

SB27 Frequently Asked Questions (FAQs)

Prepared by: UCOP Workforce Commitment Office (WCO)
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Summary of SB27

SB27 (*California Government Code section 10510.50, et seq*), known as the Recovery of Earned but Unpaid Wages Act, imposes various obligations on vendors that provide services to the University of California. Among other provisions, SB 27 makes it illegal for vendors to accept payment from the university if they pay their employees less than the total compensation rate specified in their contract with the university or required by university policy. The Act outlines specific requirements for vendors, including providing employees with written notices of compensation rates, submitting “basic payroll information” (as defined in the statute), to the university and joint labor-management committee(s) twice a year, and allowing employees to inspect their payroll information.

Additionally, SB 27 grants the right to "aggrieved employees," as defined by the statute, to bring civil actions against vendors for unpaid wages. Before filing a lawsuit, an employee must provide the vendor with written notice of the alleged violation, allowing the vendor an opportunity to correct the issue. If the vendor fails to provide documentation of corrective action within 60 days, the employee can proceed with legal action. Remedies for prevailing claimants include civil penalties, restitution, and reimbursement of attorney's fees and costs. The bill also specifies that these remedies are in addition to other existing legal remedies and that the provisions are severable, meaning the invalidity of one part does not affect the rest of the bill. The preceding was a non-exhaustive summary of SB 27. Vendors should review the full statute themselves and consult with legal counsel regarding its legal obligations and penalties for failure to comply.

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Scope of SB27

1. If a vendor does not have any employees, does SB 27 come into play?

SB 27 imposes certain requirements and obligations on vendors with employees. Thus, if a vendor is a sole proprietor who does not have employees, as defined by the statute (Section 10510.51(d)), it is unclear whether SB27 would be triggered. However, as this issue is not expressly addressed in the statute, we do recommend that you consult with your own counsel.

Compensation and Wage Benefit Parity (WBP)

1. SB 27 requires vendors to pay their employees with wages/benefits at least equal to "the total compensation rate specified in the vendor's contract with the university or required by university policy, whichever is greater." How do we know what that rate is?

The job titles and applicable WBP rates should be included in the vendor/UC Contract or PO. If there is uncertainty or if the information is not listed in the contract, vendors should reach out to their UC location contact for the most current WBP rates and job titles that apply to the services provided.

2. What happens if a vendor fails to pay its employees that total compensation rate required under SB 27?

In addition to paying each employee an amount sufficient to recover any "underpaid compensation," vendors who fail to comply with SB 27 are subject to various statutory penalties and other costs and fees. The various remedies available are set forth in Gov't Code section 10510.53(b) and (d)-(f) (see also FAQ __ below).

The University may also exercise its contract termination rights for Vendors who fail to comply with SB 27 and other contractual terms and conditions.

3. If the employee is offered health benefits but they declined the benefit, can the value of the benefit be included in the WBP calculation?

This issue is addressed in SB 27. The statute makes it very difficult for a vendor to credit the value of a benefit offered but not received toward its WBP obligation. (See definition of "Hourly value of employer-provided benefits", Public Contract Code section 10510.51(f)). If you have any questions on this issue, we strongly recommend consulting with counsel.

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4. Are we permitted to include the value of personal time off (PTO) in our WBP calculation?

No, SB 27's definition of "Hourly value of employer-provided benefits" expressly states that "[i]t does not include any paid time off"

5. How should workers who only work a percentage of their shift or schedule on UC business be compensated?

Vendors need to pay the WBP rate to their employees that they supply to UC to perform "services" (as defined in SB 27). If one of your employees also performs the same service for another employer on the same shift, you should consult with legal counsel regarding the appropriate pay rate for the employee for the portion of the shift where the employee performs services for the other employer.

6. Is there a separate WBP rate for part-time workers that does include the value of benefits?

No

7. Are we responsible for the same WBP for part time workers vs full time workers?

Yes. Vendors are required to pay the WBP rate set forth in their contract with UC regardless of how many hours the employee works.

Reporting

Basic Payroll Information Report

1. When is our data due?

Gov't Code section 10510.52 states that Vendors are required to provide "basic payroll information" (BPI) to the University and members of any joint labor management committee no later than January 31 and July 31 of each year for the six months preceding the month the report is due. (see also Gov't Code section 10510.51 (b)). We strongly recommend that you consult with legal counsel on this issue.

2. Will UC provide a template for the BPI report?

Yes, UC will provide a template BPI report to vendors. You can also find this template on the [SB27 resource page](#). For vendors registered with AgileOne they will not have to take further action to submit information to the JLMC. The information submitted through the vendor portal will include the BPI and will be submitted to the JLMC directly. Vendors should still review the template with their legal counsel to ensure it meets the statute's requirements.

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For vendors not registered with AgileOne, their payroll report can be submitted to the Joint Labor Management Committee on or before January 31 and July 31 of each year via an [excel template](#) upload to UCOP's [Smartsheet's](#) repository.

3. Will UC pay for the added expense of producing the BPI report?

No, these are legal obligations for UC vendors. These are not UC requirements and are considered a part of doing business with the University.

4. SB 27 mentions an audit, when is this conducted and who pays for it?

UC's Terms and Conditions state: "Upon request by UC or its authorized representative, Vendor also agrees to provide verification of an independent audit of wage and benefit parity compliance. This audit must be performed by Vendor's independent auditor or independent internal audit department and at Vendor's expense. Vendor agrees to provide UC requested verification, in a form acceptable to UC, no later than ninety (90) days after receiving request."

Thus, from time to time, UC may request a vendor to conduct an independent audit in order demonstrate compliance with its wage and benefit parity obligations. Neither UC's Terms and Conditions nor SB 27 require audits to be conducted with any set frequency. Vendors would be responsible for any costs associated with the audit.

Under Gov't Code section 10510.52(c), if an audit is conducted, it must be "provided to the university and members of any joint labor-management committee." (See Gov't Code section 10510.52(c)). It is also important to point out that the scope of the statute goes beyond an "audit," and states: "If an auditor, vendor, the university, or any other person conducts or receives an audit, **verification, notice, report, or finding...**" Further, if an audit is conducted, the statute does not define what specific documents or materials needs to be produced. Again, we strongly recommend that you consult with legal counsel regarding this obligation.

5. Are we required to produce the personal contact information of our employees if that obligation is not required in our contract with UC (and would be inconsistent with our internal employment policies)?

For each employee providing "services," SB 27 requires vendors to produce, among other information: employee's full name, university work location, mobile telephone number, email address, and home address. (See Gov't Code 10510.52(b)(1)). The statute further requires vendors to provide their employees with written notice of that requirement (*Id.*). As this is a statutory obligation, vendors are encouraged to consult with legal counsel regarding how to manage those obligations and/or to align them with their current contracts and internal policies.

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6. What do we do if an employee objects to sharing any personal information?

SB 27 does not provide for any exceptions to the employer's obligation to provide BPI for all of its employees performing services for the University. If an employee objects to sharing their personal information, the vendor should consult with its legal counsel regarding options on how to proceed.

7. We engage third parties / contractors / agencies as part of our relationship with UC. Each of these parties will need to have changes in our agreements with them, but this will take time. How do we get an extension? What do we do if they don't comply?

You should consult with your legal counsel regarding SB 27 and how and when it applies to your business. As stated above, SB 27 took effect on January 1, 2024 and there is/was no express provision for requesting an extension. Vendors should review the penalty provisions in the bill to understand the risks associated with non-compliance (See Gov't Code section 10510.53(b) and (d)-(f)).

8. How will the unions use information they receive under SB 27?

It is unknown how the union will use this information. The union may use the information to enforce the university's obligations under the parties' collective bargaining agreements or to identify "aggrieved employees," as defined by the law. However, as SB 27 does not impose any restrictions on the use or dissemination of BPI and other information provided/disclosed under the statute, AFSCME could use the information for other purposes.

9. Are unions allowed to use information received pursuant to SB 27 to contact vendor employees?

The bill does not prohibit the union from using BPI to contact vendor employees. The bill does require vendors to tell their employees that their information is being shared with the union.

10. Are there any restrictions on an employer's ability to share payroll data obtained pursuant to SB 27?

The statute does not contain any restrictions on sharing wage rates and the value of benefits, and any attempts to place restrictions could run afoul of other statutes. Vendors are strongly encouraged to consult with legal counsel if this is an issue of concern.

11. What requirements does UC put in place, with the unions, to safeguard employee information?

UC recognizes that the Basic Payroll Information (BPI) report contains Personally Identifiable Information (PII) and is therefore has a P3 classification for data security. As a result, UC only provides the BPI reporting through a P3 secure channel. In addition, we notify the Union that the information we are providing access to has P3 security requirements. We note that we expect AFSCME to have the

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appropriate policies and procedures in place to manage P3 security. You can find what P3 means on our website: [Classification of Information and IT Resources \(ucop.edu\)](https://ucop.edu/classification-of-information-and-it-resources).

12. If there is a data breach and it is determined that workers' PII might have been obtained by an unauthorized third party, who is responsible for implementing data breach policies and procedures?

The entity (either UC or AFSCME) from where the breach occurred would have responsibility for implementing data breach policies and procedures.

13. How do I go about setting up a username and password for AgileOne?

Please send an email to UCQIWorkforceprogram@ain1.com with your vendor's name and we can see if you have completed registration, once you complete the registration login information will be provided.

Joint Labor Management Committee (JLMC)

1. What is the Joint Labor-Management Committee (JLMC) and who are the members?

A JLMC is a committee composed of both employer and union representatives designed to promote collaboration and problem solving between unions and employers regarding workplace issues. Joint labor management committees are common at employers whose employees are represented by unions. Such committees typically function in an advisory capacity.

2. Will vendors participate in JLMC meetings?

Third parties generally do not participate in JLMC meetings. Vendors, however, are encouraged to share concerns with their UC representatives so that, if appropriate, UC can raise those issues during JLMC meetings.

Notice

1. What is sufficient notice of the total compensation rate?

Government Code sections 10510.52 (b)(1) outline vendors' notice obligations to their employees with regard to the employee's total compensation rate and states: "A vendor that supplies the university with employees to perform services, shall provide those employees with written notice of the total compensation rate specified in the vendor's contract with the university or required by university

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policy, whichever is higher, and the employee's hourly rate of pay and hourly value of employer-provided benefits." Other than stating that the notice shall be "written," SB 27 does not provide any further guidance on what constitutes sufficient notice. (See FAQ 2 immediately below regarding when 10510.52(a) notices need to be provided to employees). Thus, vendors are strongly encouraged to consult with legal counsel to determine the sufficiency of their notices.

The UC has provided a [Spanish](#) and [English](#) notice template.

2. How many times do I have to provide notice to workers of their WBP rights?

Government Code section 10510.52(a) states: "The vendor shall provide employees with these notices at the time each employee is assigned to perform services for the university and thereafter, each January, and within seven days of a change to the employee's hourly rate." Should you have any questions regarding this provision, you should consult with legal counsel.

3. Where do Vendors send notices to employees?

SB 27 explains what notice needs to be provided and when but does not explain how notice should be provided. For example, it does not state whether email notice is sufficient notice under the statute. Thus, vendors should consult with counsel to determine what notice is adequate and be sure to document how, when, and what notice was provided for each employee. See also "Notice Obligations" under the Legislative Summary section of this document. We have created a template of the notice for vendors to use: [sb-27-template-notification.docx \(live.com\)](#)

4. Where at UC should Vendors send notices of alleged non-compliance from "Aggrieved Employees" and notices of adverse decisions?

Gov't Code section 10510.53(c)(2) states: "If a vendor receives written notice [of non-compliance] pursuant to paragraph [10510.53(c)](1), the vendor shall provide a copy of the written notice to the president of the university within five business days of receipt. In order to facilitate delivery of such notices, UC has created a Smartsheet link to send the notices [SB27 Supplier: Notice from Aggrieved Employee \(smartsheet.com\)](#)

Liability

1. Will I have an opportunity to remedy any alleged non-compliance before a lawsuit is filed?

Yes. Government Code section 10510.53(c)(1) states: "Prior to bringing an action against a vendor, an aggrieved employee shall first provide a vendor with written notice of an alleged violation of this

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article. The notice shall include the names or other information sufficient to identify the employees against whom the alleged violations were committed, dates of employment, the period of alleged noncompliance, and contact information. The notice shall also provide the vendor with the opportunity to correct and cure the violation."

Government Code section 10510.53(c)(3) then states: "In order to avoid a lawsuit after receiving written notice, the vendor must provide documentation, within 60 days, demonstrating that each employee identified in the notice has been made whole, has been provided with the notices required by this part, and is receiving a total compensation rate no less than the rate specified in the vendor's contract with the university or in university policy, whichever is higher."

2. What are the penalties for violating SB 27 compensation requirements?

Under Government Code section 10510.53. (d) If a claimant prevails in an action brought under this section, the vendor shall notify the president of the university of the decision and the court shall order the following:

(1) Any vendor that supplies the university with any employee who is paid a total compensation rate less than the amount fixed by the vendor's contract with the university or university policy to pay a penalty and restitution, as follows:

(A) For any initial violation of subdivision (a), one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee is underpaid, not exceeding an aggregate penalty of five hundred dollars (\$500) per employee. This amount shall be in addition to an amount sufficient to recover underpaid compensation.

(B) For each subsequent violation of subdivision (a), two hundred fifty dollars (\$250) for each underpaid employee for each pay period for which the employee is underpaid, not exceeding an aggregate penalty of one thousand dollars (\$1000) per employee. This amount shall be in addition to an amount sufficient to recover underpaid compensation.

(C) For each knowing and intentional failure by a vendor to comply with Section 10510.52, fifty dollars (\$50) per employee for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not exceeding an aggregate penalty of one thousand dollars (\$1,000) per employee. This amount shall be in addition to an amount sufficient to recover underpaid compensation.

(2) To the extent a vendor bills the university for services provided via an hourly bill rate, and to the extent a vendor fails to pay its employees the amount fixed by the vendor's contract with the university or university policy, a court may, in its discretion, require that the vendor return to the university any amounts paid by the university to the vendor for services that exceed the

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amounts the vendor paid to its employees providing services for any payroll periods after January 1, 2024.

(3) Reasonable attorney's fees and costs.

Compensation and penalties recovered pursuant to this section shall be paid to the employee against whom a violation of this article was committed.

5. What happens if I determine that UC is at fault for any non-compliance?

SB 27 does not contemplate UC being responsible for any alleged non-compliance. If you believe UC is at fault for any alleged non-compliance, we encourage you to reach out to your UC contact. If it is determined that UC is responsible for any alleged non-compliance, UC will discuss indemnification options.

6. What happens if a vendor's subcontractor is at fault?

Government Code section 10510.51(m) defines "Vendor" to mean a "contractor and includes any person, employer, vendor of labor, staffing agency, temporary services employer, labor broker, management services provider, or other entity that contracts with the university to provide services or to supply the university with its own employees or those of a subcontractor to perform services." While the term "Vendor" includes a third party that engages a subcontractor to provide the University with employees to provide services, the statute does not appear to address an aggrieved employee seeking relief against a subcontractor. Accordingly, if faced with this issue, we recommend that you consult with counsel.

7. Who pays to make the employee(s) whole and is interest imposed?

The vendor will be responsible for making the employee whole.

"For each knowing and intentional failure by a vendor to comply with Section 10510.52, fifty dollars (\$50) per employee for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not exceeding an aggregate penalty of one thousand dollars (\$1,000) per employee. This amount shall be in addition to an amount sufficient to recover underpaid compensation." (Gov't Code section 10510.53(d)(2)).

8. How often can the aggrieved employee send notices to vendors?

SB 27 does not contain any limits on the number of claims that can be brought by Aggrieved Employees.

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9. If a vendor contract is terminated at one UC location for failure to cure WBP violations, are their contracts at other locations affected?

Possibly. Notice will be provided to all UC locations on all vendor violations and additional compensation audits may be conducted. In addition, if UC determines that a vendor who has multiple documented instances of non-compliance with any of the SB27 vendor requirements, UC can prohibit the vendor from doing business with any location.

Legislative Summary

Vendor Obligations – Ongoing Obligations (Section 10510.52)

1. Notice Obligations. 10510.52(a).
 - a. A vendor that supplies the university with employees to perform services, shall provide those employees with written notice of the total compensation rate specified in the vendor’s contract with the university or required by university policy, whichever is higher, and the employee’s hourly rate of pay and hourly value of employer-provided benefits.
 - b. The vendor shall provide employees with these notices at the time each employee is assigned to perform services for the university and thereafter, each January, and within seven days of a change to the employee’s hourly rate.
2. Provide BPI to University and JLMC. 10510.52(b)(1)
 - a. In January and July of each year, the vendor shall provide basic payroll information to the university and members of any joint labor-management committee.
3. Notice to Employees re Sharing BPI. 10510.521442 (b)(1)
 - a. The vendor shall provide all employees who agree to perform services for the university or continue doing so with written notice of this requirement and the written notice shall also include the following text:
 - i. “Basic payroll information pertaining to all employees who accept an assignment or continue performing services for the University of California will be shared with the University of California and the organizations that represent University of California employees. The information that will be shared includes your full name, university work location, mobile telephone number, email address, and home address. The purpose of sharing this information is to ensure that the University of California and the organizations that represent University of California employees can contact you if they discover you have been paid less than required by the vendor’s contract with the

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university or university policy and so that the University of California can provide you with a timely offer of employment as soon as you become eligible.”

4. Permit Access to BPI. 10510.52(b)(2)
 - a. Basic payroll information for an individual employee who performs services for the university shall also, upon request, be made available for inspection by that individual employee or that individual employee’s authorized representative or be furnished to that individual employee or that individual employee’s authorized representative.
5. Disclosure of Audits to University and JLMC. 10510.52(c)
 - a. If an auditor, vendor, the university, or any other person conducts or receives an audit, verification, notice, report, or finding with regard to whether a vendor has compensated employees at the total compensation rate required by the vendor’s contract with the university or university policy, including the vendor’s failure to provide employees with any “wage and benefits parity” rate required by university policy, that audit, verification, notice, report, or finding shall be provided to the university and members of any joint labor-management committee.

Vendor Obligations – Compliance Obligations (Section 10510.53)

1. Share Notice of Non-Compliance with UC President. 10510.53(c)(1)(2)
 - a. Prior to bringing an action against a vendor, an aggrieved employee shall first provide a vendor with written notice of an alleged violation of this part. The written notice shall include the names or other information sufficient to identify the affected employees against whom the alleged violations were committed, dates of employment, the period of alleged noncompliance, and contact information. If a vendor receives such a written notice, the vendor shall provide a copy of the written notice to the president of the university within five business days of receipt.
2. Response to Notice of Non-Compliance. 10510.53(c)(3)
 - a. To avoid a lawsuit after receiving written notice, the vendor must provide documentation, within 60 days, demonstrating that each employee identified in the notice has been made whole, has been provided with the notices required by this part, and is receiving a total compensation rate no less than the rate specified in the vendor’s contract with the university or in university policy, whichever is higher.
3. Notice to President of Adverse Decision. 10510.53(d)
 - a. If a claimant prevails in an action brought under this section, the vendor shall notify the president of the university of the decision.

Penalties for Non-Compliance 10510.53(d)

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1. Any vendor that supplies the university with any employee who is paid a total compensation rate less than the amount fixed by the vendor's contract with the university or university policy to pay a civil penalty and restitution, as follows:
 - a. For any initial violation of subdivision (a) (failing to pay wage and benefit parity), one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee is underpaid, not exceeding an aggregate penalty of five hundred dollars (\$500) per employee. This amount shall be in addition to an amount sufficient to recover underpaid compensation.
 - b. For each subsequent violation of subdivision (a) (failing to pay wage and benefit parity), two hundred fifty dollars (\$250) for each underpaid employee for each pay period for which the employee is underpaid, not exceeding an aggregate penalty of one thousand dollars (\$1000) per employee. This amount shall be in addition to an amount sufficient to recover underpaid compensation.
 - c. For each knowing and intentional failure by a vendor to comply with Section 1442 (see Ongoing Obligations above), fifty dollars (\$50) per employee for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not exceeding an aggregate penalty of one thousand dollars (\$1,000) per employee. This amount shall be in addition to an amount sufficient to recover underpaid compensation.
2. To the extent a vendor bills the university for services provided via an hourly bill rate, and to the extent a vendor fails to pay its employees the amount fixed by the vendor's contract with the university or university policy, a court may, in its discretion, require that the vendor return to the university any amounts paid by the university to the vendor for services that exceed the amounts the vendor paid to its employees providing services for any payroll periods after January 1, 2024.
3. Reasonable attorney's fees and costs.
4. Any other remedies provided by law (but an employee shall not also receive civil penalties provided for in Section 22).

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