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## SENATE COMMITTEE ON EDUCATION

Senator Sasha Renée Pérez, Chair

2025 - 2026 Regular

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<b>Bill No:</b>	SB 1141	<b>Hearing Date:</b>	March 25, 2026
<b>Author:</b>	Wahab		
<b>Version:</b>	February 18, 2026		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Olgalilia Ramirez		

**Subject:** Public contracts: University of California Senior Management Group employees: conflicts of interest: prohibition.

**NOTE:** This bill has been referred to the Committees on Education and *Judiciary*. A “do pass” motion should include referral to the *Committee on Judiciary*.

### SUMMARY

This bill prohibits a business from entering into a contract with the University of California (UC) if a UC employee in a senior management position serves or has served the business as specified within the previous year, or if the employee or their immediate family member has received compensation from the business within the previous year. The bill further authorizes a California taxpayer or Attorney General (AG) to bring a civil action to enforce the bill’s provisions and recover attorney’s fees if the civil action prevails.

### BACKGROUND

Existing law:

- 1) Establishes the UC as a public trust to be administered by the Regents of the UC; and, grants the Regents full powers of organization and government, subject only to such legislative control as may be necessary to insure security of its funds, compliance with the terms of its endowments, statutory requirements around competitive bidding and contracts, sales of property and the purchase of materials, goods and services. (Article IX, Section (9)(a) of the California Constitution)
- 2) Prohibits an officer or employee of the UC from engaging in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest if that employment, activity, or enterprise is sponsored or funded by a university department or contract, except as provided. It further prohibits an officer or employee from contracting on his or her own individual behalf as an independent contractor with any university department to provide services or goods. (Public Contract Code § 10516)

### ANALYSIS

This bill:

- 1) Prohibits a business entity from bidding on, entering into, renewing, automatically renewing, extending, or expanding the scope of any contract with the UC Regents if a UC executive employee serves the business entity, or has served the business entity at any time within the previous 12 months, as a consultant, partner, director, governor, trustee, employee, manager, advisory board or member of any committee.
- 2) Prohibits a business entity from bidding on, entering into, renewing, automatically renewing, extending, or expanding the scope of any contract with the UC Regents for at least 12 months after providing or promising any UC executive employee, or the employee's immediate family member, compensation of any kind.
- 3) States that a contract entered into, renewed, automatically renewed, extended, expanded in scope, or maintained in violation of the bill's provisions be declared void, a risk to the security of the UC's funds, and contrary to public policy.
- 4) Authorizes civil action to enforce the bill's provisions to be brought by any California taxpayer or the AG, and upon prevailing, recover attorney's fees and costs. It further requires, if a court finds in such a civil action that a business entity has violated the bill's provisions, that the court enjoin the business entity from bidding on, entering, renewing, automatically renewing, extending, or expanding the scope of any contract with UC for 10 years from the date of the finding.
- 5) Defines all of the following terms for purposes of the bill:
  - a) "Business entity" to mean any private sector organization, regardless of its corporate form.
  - b) "Compensation" to mean a thing of value or source of income aggregating \$500 or more in value, and includes any cash, remuneration, loan, any type of ownership interest, return on investment, debt, lease, discount, retainer, fee, stipend, honoraria, equity, stock, stock option, dividend, distribution, subsidy, share of current or future profits, gift, donation, rebate, or kickback. "Compensation" does not include interest earned on personal savings or retirement funds or a loan provided by a financial or commercial lending institution in the regular course of business on terms available to the public without regard to the executive's official status.
  - c) "Contract" to mean any legally enforceable agreement that establishes the rights and obligations of two or more parties, one of which is the Regents of the UC, any UC campus, medical center, health system, hospital, clinic, laboratory, or facility or organization affiliated with the University, or any person acting on the University's behalf. "Contract" includes, but is not limited to, any agreement for the sale or lease of real property, the sale or lease of materials, and the provision of personal or professional services. "Contract" includes an evergreen contract, or an agreement that automatically renews from time to time.

- d) “Executive” or “University of California executive” to mean a UC employee who serves as or reports to a Chancellor, Vice Chancellor, Chief Executive Officer, Chief Operating Officer, Chief Transformation Officer, Chief Human Resources Officer, or General Counsel of the University, or who holds any other position in the University’s Senior Management Group.
- e) “Twelve months” to mean any 12-month period starting on or after January 1, 2027.

## STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “State laws such as the Political Reform Act of 1974 and Government Code Section 1090 require most public officials to recuse themselves from contracting decisions in which they have a financial interest. These statutes do not address how many UC contracting decisions are made, however. Because UC’s contracting decisions take place behind closed doors and without a public vote, so recusal would not safeguard the public’s interest.

“In practice, UC’s decisions to enter into, renew or expand the scope of multi-million-dollar contracts are made by staff who report to UC Executives who may have a financial interest in the outcome of those decisions. Neither existing law nor UC policy prevents or addresses such conflicts of interest.”

The author further states, “the University of California system educates more than 300,000 students, employs 265,000 faculty and staff. It is the second largest employer in the State of California, and the second largest healthcare delivery system in California, only behind Kaiser. Given both its economic footprint and its vast purchasing power, it is vital that the State safeguards the investments and funds that the University manages and ensures that the UC lives up to the public benefit it provides. SB 1141 does that by stopping the private business seeking to contract with the University from providing financial rewards to University executives who oversee the University’s contracting decisions.”

- 2) ***Existing conflict-of-interest policies.*** Existing law primarily regulates conflicts of interest involving UC employees. This bill instead restricts the ability of private businesses to contract with UC when certain financial or service relationships including service on boards, advisory bodies, or in other formal roles exist with UC senior management employees. The UC indicates, in their letter submitted to this committee, that it is already subject to a comprehensive framework of state law and institutional policies governing conflicts of interest, including the Political Reform Act, Public Contract Code Section 10516, and a range of Regents policies and internal procedures. These policies require disclosure of financial interest, limit outside activities, and establish recusal requirements when conflicts arise. For example, UC policy requires employees, including senior management, to disclose financial interests and avoid participation in decisions where a conflict exists with recusal serving as the primary solution. *The committee may wish to consider how the restrictions proposed in this bill interact*

*with existing conflict of interest laws and UC policies, and whether those laws and policies already sufficiently address the concerns the bill seeks to remedy.*

- 3) **Covered employees.** The bill could apply broadly to many employees and by extension their immediate family members. UC indicates that there are approximately:
- a) 505 employees who serve in, or report directly to, senior leadership positions.
  - b) 184 senior management group employees, many of whom are included in the broader group.

It's unclear to committee staff whether the scope of impacted employees aligns with the level of decision-making authority over contracting.

- 4) **Potential impact on UC.** This bill conditions vendor eligibility on financial relationships and relationships in the form of service involving UC senior management employees which may have potential implications for UC's operations. With respect to service relationships, UC employees frequently serve on advisory boards or in other outside roles due to their subject-matter expertise. It is unclear how the bill's provisions may have an impact on these types of routine activities, including unpaid advisory roles, and how such activities would be distinguished from relationships that present a direct conflict of interest. Implementation of the bill may require UC to develop additional disclosure and verification process related to the financial and service relationships of UC senior management employees and their family members to determine whether prospective vendors are eligible to contract with the UC. Also, to the extent vendors may face uncertainty regarding compliance with the bill's requirements, may impact vendor participation and the availability of certain goods and services including those supporting instruction, and operations.
- 5) **Definition of compensation.** The bill defines compensation to include money or anything of value of \$500 or more, including payments for services, fees, honoraria, or other financial benefits, and may include income generated from any type of ownership interests, such as dividends. The bill excludes interest earned on personal savings or retirement funds. However, it appears that the bill could apply to other forms of investment income or ownership interest. It's unclear whether the bill is intended to capture passive investments. *The committee may wish to consider whether the inclusion of passive investment income is necessary to achieve the bill's intent.*
- 6) **Arguments in support.** The sponsors of the bill, AFSCME 3299, in their letter of support state in part, "SB 1141, a long overdue step toward dismantling a dangerous practice of some companies that do business with UC and High-level UC executives. For years, we have witnessed troubling side-dealing relationships between companies who receive UC contracts and UC's senior management. We know of senior UC executives with 7-figure public salaries who have concurrent lucrative private roles with companies doing business with UC." They further contend that SB 1141 doesn't prevent a company from doing business at

UC nor does it prevent UC from selecting business executives to serve as a UC executive and that by prohibiting conflicts of interest, SB 1141 protects integrity in the UC's contracting process, maintains public trust, and shields state government from the damaging, scandal-baiting charges emanating from Washinton, DC.

- 7) **Arguments in opposition.** The UC argues in their letter of opposition, in part, "...SB 1141 bans contracting with any entity where a UC executive (or their direct report) serves on a board, advisory board, or committee. Unlike other conflict laws, this applies even to unpaid voluntary service – and provides for a 10-year contracting ban for any business entity found in violation of the new and expansive prohibitions. UC faculty and administrators are frequently sought for their expertise to serve on technical advisory boards. These roles ensure that UC's business partners develop tools that meet the needs of the UC community. Under SB 1141, a vendor would be barred from all UC business solely because a university expert provided expert guidance..." The University further argues, that "Maintaining the University's operations will become unfeasible if existing contracts are cancelled or vendors choose to avoid University contracts to avoid the risk of a 10 year, systemwide band from UC contracting. Existing laws already prevent UC employees from benefiting from university contracts. SB 1141 is an unnecessary measure that would cause the University's medical and instructional operations to grind to a halt."

## **SUPPORT**

AFSCME Local 3299 (sponsor)  
American Federation of State, County and Municipal Employees, AFL-CIO

## **OPPOSITION**

University of California

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