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SAFE Act Setback Will Accelerate Broader Fight Against Staffing Fraud in California

POWER will pursue enforcement, reporting, legal remedies, public exposure, and renewed legislation in 2027

POWER LOGO

SACRAMENTO, CA, UNITED STATES, September 1, 2026 /EINPresswire.com/ -- The Partnership Organization for Workplace Ethics and Reform (P.O.W.E.R.) today thanked lawmakers, workers, responsible staffing agencies, employers and others that supported the Staffing Agency Fair Employment (SAFE) Act, SB 1032 (Reyes), while making clear that the bill's failure to advance will not slow POWER's campaign against fraud and abuse in California's temporary staffing industry.

> The fact that SB 1032 did not become law this year does not give permission to bad actors to continue expanding fraudulent operations."
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> *POWER Executive Director Robert Reid*

SB 1032 was held by the California State Assembly Appropriations Committee on August 13 and did not advance further in the 2026 legislative session. Despite that outcome, the SAFE Act demonstrated substantial support for reform.

POWER believes concerns about the State's cost of implementing the SAFE Act were a principal reason the legislation was held in the Assembly Appropriations Committee. POWER respectfully believes that calculation is "penny wise and pound foolish" as the cost of doing nothing is far more costly than implementing the SAFE Act.

"SB 1032 did not pass this year, but the problems it exposed did not disappear," said Robert Reid, Executive Director of POWER. "Legislators, regulators, workers and responsible businesses repeatedly acknowledged what POWER has documented: fraud exists in the temporary staffing industry, it harms workers and honest employers, and California does not have sufficient enforcement resources to identify and stop every bad actor before the damage is done."

Fraudulent staffing operators continue to evade payroll taxes, underreport payroll, operate without required workers' compensation insurance, commit wage theft and shift the financial consequences of their conduct onto workers, responsible employers and taxpayers.

“The question should not simply be what it costs California to implement reform but also what California is already paying because it does not have adequate preventative oversight. Every dollar lost through payroll fraud, every uninsured workplace injury shifted elsewhere, and every responsible employer forced to compete against someone cheating the system carries a real cost. We believe effective prevention and enforcement on the front end is critical, said Reid.”

POWER is expanding the fight. Bad actors should understand that they will no longer be able to hide in the shadows.

POWER emphasized that the end of SB 1032 for the current legislative session doesn’t mean the organization will simply wait for Sacramento to reconvene in 2027. Instead, POWER is pursuing multiple parallel initiatives to identify, expose, and stop fraud in the staffing industry.

Those efforts include working directly with regulators and law enforcement agencies, monitoring suspected bad actors, documenting potential violations, reporting suspected fraud, supporting appropriate governmental enforcement actions, and evaluating available legal remedies on behalf of responsible staffing agencies and POWER members harmed by unlawful competition.

POWER will also continue to gather information and tips through the confidential reporting channel on the POWER website where staffing agencies, workers, employers, and others can report suspected staffing fraud, wage theft, workers' compensation violations, and other unlawful workplace practices. “The fact that SB 1032 did not become law this year does not give permission to bad actors to continue expanding fraudulent operations, said Reid.”

POWER said its efforts will focus on practices including suspected workers’ compensation insurance violations, payroll and tax fraud, wage theft, payroll underreporting and other schemes that allow unlawful operators to gain an unfair competitive advantage over staffing companies that comply with California law.

“POWER was not created to pass one piece of legislation,” Reid said. “We were created to expose fraud, protect workers and restore fairness to an industry where responsible businesses should not have to compete against companies whose business model depends on breaking the law.”

At the same time, POWER remains fully committed to returning to Sacramento during the 2027 legislative session with a revised staffing reform proposal that incorporates lessons learned from the 2026 legislative process, including addressing any remaining fiscal concerns.

“We are deeply grateful to everyone who wrote letters, made calls, testified, shared information and stood with POWER during the legislative process,” Reid added.

POWER will continue expanding its coalition of workers, responsible staffing companies, employers, insurers, labor advocates, enforcement officials, and policymakers, while strengthening the economic case for preventive oversight.

“The SAFE Act accomplished something important even though it did not become law this year,” Reid said. “It brought staffing fraud into the public policy conversation, demonstrated substantial legislative support for reform and helped establish a foundation for what comes next.”

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