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SB-150 Construction: workforce development: public contracts. (2023-2024)

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Senate Bill No. 150

CHAPTER 61

An act to add Section 14017 to the Government Code, and to add Section 2500.5 to, and to add Chapter 6.9 (commencing with Section 6990) to Part 1 of Division 2 of, the Public Contract Code, relating to construction, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 10, 2023. Filed with Secretary of State July 10, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

SB 150, Durazo. Construction: workforce development: public contracts.

(1) Existing law establishes the Department of Transportation in the Transportation Agency.

Existing law establishes the California Workforce Development Board as the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system and the alignment of the education and workforce investment systems to the needs of the 21st century economy and workforce. Under existing law, the California Workforce Development Board assists the Governor in the administration, promotion, and expansion of high road construction careers.

This bill would require the Department of Transportation to work in partnership with the California Workforce Development Board to support California's high road construction careers program. The bill would require the department to reserve a minimum aggregate total of \$50,000,000 of federal funds from the federal Infrastructure Investment and Jobs Act to be allocated over 4 years to support the program.

(2) Existing law authorizes a public entity to use, enter into, or require contractors to enter into, a project labor agreement, as defined, for a construction project only if the agreement includes specified taxpayer protection provisions. Existing law authorizes the members of the governing board of a local public entity to choose by majority vote whether to use, enter into, or require contractors to enter into a project labor agreement that includes taxpayer protection provisions for a specific project or projects.

This bill, on or after January 1, 2026, would authorize a state agency to use, enter into, or require contractors to enter into, a project labor agreement that applies to a project or set of projects with aggregate construction costs in excess of \$35,000,000 only if the agreement also includes provisions to address community benefits, as described.

(3) Existing law establishes specified procedures governing contracts between public entities and their contractors and subcontractors. Existing law also establishes the Labor and Workforce Development Agency, the Government Operations Agency, and the Transportation Agency within state government and sets forth their regulatory duties.

This bill would require the above-described state agencies to convene relevant stakeholders to provide input on recommendations to establish material terms to be included as a material part of a contract. The bill would require these agencies

to meet with those stakeholders in the process of developing recommendations, and to consult with specified state entities, including the Civil Rights Department, as prescribed. The bill would require those recommendations to be provided to the Governor and the Legislature by March 30, 2024, and also presented to the California Workforce Development Board in a regularly scheduled public meeting.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14017 is added to the Government Code, to read:

14017. The department shall work in partnership with the California Workforce Development Board to support California's high road construction careers program. The department shall reserve a minimum aggregate total of fifty million dollars (\$50,000,000) of federal funds from the federal Infrastructure Investment and Jobs Act (Public Law 117-58) to be allocated over four years in support of the program.

SEC. 2. Section 2500.5 is added to the Public Contract Code, to read:

2500.5. (a) A state agency may use, enter into, or require contractors to enter into, a project labor agreement pursuant to this chapter that applies to a project or set of projects with aggregate construction costs in excess of thirty-five million dollars (\$35,000,000) only if the agreement also includes provisions to address community benefits. Community benefits may include partnerships with high road construction careers programs, as defined in Section 14005 of the Unemployment Insurance Code, local hire goals, coordination with programs that assist veterans in transitioning to civilian employment, job fairs for construction apprenticeship or preapprenticeship programs, or other methods agreed upon by the parties to promote employment and training opportunities for veterans and individuals who reside in economically disadvantaged areas.

(b) This section shall apply to project labor agreements entered into on or after January 1, 2026.

SEC. 3. Chapter 6.9 (commencing with Section 6990) is added to Part 1 of Division 2 of the Public Contract Code, to read:

CHAPTER 6.9. Embedding Workforce Standards in Procurement and Contracting

6990. It is the intent of the Legislature, in enacting this chapter, to develop procurement models in alignment with initiatives to enhance the state's training and access pipeline for quality jobs and the application of community benefits on infrastructure and manufacturing investments funded by the federal Infrastructure and Investment Jobs Act, the Inflation Reduction Act, and the CHIPS and Science Act.

6990.1. (a) The Labor and Workforce Development Agency, the Government Operations Agency, and the Transportation Agency shall do all of the following:

(1) Convene relevant stakeholders to provide input on recommendations to establish terms to be included as a material part of a contract, including measurable results to ensure that investments maximize benefits to marginalized and disadvantaged communities.

(2) Meet with those stakeholders no less than three times during the process of developing recommendations described in paragraph (1).

(3) Consult with the Civil Rights Department, other relevant state agencies, and a research or academic institution for the University of California for purposes of developing recommendations described in paragraph (1).

(b) The recommendations described in paragraph (1) of subdivision (a) shall be provided to the Governor and the Legislature by March 30, 2024. The recommendations shall also be presented to the California Workforce Development Board in a regularly scheduled public meeting.

(c) For purposes of this section, relevant stakeholders shall include representatives from local public agencies, labor organizations that represent workers in manufacturing, business organizations, nonprofit organizations that represent women in the construction industry, organizations representing the formerly incarcerated, and organizations that represent populations historically marginalized in the California economy.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

To promote environmental protection and safeguard economic development of California's diverse public resources and people, and enhance the state's ability to maximize federal funding to support those efforts, it is necessary for this act to take effect immediately.