

Date of Hearing: June 9, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
SB 1237 (Blakespear) – As Introduced February 19, 2026

SENATE VOTE: 29-6

SUBJECT: CIVIL RIGHTS DEPARTMENT

SYNOPSIS

Over the last decade, the Legislature has made repeated efforts to obtain pay equity in the state. As part of that effort, certain employers are required to submit annual pay data reports to the Civil Rights Department (CRD) detailing their employees' wages and the average hourly rate within each job category for each combination of race, ethnicity, and sex. Existing law also allows the CRD to request a court to impose a civil penalty of up to \$200 per employee against any employer that fails to comply with the reporting requirement. While the pay reporting requirements should theoretically at least provide significant insight, and thus allow the Legislature and stakeholders to develop policies to address pay inequities, the author of this measure and sponsors contend that the statute is woefully underenforced. In an effort to bolster compliance from employers and enforcement actions by the CRD, the bill increases the amount of a civil penalty an employer may face at the request of the CRD to \$1,000 per employee, and requires the CRD to publish an annual report regarding budgetary and enforcement information, including details about civil penalties assessed and collected.

This bill is sponsored by Hispanas Organized for Political Equality (HOPE) and Power California Action. It is additionally supported by the California Commission on the Status of Women and Girls, the California Legislative Women's Caucus, the California Employment Lawyers Association (CELA), the California Teachers Association (CTA), and Equal Rights Advocate (ERA). There is no known opposition.

SUMMARY: Increases the penalty amount the Civil Rights Department (CRD) may request a court impose on a business that fails to comply with pay data reporting requirements.

Specifically, **this bill:**

- 1) Requires the CRD to annually publish a report of the aggregate budgetary and enforcement information for the Civil Rights Enforcement and Litigation Fund, including, but not limited to, all of the following:
 - a) The total amount of civil penalties assessed;
 - b) The total amount of civil penalties collected;
 - c) The total amount of civil penalties outstanding to be collected;
 - d) The allocation or use of collected penalty revenues;
- 2) Authorizes the CRD to publish or combine the required report with any other annual report the department is authorized or required to publish by law.

- 3) Increases the civil penalty a court may impose on a business that fails to comply with existing pay data reporting requirements, upon request by the CRD, from a maximum of \$200 to a maximum of \$1,000 per employee.

EXISTING LAW:

- 1) Requires that on or before the second Wednesday of May 2023, and on or before the second Wednesday of May of each year thereafter, a private employer that has 100 or more employees shall submit a pay data report to the CRD covering the prior calendar year, which, for purposes of this section, shall be referred to as the "Reporting Year." (Government Code Section 12999 (a)(1). All further statutory references are to the Government Code.)
- 2) Requires that on or before the second Wednesday of May 2023, and on or before the second Wednesday of May of each year thereafter, a private employer that has 100 or more employees hired through labor contractors within the prior calendar year shall submit a separate pay data report to the CRD covering the employees hired through labor contractors in the prior calendar year. The private employer shall also disclose on the pay data report the ownership names of all labor contractors used to supply employees. A labor contractor shall supply all necessary pay data to the private employer. (Section 12999 (a)(2).)
- 3) Specifies that the pay data report shall include the number of employees by race, ethnicity, and sex in each of the following job categories: executive or senior level officials and managers; first or mid-level officials and managers; professionals; technicians; sales workers; administrative support workers; craft workers; operatives; laborers and helpers; and service workers. (Section 12999 (b)(1)(A)-(J).)
- 4) Specifies that the pay data report shall include the number of employees by race, ethnicity, and sex whose annual earnings fall within each of the pay bands used by the United States Bureau of Labor Statistics in the Occupational Employment Statistics survey. (Section 12999 (b)(2).)
- 5) Specifies that the pay data report shall include the median and mean hourly rate within each job category, for each combination of race, ethnicity, and sex. (Section 12999 (b)(3).)
- 6) Requires the CRD to maintain pay data reports for at least 10 years. (Section 12999 (j).)
- 7) Provides that if the CRD does not receive the required report from an employer, the CRD may seek an order requiring the employer to comply with the pay data reporting requirements and shall be entitled to recover the costs associated with seeking the order for compliance. (Section 12999 (f).)
- 8) Provides that upon request by the CRD, a court shall impose a civil penalty not to exceed \$100 per employee upon any employer who fails to file the required report and not to exceed \$200 per employee upon any employer for a subsequent failure to file the required report, payable to the Civil Rights Enforcement and Litigation Fund. (Section 12999 (f).)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: Despite years of legislative efforts to reach pay equity, California's gender and racial pay gaps persists. A recent report from the Civil Rights Department (CRD), based on 2021

pay data reporting, reflected that women overall earn approximately 81 cents for every dollar earned by their white male counterparts, with women of color seeing an even lower average. Latina workers make an average of 44 cents to every dollar earned by a white man, and Black women earn 61 cents for every dollar earned by a white man. (Orbach-Mandel, Nair, and Pryor (California Budget & Policy Center) *California Women's Well-Being Index: Wage Gap Fact Sheet*, August 2024 available at: https://calbudgetcenter.org/app/uploads/2024/08/Fact-Sheet_wagegap.pdf.)

Existing law requires private employers with 100 or more employees to submit pay data to the CRD covering the prior year. The data is required to reflect information relating to employees' race, ethnicity, and sex in specified job categories including executive or senior level positions, mid-level positions, administrative support workers, service workers, and technicians. (Government Code Section 12999 (a) – (b).) The statute also requires employers to provide similar reporting related to labor contractors. Repeated failure by an employer to comply with these reporting requirements can expose them to liability of up to \$200 per employee through a civil penalty imposed by a court at the request of the CRD. (*Id.* at (f).) These penalties are payable to the Civil Rights Enforcement and Litigation Fund, and the CRD is authorized to use those funds upon appropriation by the Legislature to offset department costs. (Government Code Section 12907 (c).)

While impressive in concept, pay data reporting can only help close the wage gap through pay transparency if there is consistent compliance. Unfortunately, it seems that this enforcement is sorely lacking. Supporters claim that at least 400,000 workers' pay data is unaccounted for, significantly hindering any ability to create meaningful pay transparency. According to the author, the lack of pay data reporting is due at least in part to the arguably low civil penalty. The author further states:

SB 1237, a Legislative Women's Caucus Priority Bill, will strengthen enforcement of California's pay equity reporting law to ensure the Civil Rights Department (CRD) can effectively combat wage discrimination. California has led the nation on equal pay, but our laws are only as strong as their enforcement. Wage disparities persist; for every dollar a man earns, women earn only \$0.81 with larger gaps for women of color. For every \$1 a white man makes, Black women earn 58 cents and Latina women earn 44 cents.

To better identify and address these inequities, California requires companies with 100 or more employees to report annual pay data to CRD, disaggregated by race, ethnicity, sex, and job category. However, CRD is missing pay data for at least 400,000 workers.

SB 1237 will strengthen enforcement by increasing the penalty for repeated noncompliance from \$200 to \$1,000 per employee. Increased penalties will serve as a meaningful deterrent against noncompliance and generate additional resources for more proactive enforcement. This bill ensures employers can't treat pay data reporting as optional and gives CRD the tools it needs to effectively combat wage discrimination. It is a critical step toward ending persistent wage disparities and delivering real pay equity for women.

In an attempt to both encourage compliance with pay data reporting requirements and gain insight into the current scheme's efficacy, *this bill* does two things. First, it increases the potential civil penalty a court may impose for an employer's repeated failure to submit the required pay data report to \$1,000 per employee. Second, it requires the CRD to publish an annual report on budgetary and enforcement information for the Enforcement and Litigation

Fund, including the total amount of civil penalties assessed, collected, and outstanding; and the allocation or use of the collected penalties.

ARGUMENTS IN SUPPORT: This bill is sponsored by Hispanas Organized for Political Equality (HOPE) and Power California Action. It is additionally supported by the California Commission on the Status of Women and Girls, the California Legislative Women’s Caucus, the California Employment Lawyers Association (CELA), the California Teachers Association (CTA), and Equal Rights Advocate (ERA). In support of the bill HOPE submits:

While some of this gap can be explained by occupational differences, women, particularly women of color, continue to earn less than men across industries and job categories. To better identify and address these inequities, SB 973 (Jackson, 2020) established a requirement for companies with 100 or more employees to report annual pay data to CRD, disaggregated by race, ethnicity, sex, and job category. Subsequently, SB 1162 (Limón, 2022) expanded this requirement to include labor contractors. These data points are critical for detecting patterns of wage disparity and enforcing anti-discrimination laws. Since implementation, CRD has secured more than \$154 million in settlements in alleged sex discrimination cases (California Civil Rights Department, 2024).

However, California’s pay data reporting system is only as strong as its compliance. In 2023, pay data for approximately 7.9 million workers were reported to CRD, yet an estimated 8.3 million workers were employed by businesses subject to the law, leaving at least 400,000 workers unaccounted for. This gap undermines the state’s ability to fully understand and address wage inequities.

Weak enforcement mechanisms are a primary driver of this gap. Current penalties, up to \$100 per employee for a first violation and \$200 per employee for subsequent violations, are too low to incentivize compliance, particularly for large employers who may treat these fines as a cost of doing business.

Strengthening enforcement is especially important for Latinas not only as workers, but also as business owners. HOPE’s research shows that Latina entrepreneurs are a rapidly growing force in California’s economy, yet the vast majority operate small businesses with fewer than 100 employees and face disproportionate barriers to capital, growth, and workforce stability. Ensuring a fair and transparent labor market helps level the playing field, supporting responsible small business owners while holding larger employers accountable for compliance.

REGISTERED SUPPORT / OPPOSITION:

Support

CA Commission on the Status of Women and Girls
CA Legislative Women's Caucus
California Employment Lawyers Association
California Teachers Association
Equal Rights Advocates
Hispanas Organized for Political Equality
Power California Action

Opposition

None on file

Analysis Prepared by: Manuela Boucher-de la Cadena / JUD. / (916) 319-2334