

Date of Hearing: April 22, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Mike Fong, Chair
AB 374 (Nguyen) – As Amended April 9, 2025

SUBJECT: K–14 classified employees: payment of wages: itemized statements

SUMMARY: Requires public school employers, as defined, to provide classified school employees certain information regarding their wages at the time of each payment. Specifically, **this bill:**

- 1) Requires a public school employer, including a community college district (CCD) at the time of wage payment, to provide a classified school employee an accurate itemized statement.
- 2) Requires the statement to show:
 - a) Gross wages earned;
 - b) Total hours worked by the employee (except net wages earned);
 - c) All deductions (provided that all deductions made on written orders of the employee may be aggregated and shown as one item);
 - d) Net wages earned;
 - e) Inclusive dates of the period for which the employee is paid;
 - f) The employee's name and last four digits of their social security number or employee identification number;
 - g) The name and address of the employer;
 - h) All applicable hourly rates in effect during the pay period and corresponding number of hours worked at each hourly rate; and,
 - i) The total number of hours of paid and unpaid leave taken during the pay period and applicable hourly rates for any paid leave taken.
- 3) Prescribes the manner in which the required information must be displayed, and requires the employer to keep such information on file for at least three years at their location or a central location within the state.
- 4) Specifies that the itemized statement will be provided in at least one of the following formats:
 - a) As a detachable part of the check;

- b) As a printed statement issued concurrently with direct deposit, provided it is readily accessible to a classified school employee; and,
 - c) As a digital statement made available through a secure employee portal that allows a classified school employee to view, download, and print current and past wage statements at no cost to the employee, provided it is readily accessible to the employee.
- 5) Requires the employer to:
- a) Afford current or former classified school employees the right to inspect or receive a copy of records pertaining to their employment, and upon their reasonable request to the employer, the employer is authorized to take reasonable steps to ensure the identity of the current or former classified school employee; and,
 - b) Authorizes the employer to charge the employee for the actual cost of records reproduction, and designate the person to whom such requests will be made.
- 6) Requires the employer that receives the written or oral request in 5), above, to comply with the request as soon as practicable, but not later than 21 calendar days from the date of the request, and that impossibility of performance not caused by, or a result of, a violation of law, must be an affirmative defense for the employer in an action alleging a violation of this proposed statute.
- 7) Provides that, under certain enumerated conditions, the total hours worked by a classified employee need not be shown on the itemized statement furnished by the employer.
- 8) Defines the following terms:
- a) “Classified school employee” to mean a person employed on full- or part-time basis as a classified employee at a public school employer. Further, as applied to CCDs, this term is defined to mean a person employed by a CCD for a non-academic position.
 - b) “Public school employer” to mean the governing board of a school district; a school district; county board of education; county superintendent of schools; a charter school that has declared itself a public school employer, as provided; an auxiliary organization, as defined (except such an organization solely formed as, or operating, a student body association or student union), established by a community college district; or, a joint powers authority (JPA), as specified, except a JPA established solely to provide certain services.

EXISTING LAW:

- 1) Requires an employer, semimonthly or at the time of payment of wages, to furnish an employee an accurate, itemized, written statement generally containing specified information regarding the amounts earned, hours worked, and the employee’s identity, among other information. An itemized wage statement furnished by an employer is not required to show

total hours worked by the employee if, among other things, the employee is exempt from the payment of minimum wage and overtime, and provides rights to the inspection and copying of records. (Labor Code Section 226)

- 2) Establishes general provisions relating to orders for wage payment and payroll of full-time employees in positions not requiring certification qualification in which they are to be drawn. (Education Code (EDC) Sections 42644-42646)
- 3) Requires the governing board of a school district and CCD, respectively, and except as provided, to employ persons not requiring certification qualifications or that are not academic positions, and to classify these employees and positions known as the “classified service.” (EDC Sections 45100 et seq. and 88000 et seq.)
- 4) Provides for the time of payment of compensation to employees who are part of the classified service in any public school system. (EDC Section 45166)
- 5) Sets forth the obligations of an appointing authority in the event of an error made to calculate or report payroll or payment of salary to a classified employee. (EDC Section 45167)

FISCAL EFFECT: Unknown. This bill was keyed non-fiscal by Legislative Counsel.

COMMENTS: *Double-referral.* AB 374 (Nguyen) was heard in the Assembly Committee on Public Employment and Retirement on March 19th, 2025, where it passed out with a 6-0 vote.

Purpose. According to the author, “Classified employees in California’s public education system, which includes transitional kindergarten (TK), K-12 schools, and community colleges, currently are not provided with standardized pay stub information. Classified employees are the backbone of California’s public education system, yet...without clear records, these dedicated workers struggle to verify their earnings, leading to unnecessary stress, payroll disputes, and delays in resolving issues related to holidays, out-of-class work, paid leave, and overtime. AB 374 will fix this by establishing clear and consistent pay stub requirements for all public TK-14 education providers, ensuring classified employees can track their pay accurately and get the wages they have rightfully earned on time and without confusion.”

Classified employees. Traditionally, classified employees are staff at schools, school districts, County Offices of Education or California Community Colleges (CCC) and CCDs who are in a position not requiring certification. Classified staff include paraprofessionals, office and technical support staff, as well as, custodians, bus drivers, and business managers. In some instances, classified employees also may serve as paraeducators where students may require personalized educational support while the paraeducator is under the tutelage of a certificated employee (i.e., a teacher).

Committee comments. As noted in existing law, a private sector employer is required, semimonthly or at the time of payment of wages, to furnish an employee an accurate, itemized, written statement generally containing specified information regarding the amounts earned, hours worked, and the employee’s identity, among other information.

The author contends that existing law, “establishes a clear standard for information private sector employees must receive on their paystub. No such standard exists in the [EDC]. This creates a wide gap in the amount of information that classified public education employees receive on their paychecks from district to district. Some districts provide so little information that classified employees are not aware of basic information like the number of hours worked or rate of pay.”

Arguments in support. The California School Employees Association (CSEA), the sponsor of AB 374 (Nguyen) writes that current law, “requires private employers to provide their employees with ‘an accurate itemized statement’ on their paystub including: gross wages earned, total hours worked, all deductions, net wages earned and inclusive dates for which the employee was paid. There is no such standard for classified employees. This glaring inequity means the amount of information classified employees receive on their paystub varies greatly from district to district. Additionally, this lack of information makes it unnecessarily difficult for classified employees to determine if they have been paid appropriately for holidays, out of class work, paid leave or overtime.”

CSEA further argues that the information required in AB 374 (Nguyen), “will enable classified employees to track their pay and solve issues of over or underpayment. Classified employees are hourly workers, and they often work out of class, meaning they are paid at different rates throughout the month so having accurate information about their rate of pay is critical. Providing a clear standard for paystub information will be helpful for both the district and classified employees in resolving wage issues expeditiously.”

Arguments in opposition. The Association of California School Administrators (ACSA) wrote in opposition, noting that “AB 374 would require the total hours of paid and unpaid leave taken during the pay period, along with the applicable hourly rates for any paid leave taken, to be included in the payment reports. This does not take into consideration long-standing payroll practices that ensure on-time paycheck distribution. For example, leave reporting for July is due to payroll on July 24. Any absences that come in between July 24 and July 31 are accounted for but allocated in arrears in the next “pay period.” Also, the type of leave may change. For instance, an employee may take time off for a medical appointment or due to illness and they provide a doctor’s note after the absence and leave has been taken. To resolve this, we suggest changing ‘pay period’ to ‘payroll reporting period’ or similar language to that effect.”

They continued that, “we hope the application of AB 374 to school-based employees can be clarified to ensure salaried employees, who are paid monthly, are not included. We believe the intent is to exempt employee’s whose compensation is ‘solely based on salary and the employee is exempt from payment of overtime.’ However, in creating parity with the private sector, current language also states the exemption is contingent on the conditions provided for in Labor Code Section 515 all being met...clarification that all salaried, exempt employees are not subject to hourly wage reporting requirements will assure local educational agencies that they do not need to institute new hourly reporting processes.”

REGISTERED SUPPORT / OPPOSITION:

Support

American Federation of State, County and Municipal Employees, Afl-cio
California Federation of Labor Unions, Afl-cio
California Safety and Legislative Board of Smart – Transportation Division (smart – Td)
California School Employees Association
Cft- a Union of Educators & Classified Professionals, Aft, Afl-cio
Service Employees International Union, California

Opposition

Association of California School Administrators
California Association of School Business Officials (CASBO)

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