



Response to DGS Changing Fiscal Analyses: AB 381 (2025) SB 1157 (2024) and AB 964 (2023)

The Loyola Law School – Sunita Jain Anti-Trafficking Initiative (“SJI”) works to end human trafficking by evaluating evidence-based data and working with survivors of human trafficking to enact anti-trafficking laws and policies at the local, county and California State levels. SJI writes to address the differing fiscal analyses provided for the same bill by DGS. The 2025 fiscal analysis of AB 381 raises concerns about potential costs to the Department of General Services (DGS) and state agencies, including increased contract disputes, training development, and enforcement workload. **However, these projections are inconsistent with prior estimates¹, unsupported by federal precedent, and overlook the preventive and cost-saving nature of the bill.**

1. Cost Comparison Reveals Inconsistency by the Department of General Services (DGS):

- **2023 (AB 964):** DGS estimated a **one-time cost of \$100,000** to update the State Contracting Manual, develop forms, and create training materials.
- **2024 (SB 1157):** Despite an amendment eliminating annual certification, DGS projected **\$990,000 in startup costs** and **\$825,000 in ongoing annual costs**—a nearly **tenfold increase** over the prior year.
- **May 5, 2025 - Assembly Appropriations Analysis (AB 381):** DGS provided **generalized estimates** of “hundreds of thousands of dollars” in initial costs, plus **unknown but potentially significant costs** across state agencies. These vague projections lack the specificity of earlier analyses and further inflate the fiscal narrative without introducing new policy burdens.
- **August 15, 2025- Senate Appropriations Analysis: (AB 381):** DGS now reports a total one-time cost of **\$170,000/ 2 years for startup costs** and ongoing costs of **\$340,00 for 2 permanent staff members** to address potential increase in contract disputes and lawsuits, assists with compliance workload and address inquiries, complaints and investigations.
- **August 25, 2025 - Department of Finance (DOF) Analysis 2025 (AB 381) – 2 weeks** after its estimations in the appropriations analysis, DGS has indicated to the DOF that it anticipates \$510,000/2 years for startup costs in addition to \$340,000 for 2 permanent staff and one temporary position to “create update and manage and implement the initial revision to the regulations....” August 2025 is **the first time DGS has indicated it would need to update regulations and AB 381 language does not require this.**

Given the specific language included statutorily in AB 381, DGS can insert the newly required language into any new CA RFPs. This is a **standard administrative task** and within the scope of the original 2023 DGS [estimate](#) of \$100,000 (.75 FTE).² Indeed while updates to the State Contracting

¹ **History of CA Anti-Trafficking Procurement Legislation:** AB 381 was formerly introduced as SB 1157 (Hurtado) in 2024 and AB 964 (Ortega) in 2023. In 2023, DGS estimated that this bill would cost approximately \$100,000 in one-time administrative workload to resign processes to include this new certification requirement, revise the State Contracting Manual, and develop forms and training materials for state agency use. The changes required by AB 964 are the same changes required by SB 1157 as it was introduced and considered by DGS when it made its 2024 cost estimate. In fact an amendment made to [SB 1157 in April of 2024](#) eliminated annual certification requirements and therefore should in fact have made SB 1157 less expensive to implement than the 2023 bill. This amendment does not seem to be considered in the 2024 Senate analysis.

² The California Department of General Services (DGS) on December 19, 2023, confirmed this estimate stating, “DGS anticipated approximately \$100,000 in one-time administrative workload to redesign processes to include this new

Manual and training materials are necessary, the DGS estimate of **.75 FTE** could be excessive. A more accurate projection might be **.25 FTE**, placing the cost closer to **\$50,000**, given that these updates would not require a full year of staff time.

2. Federal Implementation Shows No Cost Spike: Federal officials from the Office of Federal Procurement Policy and the Office to Monitor and Combat Trafficking in Persons confirmed that the federal procurement standards—**FAR Subpart 22.17**—were implemented:

- **Without additional appropriated resources**
- **Without increased procurement costs**
- With only **one contract termination** in eight years

In December of 2023 SJI met with several senior level federal officials³ from both the Office of Federal Procurement Policy and the Office to Monitor and Combat Trafficking in Persons where it was confirmed that (1) the FAR which has the same certification requirements was implemented with no additional appropriated resources, and (2) federal procurement did not go up between 2017 to present but actually decreased during the years of implementation.⁴

This federal precedent demonstrates that AB 381's provisions are not likely to increase CA procurement costs based on available evidence-based data.

3. Training and Compliance Materials Already Exist

The 2025 fiscal analysis for AB 381 further indicates costs to “develop new procurement training content” However, **federal resources already exist** under FAR Subpart 22.17—the very framework AB 381 is modeled on. These include:

- Sample certification language
- Contractor compliance guides
- Protocols and best practices

See www.ResponsibleSourcingTool.org and www.dol.gov/ilab/complychain

California can **adapt these publicly available materials**, reducing development time and cost while ensuring consistency with national standards. This further supports the conclusion that the original \$100,000 one-time implementation estimate is sufficient.

4. Contract Disputes and Lawsuits Are Unlikely

The analysis suggests AB 381 could increase contract disputes and lawsuits due to suspended payments or cancellations. However, the bill creates a standard that is a duty to correct, reinforcing existing expectations that contractors avoid trafficking-related practices.⁵

certification requirement, revise the State Contracting Manual, and develop forms and training materials for state agency use.”

³ Anna Fraser, Deputy Senior Coordinator for Intergovernmental Affairs at The Office to Monitor and Combat Trafficking in Persons, U.S. Department of State; Suzanne S. Balson, Senior Supply Chains Advisor, Office to Monitor and Combat Trafficking in Persons, U.S. Department of State; and Porter Glock, Procurement Analyst at the Office of Federal Procurement Policy. Meeting Regarding Costs of Implementing Federal Regulations FAR 22.17 (December 15, 2023).

⁴ *Id.*

⁵ The proposed bill language specifically mentions that remedial efforts on the part of the contractor, including its willingness to come forward with any wrongdoing it discovers in its supply chains and cooperate with an investigation, can lead to less severe consequences that would not result in a lost contract. Additionally, based on [an analysis of the U.S. Trafficking in Person's \("TIP"\) Reports from 2017 – 2023](#), which reports annually on the impact of Federal Procurement Legislation, there has only been one contract terminated in the 8 years that the federal

Under AB 381 and the federal model:

- The certification functions as a **duty-to-correct mechanism**, not a punitive trigger.
- Contractors are given the opportunity to self-monitor and remedy issues.
- In [8 years only 1 federal contract had been terminated](#) as a result of federal anti-trafficking procurement provisions.⁶

This record demonstrates that the provisions are **effective, not disruptive**, and do not lead to widespread disputes or litigation.

5. Enforcement Workload Is Supported, Not Expanded

The analysis anticipates increased enforcement workload. However:

- For 20 Years All CA Contracts Have Prohibited Human Trafficking⁷
- DOJ and DIR have enforced anti-trafficking laws since **2005**.
- AB 381 provides **clear guidance** to contractors, enabling early identification and correction of issues.
- The bill **reduces investigative burden** by requiring contractors to self-certify and monitor their own supply chains.
- The DOF 2025 analysis suggests that two new permanent positions are needed to implement AB 381. **However, similar provisions have been implemented at the federal level without the creation of new staff positions.** Since AB 381 places the responsibility on businesses to proactively report and correct violations with DGS, existing staff should be able to manage these duties without requiring additional personnel.
- The DOF 2025 financial analysis raises for the 1st time potential issues for small business. **Again, no data supports this after 8 years of federal implementation but to address this potential concern, the author has offered an amendment that only contracts of \$550,000 have to have a compliance plan in place to alleviate these potential concerns.**

Rather than increasing workload, AB 381 **streamlines enforcement** and supports existing mandates.

6. Contractor Burden and Bid Inflation Are Speculative

The 2025 Assembly Fiscal analysis claims contractors may raise prices or withdraw from bidding due to administrative burden. However:

- Ethical contractors and those already contracting with the federal government should already meet these standards and will face **minimal disruption**
- The bill's certification requirement is **simple and clear**, not complex or costly
- Deterring unethical contractors is a **protective measure**, not a fiscal liability

Moreover, the suggestion that reduced competition will drive up costs ignores the fact that AB 381 promotes a **more responsible and transparent contractor pool**, which aligns with California's public interest obligations.

requirements have been implemented. This demonstrates that as CA adopts the exact same Federal requirement upon which the proposed bill is based, there would be no significant administrative and legal workload increases.

⁶ The 2019 TIP Report stated that a contract was terminated after an investigation into forced labor. See <https://www.state.gov/wp-content/uploads/2019/06/2019Trafficking-in-Persons-Report.pdf>.165031222.2.

⁷ See California Public Contract Code Section 6108.

7. Procurement Delays Are Unsubstantiated

The analysis warns that AB 381 may slow procurement and jeopardize time-sensitive funding. Yet:

- DGS already manages complex compliance requirements
- Federal agencies implemented similar standards **without delays**
- AB 381's provisions are designed to **integrate smoothly** into existing workflows

The claim that low-dollar expeditious acquisition methods will be jeopardized is **unsupported by any data** from federal or state implementation.

8. Prevention Is Cost-Effective

The analysis fails to account for the **cost of inaction**:

- Litigation, reputational harm, and enforcement expenses rise when trafficking is not proactively addressed
- AB 381 empowers contractors to **self-monitor and correct**, reducing reliance on state enforcement
- The bill's framework is **preventive, not punitive**, and aligns with California's commitment to ethical governance
- Companies that have invested in such preventive efforts and/or are already in compliance with the Federal procurement standards report having done so with nominal costs. Further, these companies report business expansion and growth with due diligence measures in place⁸

Conclusion

In conclusion, this CA Anti-Trafficking Procurement Policy proposes a modest change in existing law that would prevent and address forced labor in state contracts. Based on examining the implementation of this exact policy at the Federal level there have been no delays in contracting of time-sensitive goods, only 1 private contract has been terminated in 8 years of enforcement, and the cost of federal procurement processes over the last 8 years has not increased due to these regulations but actually decreased since 2017. **Accordingly, California can adopt these exact regulations just as the Federal government has with limited additional resources.**

The Sunita Jain Initiative would be happy to provide additional information and materials on these issues based on our specific expertise with these programs and trafficking victims specifically. We look forward to further discussions on this legislation.

ABOUT THE SUNITA JAIN ANTI-TRAFFICKING INITIATIVE

Sunita Jain Anti-Trafficking Policy Initiative (SJI) is an evidence-based and survivor-informed think tank based out of Loyola Law School. SJI intentionally works towards systemic change by taking an intersectional approach to develop and advocate for policies which prevent human trafficking and support survivors of trafficking.

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⁸ For example, Tony's Chocolonely is an international chocolate brand which seeks to eliminate child and forced labor in its supply chains. The company operates in the United States and sales in more than 60 countries and reports that the cost of due diligence/traceability of input product (cocoa beans) amounts to about \$0.00019 per ounce of chocolate – a rounding error not affecting the price of the final product.