
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No: SB 1241 **Hearing Date:** March 25, 2026
Author: Smallwood-Cuevas
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Urgency: No **Fiscal:** Yes
Consultant: Emma Bruce

SUBJECT: Skilled and trained workforce requirements

KEY ISSUE

This bill makes several changes to skilled and trained workforce (STW) requirements. Specifically, SB 1241: 1) expands the circumstances under which a public entity can be required to obtain an enforceable commitment to use a STW; 2) defines “substantial compliance plan” and “material misrepresentation;” 3) modifies the criteria the Labor Commissioner (LC) uses to assess penalties for STW violations; 4) prohibits a contractor from submitting a substantial compliance plan for subsequent violations, as specified; 5) requires the LC to impose the maximum allowable penalty for a contractor’s failure to submit a monthly report or continued failure to use a STW after notice of a violation, as specified; 6) requires the LC to debar a contractor found to have committed a material misrepresentation, as specified; and 7) requires the LC to accept and timely investigate complaints from a joint labor-management committee (JLMC), as specified.

ANALYSIS

Existing federal law:

- 1) Permits, pursuant to the Labor Management Cooperation Act of 1978, the establishment of plant, area, and industrywide labor management committees (JLMCs), which have been organized jointly by employers and labor organizations representing employees in that plant, area, or industry, as specified. (29 U.S.C. §175a)

Existing state law:

- 1) Establishes within the Department of Industrial Relations (DIR), various entities including the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner (LC) and empowers the LC to ensure a just day’s pay in every workplace and to promote justice through robust enforcement of labor laws. (Labor Code §79-107)
- 2) Defines a “skilled and trained” workforce (STW) as a workforce that meets both of the following conditions:
 - a) All the workers performing work in an apprenticeable occupation in the building and construction trades are either skilled journeypersons or apprentices registered in an apprenticeship program approved by the Division of Apprenticeship Standards (DAS).
 - b) At least 60% of the skilled journeypersons employed to perform work on the contract or project by every contractor and each of its subcontractors at every tier are graduates of an apprenticeship program for the applicable occupation, as specified.
(Public Contract Code §2601)

- 3) Provides that a public entity can be required, by statute or regulation, to obtain an enforceable commitment that a bidder, contractor, or other entity will use a STW to complete a contract or project. (Public Contract Code §2600(a))
- 4) Authorizes a public entity to require a bidder, contractor, or other entity to use a STW to complete a contract or project regardless of whether the public entity is required to do so by statute or regulation. (Public Contract Code §2600(b))
- 5) Provides that when the use of a STW to complete a contract or project is required pursuant to 3) or 4), above, the public entity shall include in all bid documents and construction contracts a notice that the project is subject to a STW requirement. (Public Contract Code §2600(c))
- 6) Requires a contractor, bidder, or other entity to provide to the public entity or other awarding body, on a monthly basis while the project or contract is being performed, a report demonstrating compliance with skilled and trained workforce requirements. (Public Contract Code §2602)
- 7) Provides that if a monthly report does not demonstrate compliance, the public agency or other awarding body shall do all of the following:
 - a) Withhold further payments until the contractor, bidder, or other entity provides a plan to achieve substantial compliance, as specified.
 - b) Forward a copy of the monthly report to the LC for issuance of a civil wage and penalty assessment.
 - c) Forward to the LC a copy of the plan, if any, submitted by the contractor, bidder, or other entity to achieve substantial compliance.(Public Contract Code §2602(c))
- 8) Provides that a contractor or subcontractor that fails to use a STW shall forfeit, as a civil penalty to the state, not more than \$5,000 per month of work performed in violation of STW requirements. A contractor or subcontractor that commits a second or subsequent violation within a three-year period shall forfeit as a civil penalty to the state the sum of not more than \$10,000 per month of work performed in violation of STW requirements. (Public Contract Code §2603(a))
- 9) Authorizes the LC to reduce or waive any monetary penalty for STW violations if the amount of the penalty would be disproportionate to the severity of the violation. (Public Contract Code §2603(c))
- 10) Directs the LC to consider the following criteria when assessing penalties for STW violations:
 - a) Whether the violation was intentional.
 - b) Whether the contractor or subcontractor has committed other violations of STW requirements or of the Labor Code.
 - c) Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation.
 - d) The extent or severity of the violation.
 - e) Whether a contractor or subcontractor submitted and followed a plan to achieve substantial compliance with this chapter.(Public Contract Code §2603(c))

- 11) Provides that whenever a contractor or subcontractor is found by the LC to have violated STW requirements with intent to defraud, the contractor or subcontractor or a firm, corporation, partnership, or association in which the contractor or subcontractor has any interest is ineligible for a period of not less than one year or more than three years to do either of the following:
 - a) Bid on or be awarded a contract for a public works project.
 - b) Perform work as a subcontractor on a public works project.(Public Contract Code §2603(h))
- 12) Authorizes a JLMC to bring an action in any court of competent jurisdiction against an employer that fails to pay the prevailing wage to its employees or that fails to provide certified payroll records, as specified. (Labor Code §1771.2)

This bill:

- 1) Expands the circumstances under which a public entity can be required to obtain an enforceable commitment to use a STW to include a requirement imposed by rule, resolution, ordinance, permit condition, permit streamlining condition, public funding condition, development agreement, or public contract, in addition to statute or regulation.
- 2) Provides that the failure of a public entity to provide notice that a project is required to use a STW shall not excuse a bidder, contractor, or other entity from the obligation to use a STW if such a requirement is imposed by rule, resolution, ordinance, permit condition, permit streamlining condition, public funding condition, development agreement, or public contract, in addition to statute or regulation.
- 3) Defines “substantial compliance plan” as a written plan that does both of the following:
 - a) Ensures full compliance with the apprenticeship graduate workforce percentage requirements and skilled journeyman requirements on all work performed after acceptance of the plan.
 - b) Substantially remedies prior violations of STW requirements through exceeding the minimum apprenticeship graduate requirements on future work.
- 4) Defines “material misrepresentation” as a false statement or omission made regardless of intent. Material misrepresentation includes a certification in a monthly report, substantial compliance plan, or other submission required by STW law, that would tend to affect a determination of compliance.
- 5) Makes various changes to the existing criteria the LC considers when assessing penalties for STW violations. Specifically, this bill directs the LC to consider:
 - a) Whether the violation was intentional, which shall include actual knowledge of STW requirements and failure to take reasonable steps to comply.
 - b) Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation so that any subsequent violation did not occur.

- c) Whether a contractor or subcontractor submitted and followed a “substantial compliance plan” and the extent to which the compliance plan remedied prior noncompliance.
- 6) Prohibits the LC from waiving penalties for failure to submit a required monthly report, material misrepresentation, or continued noncompliance after notice of a violation.
- 7) Provides that a “substantial compliance plan” may only be submitted for a first violation by a contractor or subcontractor within a three-year period.
- 8) Provides that failure to submit the required monthly report, failure to remedy an incomplete monthly report, or continued failure to use a STW after notice of a violation shall result in a mandatory penalty equal to the maximum penalty allowable under STW law.
- 9) Amends an existing requirement for the LC to debar a contractor or subcontractor found to have violated STW requirements with “intent to defraud” to instead require the LC to debar a contractor or subcontractor found to have committed a “material misrepresentation,” as specified.
- 10) Requires the LC to accept and timely investigate complaints from a JLMC alleging that a contractor or subcontractor failed to use a STW workforce, as specified.
- 11) Replaces references to “his or her” with “their” in Public Contract Code §2603.

COMMENTS

1. Background:

What is a Skilled and Trained Workforce?

STW requirements are qualifications for the building and construction workforce that California requires on certain projects. A “skilled and trained” workforce is one in which all workers performing work in an apprenticeable occupation in the building and construction trades are either skilled journeypersons¹ or apprentices registered in a DAS-approved apprenticeship program. Additionally, at least 60% of the skilled journeypersons employed to perform work on the contract or project are graduates of either an in-state, DAS-approved apprenticeship program or an out-of-state, federally-approved apprenticeship program. Individuals who qualify as skilled journeypersons based on their on-the-job experience *do not count* towards the 60% minimum graduation requirement. STW requirements ensure high-quality construction projects and invest in the State’s apprenticeship programs by increasing demand for graduates.

A public entity can be required, by statute or regulation, to obtain an enforceable commitment that a bidder, contractor, or other entity will use a STW to complete a contract or project. However, even in the absence of a statute or regulation, a public entity can mandate the use of a STW.

¹ A “skilled journeyperson” means a worker who either 1) graduated from an in-state apprenticeship program approved by DAS or an out-of-state apprenticeship program, approved by the federal Secretary of Labor or 2) has at least as many hours of on-the-job experience as would be required to graduate from the applicable DAS-approved apprenticeship program.

SB 1241 would expand the circumstances under which a public entity can be required to obtain an enforceable commitment to use a STW to include a requirement imposed by rule, resolution, ordinance, permit condition, permit streamlining condition, public funding condition, development agreement, or public contract.

Monthly Compliance Reports and Substantial Compliance Plans

When a contractor is required to use a STW, they commit to doing so in an enforceable agreement with the public entity or awarding body. As part of this agreement, a contractor submits monthly reports to the public entity that demonstrate their compliance and their subcontractors' compliance at every tier. Reports include the full name of each worker and the name, location, and graduation date of their completed apprenticeship program.

If a contractor fails to provide a monthly report or provides an incomplete one, the public entity will withhold payments until compliance is achieved and notify the LC for issuance of a civil penalty. For the public entity to resume payments, a contractor must submit a substantial compliance plan. The Public Contract Code does not specify the format of a substantial compliance plan, nor does it specify the information that should be included. This vagueness can be problematic, because public entities are required to immediately resume payments unless they reject the plan as insufficient and explain the reason for the rejection. Without clear guidelines, public entities are incentivized to accept any compliance plan so that work on their project can continue.

SB 1241 would define “substantial compliance plan” so that public entities have clear guidelines to determine whether a plan is sufficient and they should resume payments. A “substantial compliance plan” would be a written plan that does both of the following:

- 1) Ensures full compliance with the apprenticeship graduate workforce percentage requirements and skilled journeyman requirements on all work performed after acceptance of the plan.
- 2) Substantially remedies prior violations of skilled and trained workforce requirements through exceeding the minimum apprenticeship graduate requirements on future work.

Penalties for Skilled and Trained Workforce Violations

The LC can issue civil penalties and debar contractors that violate STW obligations. Initial violations carry a maximum penalty of \$5,000 per month of work performed in violation. Second or subsequent violations within a three-year period carry a maximum penalty of \$10,000 per month of work performed. When assessing penalties, the LC considers specified criteria, including whether the violation was intentional and whether a contractor submitted and followed a substantial compliance plan.

A contractor can be debarred for any violation of STW obligations committed with intent to defraud. Generally, intent to defraud requires the intent to deceive another person or entity, and to induce such person or entity, in reliance upon such deception, to assume, create, transfer, alter or terminate a right, obligation, or power with reference to property of any kind.

SB 1241 would make several changes to the approach the LC uses to assess penalties and debar contractors for STW violations. Among other things, the measure would:

- Prohibit the LC from waiving penalties for failure to submit a required monthly report, “material misrepresentation,” or continued noncompliance after notice of a violation.
- Prohibit a contractor from submitting a substantial compliance plan for subsequent violations within a three-year period.
- Require the LC to impose a mandatory penalty equal to the maximum allowable under STW law (PCC §2600-2603) for failure to submit the monthly report, failure to remedy an incomplete monthly report, or continued failure to use a STW workforce.
- Require the LC, whenever a contractor is found to have committed a “material misrepresentation,” to debar the contractor or firm, corporation, partnership, or association in which the contractor has any interest for a period of not less than one year or more than three years, as specified.
- Requires the LC to accept and timely investigate complaints from a JLMC alleging that a contractor failed to use a STW.

Collectively, these changes would increase the frequency of STW penalty assessments and limit the LC’s ability to reduce or waive penalties.

2. Author Amendments:

The author’s office plans to amend the bill in committee to 1) make clarifying changes to the criteria the LC considers when assessing penalties for STW violations; 2) specify that a contractor or subcontractor has to have *intentionally* committed a material misrepresentation in filing reports to be debarred; and 3) remove the requirement for the LC to *timely* investigate complaints from a JLMC. Below is language from the RN.

PCC 2600 (c) When the use of a skilled and trained workforce to complete a contract or project is required pursuant to subdivision (a) or (b), the public entity shall include in all bid documents and construction contracts for *such* work a notice that the project is subject to the skilled and trained workforce requirement.

PCC 2603 (c)(1)(A) Whether the violation was ~~intentional, which shall include intentional.~~ *A violation is intentional if the contractor had* actual knowledge of the skilled and trained workforce requirements and ~~failure failed~~ to take reasonable steps to comply.

PCC 2603 (c)(1)(C) Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation ~~so that and~~ any subsequent ~~violation~~ *violations* did not occur.

PCC 2603 (c)(1)(E) ~~Whether~~ *If the violation is the first violation by the contractor or subcontractor within the prior three years, whether* a contractor or subcontractor submitted and followed a substantial compliance plan, as defined in Section 2601, and the extent to which the compliance plan remedied prior noncompliance.

PCC 2603 (c)(1)(F) The Labor Commissioner shall not waive penalties for failure to *timely* submit a required monthly report, material misrepresentation, or continued noncompliance after notice.

PCC 2603 (c)(3) Failure to *timely* submit the required monthly report, failure to remedy an incomplete monthly report, or continued failure to use a skilled and trained workforce after

notice of a violation shall result in a mandatory penalty equal to the maximum allowable under Sections 2600 to 2603, inclusive.

PCC 2603 (h) Whenever a contractor or subcontractor is found by the Labor Commissioner to have *intentionally* committed a material misrepresentation *in filing reports* under this chapter, the contractor or subcontractor or a firm, corporation, partnership, or association in which the contractor or subcontractor has any interest is ineligible for a period of not less than one year or more than three years to do either of the following: (1) Bid on or be awarded a contract for a public works project. (2) Perform work as a subcontractor on a public works project.

PCC 2603 (m) The Labor Commissioner shall accept ~~and timely investigate~~ complaints from a joint labor-management committee established pursuant to the Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) alleging that a contractor or subcontractor failed to use a skilled and trained workforce in accordance with this chapter.

3. Need for this bill?

According to the author:

“SB 1241 clarifies and strengthens STW enforcement by defining ‘substantial compliance plan’ and ‘material misrepresentation,’ limiting the use of compliance plans to a first violation within a three-year period, requiring contractors to remedy prior violations by exceeding apprenticeship graduate thresholds on future work, authorizing debarment for material misrepresentation, and requiring the Labor Commissioner to accept and investigate complaints from joint labor-management committees. These changes ensure that compliance plans result in real workforce correction rather than paper compliance.”

4. Proponent Arguments:

The sponsors of the measure, the California State Association of Electrical Workers, the California State Pipe Trades Council, and the Western States Council of Sheet Metal Workers, argue:

“California's STW requirements were established with a clear purpose: to ensure high-quality, safe, and efficient construction on public works projects. Unfortunately, persistent gaps in enforcement have allowed some contractors to circumvent these standards without meaningful accountability. Under current law, a contractor may cure an STW violation simply by submitting a ‘substantial compliance plan’ — yet the law provides no clear definition of what substantial compliance actually requires. As a result, some contractors have been able to satisfy their obligations through vague assurances and no corrective action rather than genuine workforce investment. This loophole undermines the integrity of the STW framework, allows noncompliant contractors to access public dollars, and puts responsible employers who invest in apprenticeship training at a competitive disadvantage.

SB 1241 directly addresses these failures. By defining substantial compliance, limiting its application to first-time violations, and requiring contractors to remedy past noncompliance, the bill closes the most significant enforcement gap in the current law. Additionally, by clarifying material misrepresentation standards, establishing consequences for intentionally false submissions, authorizing temporary disqualification from public works for serious

violations, and directing the Labor Commissioner to accept complaints from joint labor management committees, SB 1241 creates a meaningful and accountable enforcement framework.”

5. Opponent Arguments:

The Associated General Contractors oppose the measure, arguing:

“SB 1241 represents a substantial broadening of the STW mandate by extending its applicability to additional agreements and local actions, including development agreements and resolutions. This expansion would capture a far larger share of public and quasi-public work, increasing compliance obligations for contractors without any demonstrated need or capacity analysis.

SB 1241 broadens the circumstances under which STW requirements apply, sweeping in more projects and local instruments than ever before. This expansion increases compliance exposure for contractors and public agencies alike, even where local markets lack sufficient numbers of workers meeting STW thresholds.

Current law already requires monthly reporting to demonstrate STW compliance. SB 1241 tightens these requirements and prohibits the Labor Commissioner from waiving penalties when monthly reports are incomplete or missing, regardless of circumstances. This creates a rigid, high-risk reporting environment that disproportionately impacts small and mid-sized contractors.

The bill mandates the highest penalty levels for violations occurring after a notice of noncompliance and expands the factors the Labor Commissioner must consider when setting penalties, including whether a contractor submitted and followed a ‘substantial compliance plan’. These changes increase financial exposure even for good-faith contractors making diligent efforts to comply.”

6. Prior Legislation:

SB 978 (Perez, 2026) would, among other things, require a STW for the construction of large-scale energy facilities. *SB 978 is pending hearing in the Senate Labor, Public Employment and Retirement Committee.*

SB 1162 (Cortese, Chapter 882, Statutes of 2024) required, on or before July 1, 2025, DAS to create and maintain a public online database to verify that a worker graduated from a California apprenticeship program.

SB 2311 (Low, Chapter 347, Statutes of 2020) required a public entity to include in all bid documents and construction contracts a notice that the project is subject to STW requirements, if applicable. SB 2311 also stated that the failure to provide such a notice does not excuse a public entity, bidder, or contractor from complying with STW requirements.

AB 3018 (Low, Chapter 882, Statutes of 2018) enhanced compliance with STW rules by strengthening public agency reporting requirements, creating penalties for noncompliance, and providing the LC the authority to issue a civil wage and penalty assessment against a contractor or subcontractor found in violation of STW requirements.

SB 418 (Hernandez, Chapter 393, Statutes of 2017) revised the existing definition of “skilled and trained workforce” to specify that on or after January 1, 2018, the 40, 50 and 60 percentage graduation rate of skilled journeypersons required for work in specified contracts shall not apply to work performed in the following occupations: acoustical installer, bricklayer, carpenter, cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, teamster, terrazzo worker or finisher, and tile layer, setter, or finisher.

SB 693 (Hueso, Chapter 774, Statutes of 2016) among other provisions, consolidated the STW requirements of various provisions of existing law, related to alternative construction delivery methods, and defined the terms of these requirements.

SUPPORT

California State Association of Electrical Workers (Co-sponsor)
California State Pipe Trades Council (Co-sponsor)
Western States Council of Sheet Metal Workers (Co-sponsor)
California Federation of Labor Unions
International Union of Painters and Allied Trades, District Council 16
International Union of Painters and Allied Trades, District Council 36
State Building and Construction Trades Council
Teamsters California

OPPOSITION

Associated General Contractors, California Chapters
Construction Employer’s Association
Western Electrical Contractors Association

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