

SENATE THIRD READING

SB 578 (Smallwood-Cuevas)

As Amended May 23, 2025

Majority vote

SUMMARY

Requires the Department of Industrial Relations (DIR), upon appropriation of funds for this purpose, until January 1, 2031, to establish and administer the California Workplace Outreach Program (CWOP) in order to promote awareness of, and compliance with, workplace protections that affect California workers.

Major Provisions

- 1) Requires the DIR, upon appropriation of funds for this purpose, until January 1, 2031, to establish and administer the CWOP. Moneys in the Labor and Workforce Development Fund shall be available, upon appropriation by the Legislature, for all covered purposes of the program and for the administration of the program.
- 2) States that the purpose of CWOP is to promote awareness of, and compliance with, workplace protections that affect California workers, with a focus on low-wage and high-violation industries.
- 3) Defines "qualified organization" to mean a nonprofit organization with demonstrated experience in carrying out in-person outreach and education directed at workers in industries and demographic groups deemed by the DIR or its divisions to be vulnerable to violations of workplace protections.
- 4) Requires the DIR to issue a competitive request for application to qualified organizations to provide education and outreach services to workers and to assist workers to assert their workplace rights. The DIR may require qualified organizations to participate in training.
- 5) Requires qualified organizations to consult with the DIR regarding priority topics for outreach and education, which may include, but are not limited to, minimum wage, overtime, paid leave, retaliation, health and safety, excessive heat, discrimination protections, the adjudication processes of the DIR and the Civil Rights Department (CRD), and issues that affect certain low-wage or high-violation industries differently.
- 6) Requires qualified organizations to consult with the DIR, other departments and divisions of the Labor and Workforce Development Agency (LWDA), and the CRD to create education and outreach materials informing workers of their rights on priority topics and training materials for workers and organizations.
 - a. The materials shall be translated into non-English languages, to be determined by each qualified organization in consultation with the DIR, as appropriate for the geographic region the qualified organization serves.
- 7) Requires the DIR and qualified organizations to meet twice a year, or more frequently at the discretion of the DIR, to coordinate efforts around outreach, education, and enforcement, including sharing information, as specified, that will shape and inform the overall enforcement strategy of the DIR.

COMMENTS

See the Committee's Policy Analysis.

According to the Author

According to the author, "This bill would codify [the] CWOP program until January 1, 2031, in our labor standards enforcement landscape and would build on two industry-specific precedents: an outreach program for domestic workers (Labor Code section 1455), and a wage claim program for garment workers (Labor Code section 2693.1). Expanding on these successful pilots to reach all low-wage industries is long overdue.

SB 578 would also expand the scope of CWOP to include workplace rights administered by the Employment Development Department (EDD), including paid family leave, disability leave, and unemployment insurance; and the Civil Rights Department (CRD), which protects the rights of Californians to work without discrimination or harassment on the basis of sex, race, ethnicity, language, and other protected characteristics."

Arguments in Support

A coalition of social and economic justice organizations, including the California Coalition for Worker Power, are in support and state, "CWOP saves the state money by preventing wage theft and unsafe conditions through proactive education of workers and employers. More than \$4 billion dollars is stolen from workers' paychecks each year. This colossal wage theft also causes losses of tax revenue to the state, in addition to unpaid obligations to our workers compensation and unemployment insurance funds via fraudulent misclassification. CWOP prevents wage theft by educating workers and driving changes to employer practices, ensuring that money owed to workers' circulates in our economy and that employer taxes are paid.

CWOP also prevents economic losses caused when workers are absent or become disabled due to workplace hazards. Improving access to paid sick and safe days and paid family leave reduces costs for everyone, including by reducing reliance on expensive emergency room visits for medical care. Moreover, CWOP achieves these results efficiently. CWOP partner organizations often secure justice for workers through informal resolution strategies, such as letters outlining alleged violations and demanding remedies that can achieve justice for workers without adding strain to our overburdened enforcement agencies.

New crises, like the outbreak of avian flu in the San Joaquin Valley and wildfires in Los Angeles County, demonstrate the urgency of codifying CWOP's flexible state-wide infrastructure. Immigrant workers, targeted by the federal government, urgently need information and resources to prevent immigration-related retaliation and navigate a climate of fear and intimidation. The last time Trump took power, immigration-related retaliation complaints rose by over 450% from 2016 to 2017. Codifying this proven program ensures the state can respond to every threat to California's workers."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee,

- 1) Annual cost pressures of an unknown amount, likely in the tens of millions of dollars, depending on the amount of any appropriation made by the Legislature to DIR to award CWOP grants to qualified organizations (Labor and Workforce Development Fund). Although CWOP is not enacted in statute, a version of the program has been operational since 2020. The Budget Act of 2025 includes \$13 million for CWOP, and CWOP was allocated \$30 million, \$25 million, and \$25 million, respectively, in each preceding fiscal year (FY).
- 2) Annual costs of approximately \$4.5 million to DIR to continue administering CWOP, including costs for information technology and printing (Labor and Workforce Development Fund). DIR notes that this cost estimate assumes a \$30 million appropriation for CWOP, as past budget acts have authorized DIR to use up to 15% of the appropriated amount for administrative costs.
- 3) Minor and absorbable costs to other LWDA departments and divisions, such as the Employment Development Department (EDD), to consult with a qualified organization on education and outreach materials.
- 4) Costs of an unknown amount to CRD, depending on the scope of CRD's obligations under this bill, which CRD notes is unclear. If CRD must conduct several or more consultations, liaise with multiple qualified organizations, and help create a significant number of education and outreach materials, CRD anticipates costs of approximately \$386,000 in FY 2026-27 and \$380,000 in FY 2027-28 and annually thereafter for two additional staff positions (Labor and Workforce Development Fund). However, if CRD conducts only a nominal number of consultations, costs would likely be minor and absorbable. To the extent expanding CWOP to include labor rights administered by CRD results in a significant increase in complaints filed with CRD, CRD would incur additional costs of an unknown amount for staff and resources to undertake new intake, investigation, dispute resolution, and prosecution workload (General Fund).

VOTES

SENATE FLOOR: 28-10-2

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNeerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Hurtado, Reyes

ASM LABOR AND EMPLOYMENT: 6-0-1

YES: Ortega, Flora, Elhawary, Kalra, Lee, Ward

ABS, ABST OR NV: Chen

ASM APPROPRIATIONS: 11-3-1

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache

NO: Sanchez, Dixon, Tangipa

ABS, ABST OR NV: Ta

UPDATED

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