



CALIFORNIA LABOR FEDERATION
www.CaliforniaLabor.org

FACT SHEET
AB 508 (Swanson)

REWARD COMPANIES FOR WORKER RETENTION

Purpose

To reduce unemployment by keeping workers from being displaced when a city's contract for garbage and recycling changes companies.

Background

With an unemployment rate stuck at 12.5%, working people in California face the bleakest economy since the Great Depression. We have over two million Californians out of work. Last year alone, the state Employment Development Department (EDD) paid out an unprecedented \$22.9 billion in unemployment benefits.

Workers who have lost jobs are finding it nearly impossible to find new ones. The number of long-term unemployed doubled last year to 880,000. Over 40% of the unemployed have been out of work more than six months. This is catastrophic for our economy as these families cannot keep their homes, cannot put money into the economy, and in many cases, are forced to depend on the safety net.

In tough budget times, there is little the state can do to preserve good jobs. One effective tool is through bid preferences to incentivize worker retention. Bid preferences allow state and local decision makers to target public funds to where they will do the most good. It creates an effective and inexpensive investment to reward companies for doing the right thing.

When cities and counties contract for services like garbage and recycling, they are often focused only on the costs of the bids and the services provided. In many cases, the workers fall through the cracks when contracts change hands. The existing workforce, trained and experienced, is summarily laid off and replaced.

Families simply have no safety net when they lose these good jobs. The last few years, workers have exhausted their savings and nearly half have negative equity in their homes. California families are strained to the breaking point.

The layoffs of the existing workforce hurt individual families, but also impact the local economy. Promoting a stable workforce allows workers to invest in and contribute to their communities. It means people can stay in their homes, kids can stay in their schools, and families can keep their health insurance. It also means fewer workers relying on unemployment benefits and other social service programs.

Beyond the benefit to existing employees, worker retention means higher quality of services from a capable and experienced workforce. This benefits the community as a whole while keeping families from falling into poverty.

What This Bill Will Do

AB 508 (Swanson) rewards companies who retain existing garbage and recycling employees for ninety days after a new contract takes effect with a 10% bid preference. This 90-day period

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allows the company an opportunity to decide whether to retain the employee, while giving the employee additional time to prepare for the possibility of a layoff.

Existing law already provides such a preference in bids for transit services.

Support

- ~ California Labor Federation (Co-Sponsor)
- ~ California Teamsters Public Affairs Council (Co-Sponsor)

Key Contacts

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