



## **AB 381 (Stefani)** **PREVENTING TRAFFICKING BY UPDATING** **GOVERNMENT PROCUREMENT POLICIES**

### **NEED FOR ACTION**

Forced labor has infiltrated virtually every industry, tainting supply chains and the products they create. According to the Bureau of International Labor Affairs (ILAB), at least 204 categories of goods from 82 countries sold in the United States are produced using forced labor—an increase from 155 categories across 78 countries reported in 2022. This sharp rise highlights the urgent need for<sup>1</sup> stronger regulations to combat this growing crisis.

California, with a nearly \$300 billion budget, holds a unique position to lead the fight against forced labor, human trafficking, and child labor. By updating its government procurement policies, the state can ensure that goods purchased by its agencies are free from exploitation. Public procurement accounts for 13–20% of global GDP, and from 2022-23 alone, California spent \$18.98 billion on contracts and purchases. California's immense purchasing power can set global standards, compelling companies to scrutinize their supply chains and eliminate exploitative practices. Businesses in the U.S. and abroad should not have to compete with unethical producers who undermine working families through the use of forced and trafficked labor.

The federal government recognized this issue in 2016 by enacting measures to prevent forced labor and trafficking in its procurement policies. California must now adopt these same protections at the state level—they are long overdue.

Additional information: [GOODS AT HIGH RISK FOR FORCED LABOR THAT ARE CURRENTLY PROCURED THROUGH CALIFORNIA PUBLIC CONTRACTS](#)

### **GOALS**

As the 5<sup>th</sup> largest economy in the world, it is time for California to adopt specific and detailed guidance for businesses to prevent human trafficking. The goal of this legislation will be to update existing statutory authority in California – which was last updated in 2007- to be consistent with measures that have been

required Federally for the last 8 years. [Many companies and vendors](#) which are already in compliance with the Federal regulations also have public contracts with the state. By adopting Federal standards for California's procurement processes, the state can impact trafficking globally as well as in our own backyard.

### **HOW AB 381 UPDATES PROCUREMENT POLICIES TO PREVENT HUMAN TRAFFICKING**

- **Clear Definitions:** Establishes explicit definitions of human trafficking, forced labor, recruitment fees (a key tool in forced labor), and subcontractor roles. California's current laws lack this guidance for businesses and procurement agencies.
- **Prohibited Actions:** Outlines actions that violate procurement rules, such as fraud, failing to disclose key employment terms in workers' native languages, charging recruitment fees, and not providing return transportation for workers.
- **Contractor Compliance Plans:** Requires contractors to certify anti-trafficking compliance for themselves and all subcontractors.
- **Action Plans for Identified Issues:** Mandates companies take corrective steps to address trafficking or forced labor in their supply

### **Impact of Federal Procurement Policies and How Adopting Similar Measures Will Benefit California**

AB 381 provides clear guidance for companies on how to prevent trafficking in their supply chains. Companies must certify that they have taken proactive steps to prevent trafficking before contracting with the California government. Further provisions mandate if trafficking or forced labor is identified by a company, they must take proactive steps to correct these abuses. Information compiled from the 2017 To 2024 trafficking in persons report (TIP Report) shows the effectiveness of these provisions at the federal level:

- In the 180+ investigations described in the 2017-2024 TIP Reports, companies have taken corrective steps to ensure human trafficking and forced labor does not continue to occur in their

<sup>1</sup> Bureau of Int'l Labor Affairs (ILAB), "List of Goods Produced by Child Labor or Forced Labor," U.S. DEPT. OF LABOR, (2024) *available*

*at:*  
[https://www.dol.gov/sites/dolgov/files/ilab/child\\_labor\\_reports/tda2023/2024-tvpra-list-of-goods.pdf](https://www.dol.gov/sites/dolgov/files/ilab/child_labor_reports/tda2023/2024-tvpra-list-of-goods.pdf)

supply chains by issuing cure notices and/ or terminating certain personnel.<sup>2</sup>

- Only 1 Federal contract was terminated, and 1 entity was debarred from conducting further business with the Federal Government based on human trafficking procurement violations in 8 years, the remaining companies were able to take the corrective steps required.<sup>3</sup>
- Between 2017 to present the cost of Federal procurement administration has not increased but decreased since the enactment of Federal Acquisition Regulations (FAR) 22.17.<sup>4</sup>
- The federal procurement policies were implemented in 2017 with no additional resources.<sup>5</sup>
- No evidence shows that time-sensitive goods or services have been delayed or jeopardized in the 8 years that the Federal procurement policies have been implemented.<sup>6</sup>

Additional information compiled from the TIP Reports regarding the impact of Federal procurement regulations can be reviewed [here](#).

### Implementation Costs for AB 381

This legislation was previously introduced as AB 964 (Rodriguez) in 2023 and SB 1157 (Hurtado) in 2024, earning resounding bipartisan support both years. It passed through its assigned policy committees—The Accountability & Administrative Review Committee in 2023, and the Labor, Public Employment & Retirement and Governmental Organizations Committees in 2024—without a single opposing vote.

In 2023, the Appropriations Committee determined that AB 964 would incur a one-time implementation cost of just \$100,000, with additional costs described only as speculative.<sup>7</sup> However, in 2024, the Senate Appropriations analysis inexplicably inflated these cost projections, offering minimal explanation for the substantial increase within the span of just one year.

A full response to the 2023 & 2024 fiscal analyses and the speculative potential costs can be found [here](#).

### Conclusion

It is rare for California to have the opportunity to enact legislation that not only safeguards workers in our state but also has a far-reaching global impact—achieving both with minimal fiscal investment. AB 381 holds the immense potential to protect vulnerable workers from human trafficking and eliminate exploitative practices across industries.



### 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 and filling the gaps in human trafficking prevention by focusing its policy advocacy on the intersectionality of 5 pillars: Government Accountability, Racial Justice, Immigrant Justice, Climate Justice and Economic Justice.

### CONTACT INFORMATION

Stephanie Richard, Esq.  
Policy Director  
[Stephanie.Richard@lls.edu](mailto:Stephanie.Richard@lls.edu)  
(213) 375-8377

Aradhana Tiwari, Esq.  
Senior Policy Counsel  
[aradhana.Tiwari@lls.edu](mailto:aradhana.Tiwari@lls.edu)  
(213) 736-8377

<sup>2</sup> See U.S. DEPT OF STATE, Trafficking in Persons Report (2018-2024), available at <https://www.state.gov/trafficking-in-persons-report/>

<sup>3</sup> For a Full Summary of the impact Federal Procurement Legislation please refer to this document [here](#). 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 ; The 2023 TIP report stated that one individual was debarred from conducting business with the Federal government for violating contracting prohibitions related to human trafficking. See <https://www.state.gov/reports/2023-trafficking-in-persons-report/united-states>.

<sup>4</sup> See U.S. Government Accountability Office, A Snapshot of Government-wide Contracting for FY 2021, <https://www.gao.gov/blog/snapshot-government-wide-contracting-fy-2021-interactive-dashboard>

<sup>5</sup> 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).

<sup>6</sup> *Id.* at Note 7.

<sup>7</sup> *Id.* at Note 7.