

## Senator Valladares Introduces SB 1174 to Create Long-Term Wealth for Workers Through Public Projects Investments

*The legislation establishes an ESOP bid preference for Caltrans projects to expand economic opportunity to California's construction workforce*

**(March X, 2026) Sacramento, Calif.** – Senator Suzette Martinez Valladares (R-Santa Clarita) has introduced Senate Bill 1174, legislation sponsored by the California Employee Ownership Coalition (CEOC). The bill seeks to establish a bid preference on Caltrans projects for construction contractors that operate federally recognized Employee Stock Ownership Plans (ESOPs).

California invests billions of public dollars each year in transportation infrastructure, including nearly \$5 billion annually in construction and over the next five years, the state will receive approximately \$41.9 billion in additional federal infrastructure funding. SB 1174 seeks to ensure those investments create long-term economic opportunity for the workers building California's infrastructure.

"Every public infrastructure dollar allocated in California should be spent with thoughtfulness and purpose," said Sen. Valladares. "These investments should deliver safer, less congested roads that improve daily life for Californians while creating strong, reliable job opportunities for the hardworking men and women who build and maintain them. SB 1174 supports companies that share ownership with their employees, helping construction workers build long-term wealth while strengthening our workforce and maintaining a competitive bidding process."

ESOPs allow workers to build equity in the companies where they work through shares held in a company-funded trust and allocated over time to employee retirement accounts.

California is a national leader in ESOPs, with more than 780 companies in the state. Research shows companies with ESOPs consistently show strong outcomes, with employees of ESOP companies having 92% higher median household wealth, 2.2 times as much in retirement savings, and 20% more financial assets than workers at comparable non-ESOP companies. Employee-owners also earn 33% higher median wages and have 53% longer job tenures. California's construction industry includes about 70 ESOP companies, representing more than 12,000 employee-owners.

California has historically utilized the Disadvantaged Business Enterprise (DBE) program to expand access to public contracting opportunities. The DBE program qualifies businesses based on company ownership rather than workforce composition. Following recent federal changes to DBE program requirements, California is no longer administering the program in its prior form, creating a new landscape for how the state structures contracting preferences on publicly funded projects.

"Infrastructure investments create tremendous jobs and economic value across California, but too often, the long-term wealth created by public works projects is concentrated at the top of corporate structures," said Steve Concannon, President of CEOC. "SB 1174 prioritizes construction companies that share ownership with their employees, allowing the working people building California's infrastructure to share in the economic upside of that work."