involve training for a significant number of small employers in the same project.
- ii) A contractor is prohibited from utilizing any funds earned or paid as advances or progress payments for the purpose of making payments to any other individual or entity, either directly or indirectly, for costs incurred as a finder's fee or for other compensation related to the predevelopment or development phase of a training program, which is based on a percentage of the preliminary or final panel award to the contractor for the training project.
- b) Costs of program administration incurred, as specified. These costs shall be reviewed annually by the Department of Finance and the Legislature and determined through the normal budgetary process.
 - i) ETP's administrative costs, as specified, shall not exceed 15 percent of the total amount annually appropriated for expenditure by ETP. Expenditures for marketing, research, and evaluations provided under the contract to the ETP that otherwise would have been provided directly by the ETP shall not be included in this limitation.
- c) Service related to the purposes of this chapter provided by the Small Business Development Centers. (UIC §10206)

This bill:

- 1) Requires ETP to authorize and encourage the use of electronic systems for recordkeeping.

- 2) Authorizes contractors and subcontractors under an ETP agreement, notwithstanding any other law, to satisfy recordkeeping and documentation requirements, as specified, through electronic records, provided that the records are complete, accurate, secure, and accessible for audit and oversight purposes.
- 3) Requires ETP to update regulations, guidance, and program materials, as specified.
- 4) Requires ETP to adopt recordkeeping and training administration standards that include, but are not limited to, the following requirements:
 - a) Contractors must maintain and make available, upon request by the panel or its designee, all of the following:
 - i) Records that clearly document all aspects of training delivery, trainee participation, and retention outcomes related to the approved training program.
 - ii) Applicable financial records documenting funds received and disbursed under the ETP agreement.
 - iii) Payroll and personnel records related to employees participating in the ETP training agreement.
 - b) All classroom, laboratory, and videoconference training attendance records must contain, at a minimum, all of the following elements:
 - i) Date or dates on which training occurred. For concurrent or continuous training, a start date and end date may be used.
 - ii) Type of training and course title, as identified in the approved curriculum.
 - iii) Number of hours the trainee was in attendance per session or course.
 - iv) Name or names of the trainer or trainers.
 - v) Name or names of the trainees.
 - c) All asynchronous, web-based training attendance records must contain, at a minimum, the following elements:
 - i) Date the training system was last accessed for the specific course.

- ii) Type of training and course title, as identified in the approved curriculum.
 - iii) Standard number of hours designated to complete the course.
 - iv) Percentage of the course completed by the trainee.
 - v) Name of the trainee.
- 5) Provides that electronic records pursuant to this section have the same force and effect as paper records and are retained for the period required by ETP.
- 6) Provides that structured onsite training (SOST) is not considered an eligible training delivery methodology for purposes of reimbursement or approval under the ETP program.
- 7) Requires ETP to adopt or amend regulations and guidance as necessary to implement this section.

Background

Employment Training Panel. The Employment Training Panel (ETP) provides funding to employers to assist in upgrading the skills of their workers through training that leads to good paying, long-term jobs. ETP was created in 1982 by the Legislature and is funded by California employers through the California Employment Training Tax. ETP has a three-way governing structure, with appointed ETP members representing business, unions, and state government.

ETP is a performance-based statewide workforce training and economic development program which supports California's economy by providing financial assistance to California businesses in support of customized worker training for new and existing employees.¹ ETP is a funding agency, not a training agency. Businesses determine their own training needs and how to provide training. ETP staff are available to assist in applying for funds and other aspects of participation.

ETP requires all reimbursable training to be documented on ETP rosters or approved custom rosters with wet signatures. An alternate form of recordkeeping can be requested during the development phase of the application or at any time during the term of the contract.² However, the use of an alternate form of recordkeeping requires prior ETP approval. Any recordkeeping modifications

¹ Employment Training Panel, Fact Sheet, EDD. https://edd.ca.gov/siteassets/files/de_8714n.pdf

² ETP Program Overview, https://etp.ca.gov/wp-content/uploads/sites/70/2025/07/ETP_DetailedProgramOverview_July2025.pdf

agreed to by ETP and the contractor will be incorporated into the contract and may be subject to audit. Prior approved alternate recordkeeping methods do not carry over into subsequent contracts, and a request will need to be submitted per each contract.

This bill, SB 1059, requires ETP to authorize and encourage the use of electronic systems for recordkeeping. It also authorizes contractors and subcontractors under an ETP agreement to satisfy these requirements through electronic records, under specified conditions.

ETP-funded training. ETP funds training that is delivered using the following methods:

- classroom – formal instruction provided in a classroom setting that is removed from the trainee’s usual work environment,
- laboratory – hands-on instruction or skill acquisition conducted in a non-productive environment, or simulated work setting,
- productive laboratory – practical retraining during which the instructor oversees an employee’s use of special equipment application of particular skills, in the actual work environment that results in the employer’s production of goods or delivery of services for profit,
- e-learning – real-time interactive training conducted in a virtual environment (i.e. Teams, Zoom) with a live instructor,
- computer-based training – self-paced training provided via software platforms (typically provided in conjunction with some classroom/laboratory training),
- medical skills - didactic – health care field training provided via classroom, and
- medical skills - preceptor – clinical training during which a trainee observes hands-on skills performed by a registered nurse or other practitioner (preceptor/mentor) in an active work environment.

According to the author and sponsors, structured onsite training (SOST) is not currently an approved eligible training delivery method under the ETP program, but regulations still include a reference to SOST.³ They claim that this reference

³ 22 CCR § 4442

could create confusion for future applicants, and clarifying this language, along with other potentially outdated provisions, is one of the goals of this bill, SB 1059.

Related/Prior Legislation

SB 1321 (Wahab, Chapter 469, Statutes of 2024) included additional criteria and minimum standards for projects the ETP considers funding, including meeting the Division of Apprenticeship Standards' (DAS) criteria for high road training programs and not duplicating or competing with DAS-approved apprenticeship programs; (2) prohibited the ETP from considering or approving any proposal if an applicant is ineligible to bid, be awarded, or subcontract on a public works project, or has an unsatisfied judgement for a labor law violation; and 3) required the ETP to provide notice of the intent to award proposals at least 30 days before a panel meeting approving or rejecting a proposed award.

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

According to the Assembly Appropriations Committee:

- Costs of an unknown amount, potentially in excess of \$150,000, to the Employment Development Department (EDD), for the ETP to adopt electronic recordkeeping and training administration standards, update related regulations, guidance, and program materials, and modernize program processes (Employment Training Fund). For its part, EDD estimates one-time costs of approximately \$100,000, but notes that this estimate may increase if the ETP determines additional services are required to implement this bill.
- Although this bill requires the ETP to adopt standards for electronic recordkeeping and training administration and update regulations to remove paper-based procedures, this bill does not explicitly require the ETP to implement electronic systems – rather, this bill requires the ETP to modernize program processes by authorizing and encouraging the use of such electronic systems. However, by authorizing an ETP contractor to satisfy recordkeeping requirements through electronic records, thus requiring the ETP to accept such records, this bill may ultimately require the ETP to implement electronic systems and make related information technology upgrades.

SUPPORT: (Verified 9/22/26)

Coalition for ETP and Jobs (Source)
Aerospace and Defense Alliance of California

California Asian Pacific Chamber of Commerce
California Life Sciences Association
California Manufacturers and Technology Association
Hands On, LLC
Jobforward
Sacramento Asian Pacific Chamber of Commerce
Strategy Workplace Communications

OPPOSITION: (Verified 9/22/26)

None received

ARGUMENTS IN SUPPORT: According to the sponsors of the bill, the Coalition for ETP and Jobs: “SB 1059 takes an important step forward by updating ETP’s statutory framework to reflect how training programs operate today. In particular, the bill’s authorization of electronic systems for application processing, reporting, and recordkeeping will help streamline program administration, reduce unnecessary paperwork, and improve overall program efficiency. Allowing contractors to maintain compliant electronic records will also provide greater clarity and consistency while maintaining accountability and audit integrity. Additionally, directing the Employment Training Panel to update outdated nomenclature, eliminate obsolete processes, and align program guidance with modern training delivery methods will ensure that ETP remains responsive to the evolving needs of employers and workers. As California continues to face increasing economic competition from other states and nations, it is critical that programs like ETP operate as efficiently and effectively as possible. SB 1059 helps position the program for longterm success while maintaining its core mission of supporting high-quality jobs and workforce development.”

GOVERNOR'S VETO MESSAGE:

I am returning Senate Bill 1059 without my signature.

This bill would require the Employment Training Panel (ETP) to authorize and encourage the use of electronic recordkeeping systems. This bill also would require ETP to adopt specified recordkeeping and training administration standards.

While I support efforts to modernize state government programs, the recordkeeping requirements for ETP contracts would be more appropriately addressed under existing regulatory authority. The rulemaking process will provide all employers, contractors, stakeholders, and other affected parties

an opportunity to participate and provide input directly to the ETP. This process ensures that ETP considers the effectiveness of changes, as well as the costs of implementation for both the state and employers.

I am directing ETP to consider new requirements consistent with the goals of this legislation that are clear, concise, and consistent with other program priorities and requirements.

For these reasons, I cannot sign this bill.

ASSEMBLY FLOOR: 78-0, 8/20/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, 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, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Chen

Prepared by: Jazmin Marroquin / L., P.E. & R. / (916) 651-1556

10/2/26 12:37:00

**** END ****