ECONOMIC MOBILITY FOR LOW-WAGE WORKERS

WORKER RIGHTS & PROTECTIONS

California has established some of the nation's strongest worker protections, but statutory changes alone do not guarantee economic security. Persistent enforcement challenges leave many low-wage workers vulnerable, while artificial intelligence, gig work, climate risks, immigration enforcement, and evolving employment relationships are creating new questions about how workers should be protected. California's next governor will need to **strengthen enforcement of existing rights while adapting the state's approach to ensure worker protections remain effective and nimble** in a rapidly changing economy.

FUNDING HIGHLIGHT

$35M

2026-27 budget to continue education efforts through the California Worker Outreach Project[1]

CALIFORNIA'S WORKER RIGHTS & PROTECTIONS SYSTEM AT A GLANCE

47k
Backlogged wage claims[2]

1 in 3
Californians concerned AI could cause them to lose their jobs[3]

$8.55M
Funds awarded in 2025 for Workers' Rights Enforcement Grant Program[4]

90%
Of wages paid for eligible workers using PFL and SDI[5]

CRITICAL FOCUS AREAS FOR THE NEXT GOVERNOR

→ *Modernizing California's worker rights and protections policies for the new-age workforce.*

The economy is changing and the approach to protecting workers must change with it. California has experimented with sector specific minimum wages, but its leadership must continue to think strategically about the balance between enabling entrepreneurship and protecting the most vulnerable in a changing worker-employer dynamic. Shifts to collective bargaining, the rise of gig work, and the implications of a changing climate on outdoor workers must all be taken into consideration as the next governor shapes new worker protection policies. AI compounds all of this. Beyond reshaping demands for workforce skills and jobs, its rise coincides with a wave of business-owner retirements giving the next administration a timely opportunity to design policy that expands worker benefit.

KEY LEADERSHIP DECISIONS

- California Labor Commissioner
- Director, Department of Industrial Relations
- Cabinet Secretaries and Advisers and Legislative Affairs Secretaries for Labor and Criminal Justice

→ *Enforcement and expansion of worker rights and protections.*

While the next governor thinks about the future, he must take into consideration the realities of the present. While there are several worker protection policies in place now, many of them are not being enforced, causing the issue to lose integrity. As worker protections change, wage theft has become a dominant conversation in the field. Enforcement on behalf of immigrants is even more challenging considering the federal government's creation of a hostile environment for even documented workers. A recent audit of the California Labor Commissioner's office outlines steps for improving enforcement and ongoing grant programming aims to support enforcement through local mechanisms. These efforts could be further expanded to ensure the protection of workers.

STRATEGIC QUESTIONS FOR CONSIDERATION

What enforcement tactics are working, and where should the next governor re-design the system to ensure it maintains integrity?

What incentives and repercussions can be established through policy to ensure the future economy does not deepen disparities for low-wage workers?

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PROGRAMS TO KNOW



California Workplace Outreach Project (CWOP)

Purpose: Helps vulnerable workers understand and exercise their workplace rights, raising awareness of wage protections, health and safety standards, and enforcement tools. Especially vital in industries with frequent labor violations.

Why it matters

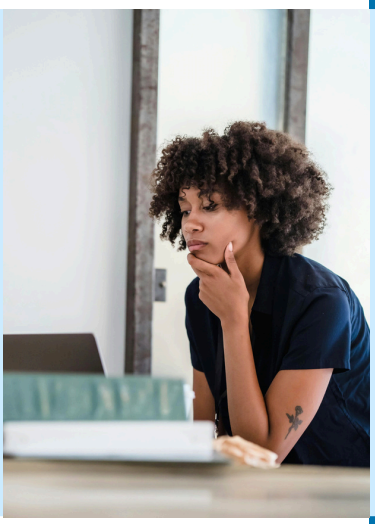
- Bridges the gap between rights and access
- Leverages CBOs to reach workers that traditional enforcement systems miss
- Is not a replacement for the backlog of cases
- Not a statutory funding structure; the next governor must decide on the future of the program

Private Attorney General's Act (PAGA)

Purpose: Violation of worker rights disproportionately affects low-wage workers and can undermine economic mobility even when wages rise. Enforcement is a key mechanism for ensuring workers receive legally earned income and benefits.

Why it matters

- Adds private enforcement capacity to the state's labor-law system, potentially easing the load of backlogged cases
- Recent reforms aim to balance worker remedies, employer compliance, and reduce burden created by high-filer attorneys
- Only allows for civil penalties; recovery of unpaid wages is commonly pursued through a concurrent wage claim





Employee ownership benefits

Purpose: Ownership models can give workers wealth beyond wage growth, help distribute productivity gains, and keep jobs and workplace culture in place when business owners leave or retire. Increased state support for these models ensures low-wage workers benefit from well-crafted succession plans.

Why it matters

- More state support toward employee ownership would be a timely worker intervention.
- The baby boomer generation is entering retirement and this large group of business owners is strategizing around their legacy.
- Employee Stock Ownership Plans and Equity Compensation Plans ensure that employees benefit from the productivity gains realized due to evolving technology.
- CalOSBA houses the Employee Ownership Hub, but substantive investments like resources or expanded tax advantages to incentivize adoption have fallen short and statutory expectations have yet to be met.[6]

Project produced by Capitol Impact, supported by The James Irvine Foundation.

ENDNOTE

[1] California Department of Finance, "Labor and Workforce Development," in California State Budget 2026–27: Enacted Budget Summary (Sacramento: California Department of Finance, June 2026), https://ebudget.ca.gov/2026-27/pdf/Enacted/BudgetSummary/LaborandWorkforceDevelopment.pdf.

[2] California State Auditor, The California Labor Commissioner's Office: Weaknesses in Its Adjudication Process Delay Relief for Workers Who Are Victims of Wage Theft, Report 2023-104 (Sacramento: California State Auditor, May 29, 2024), https://www.auditor.ca.gov/reports/2023-104.

[3] Mark Baldassare et al., PPIC Statewide Survey: Californians and Their Economic Well-Being, Public Policy Institute of California, November 2025, https://www.ppic.org/publication/ppic-statewide-survey-californians-and-their-economic-well-being-november-2025.

[4] California Department of Industrial Relations, "California Labor Commissioner's Office Announces Second Year of Workers' Rights Enforcement Grant Program," news release 2025-46, May 2, 2025, https://www.dir.ca.gov/DIRNews/2025/2025-46.html.

[5] California Employment Development Department, "California Boosts Paid Family Leave and Disability Benefits to Record Levels for New Claims Filed in 2025," news release, January 2, 2025, https://edd.ca.gov/en/about_edd/news_releases_and_announcements/california-boosts-paid-family-leave-and-disability-benefits-to-record-levels-for-new-claims-filed-in-2025.

[6] California Employee Ownership Act, SB 1407, 2021-22 Reg. Sess., ch. 733, Stats. 2022 (approved Sept. 29, 2022), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB1407.

RESOURCES

California Department of Industrial Relations
California Workplace Outreach Project (CWOP)
https://www.dir.ca.gov/outreach/cwop/

California Labor and Workforce Development Agency
Private Attorneys General Act (PAGA)
https://www.labor.ca.gov/resources/paga/

California Office of the Small Business Advocate
California Employee Ownership Hub
https://calosba.ca.gov/for-small-businesses-and-non-profits/employee-ownership-hub/

ABOUT CAPITOL IMPACT

Capitol Impact is a social impact consulting firm that is dedicated to forging a better future for all Californians. To achieve this mission, the firm partners with visionary leaders across the social sector to advance practical solutions to California's most pressing challenges.

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