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

Bill No: SB 1444 **Hearing Date:** April 22, 2026
Author: Committee on Labor, Public Employment and Retirement
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Urgency: No **Fiscal:** Yes
Consultant: Alma Perez-Schwab

SUBJECT: Employment

KEY ISSUES

This omnibus bill makes statutory updates to improve efficiency, clarity, and modernization across several state programs. Specifically, the bill: 1) grants an additional 30 days to Public Employees' Retirement System members to make post-retirement decisions, as specified; 2) streamlines the Labor Commissioner wage claims processes to allow for electronic communication; 3) consolidates duplicative Employment Development Department (EDD) reports and shortens EDD's automation planning horizon to account for evolving technologies; 4) removes outdated firefighter training references in specified workers' compensation firefighter presumptions; and 5) makes other technical clarifying changes.

ANALYSIS

Existing law:

- 1) Under the Public Employees' Retirement Law, authorizes a member of the Public Employees' Retirement System (CalPERS) to elect from among several optional settlements for the purpose of structuring the member's retirement allowance. Requires a member to make an election, revocation, or change of election within 30 calendar days after the making of the first payment on account of any retirement allowance or, in the event of a change of retirement status after retirement, within 30 calendar days after making the first payment on account of that change in retirement status. (Government Code §21472)
- 2) Establishes, within the Department of Industrial Relations (DIR), the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner (LC), and empowers the LC with ensuring a just day's pay in every workplace and promotes economic justice through robust enforcement of labor laws. (Labor Code §79-107)
- 3) Authorizes the LC to investigate employee complaints and provide for a hearing in any action to recover wages, penalties, and other demands for compensation, including liquidated damages if the complaint alleges payment of a wage less than the minimum wage, as specified. Requires a party who has received actual notice of a claim before the LC to notify the LC in writing of any changes in that party's business or personal address within 10 days after the change in address occurs. Existing law additionally requires a copy of the complaint to be served on all parties when a hearing is set, and specifies the copy shall be served personally, by certified mail, or pursuant to specified provisions authorizing certain service in lieu of personal delivery. (Labor Code §98)

- 4) Makes it unlawful for any person or employee to engage in willful misclassification of an individual as an independent contractor and imposes certain civil penalties and damages for violations of those provisions. With regards to enforcement of these provisions, it specifies that for each public employee subject to specified statutes, the Labor Commissioner or a public prosecutor may alternatively recover the above-referenced civil penalties as damages payable to the employee, as specified. (Labor Code §226.8)
- 5) Establishes a workers' compensation system to compensate an employee for injuries sustained in the course of employment. As part of this system, creates a rebuttable presumption that specified injuries, including cancer and post-traumatic stress disorder, that developed or manifested during a period in which the person is serving as a first responder, as specified, arose out of and in the course of employment. Existing law makes these provisions applicable to active firefighting members of a fire department that provides fire protection to a commercial airport regulated by the Federal Aviation Administration, as specified, and that are trained and certified by the State Fire Marshal as meeting the standards of Fire Control 5 and a specified section of the Code of Federal Regulations. (Labor Code §3212)
- 6) Establishes the Employment Development Department (EDD) in the LWDA and vests it with various duties and responsibilities including the administration of the Unemployment Insurance (UI) program that provides weekly unemployment insurance benefits for workers who lose their job through no fault of their own. Among other things, existing law:
 - a) Requires the Director of EDD to calculate the experiences of school employers relative to usage of the Unemployment Fund and to provide this information, among other things, to the affected school employer and governing body thereof at least annually.
 - b) Requires the Director of EDD to develop experience relationships on all benefits paid to employees via the School Employees Fund and on school employers' experience related to use and exposure, and to report this each year to the Legislature before March 31. Requires the report to contain comments and recommendations on improvement to administration, enforcement, and financing of the provisions relative thereto.
 - c) Requires the Director of EDD to prepare a biennial report to the Legislature on the department's automation plans that, among other things, provides a strategic information technology plan that describes the long-term goals and strategies that shall be undertaken by the department covering a 10-year planning horizon, as specified. (Unemployment Insurance Code §832 & §4902)

This bill:

Regarding CalPERS:

- 1) Extends the timeframe under which CalPERS members can modify their post-retirement option beneficiary designations from 30 to 60 days after the making of the first payment.

Regarding LC wage claims processes:

- 2) Makes various changes to provisions governing the communication of the LC to employees filing wage claims to:
 - a) Require that a party, while the matter is before the LC, notify the LC of any changes to that party's electronic address within 10 days after the change in address occurs.

- b) Revise the manner in which notice is required to be given to include first-class mail, registered mail, in the manner specified in Section 415.20 of the Code of Civil Procedure, or by any manner that the party agrees to accept service, including, but not limited to, electronic service.
- c) Specify that any party that is represented by an attorney shall be required to accept electronic service from the Labor Commissioner.

Regarding existing misclassification of employees:

- 3) Clarifies that for enforcement of misclassification of employees provisions, each employee, the LC, or a public prosecutor may alternatively recover the specified civil penalties as damages payable to the employee, as specified. (This is consistent with existing law; this technical correction clarifies that)

Regarding existing workers' compensation firefighter provisions:

- 4) For purposes of specified workers' compensation presumptions applicable to certain firefighters, eliminates the requirement that the active firefighters be trained and certified by the State Fire Marshal as meeting the standards for the presumptions to apply and instead specifies that it applies to firefighters regulated by the Federal Aviation Administration under existing Code of Federal Regulations and trained in accordance with those regulations.

Regarding the EDD provisions:

- 5) Makes various modifications and clarifications to the existing reporting provisions to:
 - a) Revise and consolidates the existing School Employees Fund report to require that the information be included as part of the Unemployment Fund report.
 - b) Require that the usage of the Unemployment Fund report, now containing the specified School Employees Fund information, be submitted in compliance with existing Government Code Section 9795 and additionally submitted to the Legislature.
 - c) For the currently required biennial report to the Legislature on the department's automation plans, require that the report include a plan covering a 3-year planning horizon instead of the current 10-year planning horizon. Additionally, requires that the report be submitted in compliance with existing Government Code Section 9795.

COMMENTS

1. Background and need for this bill?

This omnibus bill makes statutory updates to improve efficiency, clarity, and modernization across several state programs within the jurisdiction of the Senate Labor, Public Employment and Retirement Committee.

CalPERS' Option Beneficiary:

A CalPERS member may provide a lifetime allowance to a designated beneficiary upon the member's death by selecting an optional contract for a reduction to their unmodified pension allowance. Under current law, the member may make a change to their option beneficiary prior to receiving their first pension check, which occurs approximately 30 days after their retirement date. **This bill** provides CalPERS members an *additional* 30 days to modify their

option beneficiary to ensure they have fully considered the lifelong consequence to their pension benefit before their selection becomes irrevocable.

Email Services and Drafting Error:

Currently, the Labor Commissioner's Office (LCO) Wage Claims Adjudication Unit spends a significant amount of its already limited time and resources mailing out notices to the parties in Berman wage claim proceedings, even in cases where the parties have engaged with LCO through email and may be amenable (or may even prefer) service by email. LCO also spends a significant amount of money on postage getting these notices out. **This bill** makes changes that will save staff time and resources in the Berman wage claim process, creating efficiencies and helping to reduce backlogs.

Last year, the LCO identified a drafting error in Labor Code section 226.8(g)(2). **This bill** corrects a drafting error in AB 594 (Maienschein, Chapter 659, Statutes of 2023) to allow workers to recover the same misclassification penalty in all LCO proceedings.

EDD Reports:

Employment Development Department administers the School Employee Fund (SEF), which helps finance unemployment claims filed by school employees. Existing law requires EDD to publish two annual SEF reports and provide the report to the Legislature and SEF participants. **This bill** consolidates the annual SEF Report provided to both the Legislature and SEF participants, into one, single annual report, streamlining the reporting requirement for EDD, the Legislature, and SEF participants.

EDD is also required to prepare and submit a biennial IT Automation report, detailing a ten-year automation plan, including recommendations on improvements for consideration by both policy and fiscal committees of the Legislature, on or before February 1 of each even-numbered year. **This bill** reduces EDD's ten-year IT automation plan requirement to three years. With a shorter plan duration, the report provides the Legislature with a plan that is more realistically aligned with quickly emerging technology trends, while continuing to offer transparency, oversight, and accountability over the Department's IT infrastructure.

Firefighter Workers' Compensation:

Last year, the Legislature passed SB 230 (Laird, Chapter 404, Statutes of 2025), which expanded rebuttable presumptions that specified diagnoses are occupational and therefore covered by workers' compensation to covered active firefighting members. Under current law, active firefighters for a commercial airport must meet specified standards of Fire Control 5 under the purview of the State Fire Marshal to be eligible for these presumptions. The committee has been informed that the State Fire Marshal is in the process of discontinuing this training because it is a "legacy" training or there may be other more commonly used trainings nationwide. Therefore, **this bill** removes the outdated training reference while preserving the requirement for firefighters to be trained in accordance with specified existing FAA standards.

2. Committee Amendments:

The Committee has identified an additional section of the Labor Code where the electronic communication provisions need to be included to be consistent with the changes proposed in this bill with regards to the Labor Commissioner communications. Committee amendments will amend Labor Code Section 98.1 with the same language in Labor Code Section 98

proposed to be amended with this bill. Additionally, committee amendments make a couple clarifying changes to the electronic service provisions to specify that a party that is represented by an attorney must provide the Labor Commissioner with the attorney's email address where the electronic communication will be sent.

Below are the amendments to be taken in Committee:

- Section 2. Section 98 of Labor Code is amended as follows:
 - Page 5, line 5-11: A party who has received actual notice of a claim before the Labor Commissioner shall, while the matter is before the Labor Commissioner, notify the Labor Commissioner in writing of any change in that party's business, **business address**, personal address, or electronic address within 10 days after the change in address
 - Page 7, line 34: (B) A party that is represented by an attorney shall **provide the Labor Commissioner with the attorney's electronic mail address and shall** accept electronic service from the Labor Commissioner.
- Add Section 3. Section 98.1 of the Labor Code is amended to read:

98.1. (a) **(1)** Within 15 days after the hearing is concluded, the Labor Commissioner shall file in the office of the division a copy of the order, decision, or award. The order, decision, or award shall include a summary of the hearing and the reasons for the decision. Upon filing of the order, decision, or award, the Labor Commissioner shall serve a copy of the decision ~~personally, by first-class mail, or in the manner specified in Section 415.20 of the Code of Civil Procedure on the parties. **in compliance with paragraph (2).**~~ The notice shall also advise the parties of their right to appeal the decision or award and further advise the parties that failure to do so within the period prescribed by this chapter shall result in the decision or award becoming final and enforceable as a judgment by the superior court.

(2) (A) The Labor Commissioner shall serve the notice required by this subdivision by personal service, first-class mail, certified mail, registered mail, in the manner specified in Section 415.20 of the Code of Civil Procedure, or by any manner that the party agrees to accept service, including, but not limited to, electronic service.

(B) A party that is represented by an attorney shall provide the Labor Commissioner with the attorney's electronic mail address and shall accept electronic service from the Labor Commissioner.

(b) For the purpose of this section, an award shall include any sums found owing, damages proved, and any penalties awarded pursuant to this code.

(c) All awards granted pursuant to a hearing under this chapter shall accrue interest on all due and unpaid wages at the same rate as prescribed by subdivision (b) of Section 3289 of the Civil Code. The interest shall accrue until the wages are paid from the date that the wages were due and payable as provided in Part 1 (commencing with Section 200) of Division 2.

3. Proponent Arguments:

Proponents, including the Association of California State Supervisors and the California State Retirees, are in support of extending the timeframe for CalPERS members to make elections for the purpose of structuring retirement allowances. They argue that providing CalPERS members an additional 30 days to modify their post-retirement beneficiary designation will ensure that CalPERS members have ample time to make an informed decision regarding the long-term impact of their selection.

4. Opponent Arguments:

None received.

5. Prior/Related Legislation:

SB 230 (Laird, Chapter 404, Statutes of 2025), for injuries occurring on or after January 1, 2026, expands rebuttable presumptions that specified diagnoses are occupational and therefore covered by workers' compensation to active firefighting members of a fire department that serve a United States Department of Defense (DOD) installation, a National Aeronautics and Space Administration (NASA) installation, and provide fire protection to a commercial airport, as specified.

SUPPORT

Association of California State Supervisors
California State Retirees

OPPOSITION

None received

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