

SB 27 VENDOR AND SUPPLIER TRAINING

SB27 (Government Code section 10510.50, *et seq.*) is a California Senate Bill introduced by Senators Durazo and Caballero in December 2022 and signed into law on October 8, 2023.

Welcome
History
Overview of Agenda
Introductions
Supplier Survey

Please note: This session will be recorded

SENATE BILL (SB) 27 TRAINING

SCOPE and PURPOSE

What this training IS:

- An overview of the new legislation
- An overview of what UC is doing to prepare for the legislation
- A place to ask questions

What this training is NOT:

- Confidential/Privileged
- Legal advice regarding how this bill applies to your business
- Final guidance regarding how UC will implement the law

Recommendations:

- Read and review SB 27 carefully
- Get legal advice regarding how it applies to your business

WHAT IS SENATE BILL (SB) 27 AND HOW DOES IT AFFECT SUPPLIERS?

"It shall be unlawful for any vendor to accept payment from the university pursuant to a contract for services if the vendor is performing services or supplying the university with employees to perform services who are paid less than the total compensation rate specified in the vendor's contract with the university or required by university policy, whichever is higher."
(Gov't Code section 10510.53)

TOTAL COMPENSATION RATE

“Total compensation rate” means the employee’s

[1] hourly rate of pay plus

[2] the hourly value of employer-provided benefits, or the equivalent compensation.

(Gov't Code section 10510.51 (j))

"Hourly value of employer-provided benefits" means the employer's **actual cost** for the employee's benefits, including, but not limited to, retirement, health, dental, vision, and life and disability benefits calculated as an hourly dollar amount. It does not include any paid time off or any payroll expenses required by law. **For any employee who does not receive employer-provided benefits, the following shall apply:**

(1) For health, dental, or vision benefits, the value of those benefits is the value of the health, dental, or vision benefits offered to an employee if all of the following are true:

(A) The employee is not a Medi-Cal beneficiary.

(B) The employee is offered but does not elect to receive employer-provided health, dental, or vision benefits.

(C) The employee would receive benefits equivalent to benefits provided to university employees performing the same work.

(2) For health, dental, or vision benefits, if the requirements of paragraph (1) are not met, the hourly value is zero dollars (\$0).

(3) For all other employer-provided benefits, if an employee does not receive the benefit, for whatever reason, the hourly value is zero dollars (\$0).

(Gov't Code section 10510.51(f)).

SUPPLIER OBLIGATIONS

Ongoing Obligations
per Section 10510.52 of
SB27

Notice

- "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."
- "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.**"
(Gov't Code section 10510.52(a))

PENALTIES FOR FAILURE TO PROVIDE NOTICE

"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)).

Provide BPI to UC and Joint Labor Management Committee (JLMC)

- "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."
(Gov't Code section 10510.52(b)(1)).

Basic Payroll Information

“**Basic payroll information**” means, for each vendor-supplied employee who performed services at any time during the preceding six-month period, the following information:

- (1) The employee’s full name, job title, mobile telephone number, email address, and home address.
- (2) Work location while performing services for the university.
- (3) The employee’s hourly rate of pay while performing services for the university for each applicable pay period during the preceding six-month period.
- (4) The hourly value of employer-provided benefits, if any, received by the employee while performing services for the university for each applicable pay period during the preceding six-month period.
- (5) The employee’s hours of work while performing services for the university for each applicable pay period during the six-month period.

(Gov't Code section 10510.51 (b))

PROVIDE BPI TO UC AND JOINT LABOR MANAGEMENT COMMITTEE (JLMC)

"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:

"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 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."

(Gov't Code section 10510.52(b)(1))

Permit Access to BPI

"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."

(Gov't Code section 10510.52(b)(2))

Disclosure of Audits to UC and JLMC

"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."

(Gov't Code section 10510.52(c)).

NON-COMPLIANCE

Rights, obligations, and penalties related to noncompliance

Notice Obligations: Aggrieved Employee and Vendor

"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."

(Gov't Code section 10510.53(c)(1))

AGGRIEVED EMPLOYEE

“**Aggrieved employee**” means either of the following:

(1) An employee against whom one or more alleged violations of this article was committed.

(2) A university employee coworker of an employee against whom one or more alleged violations of this article was committed who performs services for the university at or for the same university location or department as the employee.

(Gov't Code section 10510.51 (a)).

NOTICE OBLIGATIONS: AGGRIEVED EMPLOYEE AND VENDOR

"If a **vendor** receives such a written notice pursuant to paragraph [(c)(1)], **the vendor shall provide a copy of the written notice to the president of the university within five business days of receipt.**"

(Gov't Code section 10510.53(c)(2))

Right to Sue Following Failure to Demonstrate Compliance After Sixty Days

"Upon providing written notice pursuant to paragraph (1), an aggrieved employee may file suit **only if the vendor fails to 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 article, 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."

(Gov't Code section 10510.53(c)(3)).

RIGHT TO BRING CIVIL ACTION

"An aggrieved employee may bring a civil action, including on behalf of an employee or employees against whom a violation of this article was committed, against a vendor to recover compensation that has been earned but was not paid at the total compensation rate required by the vendor's contract with the university or university policy, whichever is higher, or to enforce any other provision of this article."

(Gov't Code section 10510.53(b))

Notice to President of Adverse Decision

"If a claimant prevails in an action brought under this section, the vendor shall notify the president of the university of the decision"

(Gov't Code section 10510.53(d))

Penalties for Non-Compliance

If a claimant prevails in an action, the court shall order: "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:

- 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." (Gov't Code section 10510.53(d)(1)(A)).
- 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."
(Gov't Code section 10510.53(d)(1)(B))

Other Penalties for Non-Compliance

- "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." (Gov't Code section 10510.53(d)(2))
- "Reasonable attorney's fees and costs." (Gov't Code section 10510.53(d)(3))
- Any other remedies provided by law (but an employee shall not also receive civil penalties provided for in Section 226 or 1197.1). (Gov't Code section 10510.53(f))

AGILEONE FOR CAMPUS SUPPLIERS ONLY

What is AgileOne

Introduction of AgileOne contacts

Registration process for certain suppliers

How AgileOne can help support suppliers

CONTACT

contractingout@ucop.edu

Supplier Survey

Please fill out Supplier Survey
at the link in chat.