

(Without Reference to File)

SENATE THIRD READING

SB 111 (Committee on Budget and Fiscal Review)

As Amended June 22, 2020

Majority vote. Budget Bill Appropriations Takes Effect Immediately

SUMMARY:

This is the public employment and retirement trailer bill for the 2020-21 budget. It contains the necessary changes necessary to implement the 2020 Budget Act.

Major Provisions

- 1) Revises the application of the 2018-19 General Fund appropriation to the Teachers' Retirement Fund for the Defined Benefit Program as follows:
 - a) Revises the apportioned payment to an amount to pay in advance on behalf of employers, a part of the employer contributions for 2020-21 that results in employers having to contribute 2.95% points less than the percentage set by another provision.
 - b) Authorizes an additional apportionment that would result in employers having to contribute 2.18% points less than the percentage set by the board pursuant to another provision for 2021-22.
 - c) Makes a conforming change regarding the uncommitted remainder of the payment to reflect the additional allocation for 2021-22.
- 2) Requires that the percentage set by the Teacher's Retirement Board for 2020-21 govern the state appropriation for the Teachers' Retirement Fund to eliminate the unfunded actuarial obligation, prohibits the board from increasing or decreasing the percentage for 2020-21, and specifies that its provisions do not prevent payments toward the unfunded actuarial obligation from being made from other sources.
- 3) Requires employees of the California Highway Patrol who are rank-and-file members of State Bargaining Unit 5, to be subject to any and all reductions in state employee compensation imposed by the Legislature on other state employees for the period of July 1, 2020, to June 30, 2021, regardless of the means adopted to the effect those reductions. This would include suspension of the duty to compensate sworn represented members of the California Highway Patrol in accordance with a specified formula, and regardless of the provisions in existing memorandum of understanding (MOU).
- 4) Requires the department to adopt a plan for the period of July 1, 2020 to June 30, 2021, by which all state employees who are not subject to the PLP 2020 Program, would be furloughed two workdays per calendar month.
- 5) Requires a state employee, from July 1, 2020 to June 30, 2021, to participate in the Personal Leave Program 2020 (PLP 2020 Program), either as required by an applicable MOU reached or by the direction of the department for excluded employees, under which each employee would receive a reduction in pay not greater than 10% in exchange for up to 16 hours of PLP 2020 Program leave credits per month.

- 6) Repeals supplemental General Fund appropriations to the Public Employees' Retirement Fund for 2020-21, 2021-22, and 2022-23.
- 7) Requires the Controller to transfer up to \$2.5 billion to the General Fund over the 2020-21 and 2021-22 from other funds and accounts that are required by law to fund the state's employer contribution to the Public Employees' Retirement Fund. Requires the schedule provided by the Department of Find to specify the timing and amounts of transfers to the General Fund after evaluation of each fund's share of costs and its fund availability.
- 8) Appropriates \$243 million from the General Fund to supplement the state's appropriation to Public Employees' Retirement Fund.
- 9) Revises the application of the 2018-19 General Fund appropriation to the Public Employee's Retirement Fund for payments related to school employer contributions and unfunded liabilities as follows:
 - a) Increases the apportionment for advance payments of required school employer contributions for 2020-21 to \$430 million.
 - b) Repeals the apportionment of \$660 million for the unfunded liabilities for specified school employers
 - c) Authorizes \$330 million to be apportioned for advanced payments of required school employer contributions for 2021-22.
- 10) Provides that employees of the State Compensation Insurance fund shall, without limitation, be subject to any and all reductions in state employee compensation imposed by the Legislature on other state employees for the period from July 1, 2020 to June 30, 2021, regardless of the means adopted to effect these restrictions.

COMMENTS:

This bill is a budget trailer bill within the overall 2020-21 budget package necessary to implement actions related public employment and retirement.

According to the Author:

None

Arguments in Support:

None on file.

Arguments in Opposition:

None on file.

FISCAL COMMENTS:

This bill appropriates \$243 million from the General Fund to supplement the state's appropriation to Public Employees' Retirement Fund.

VOTES:

SENATE FLOOR: 27-9-2

YES: Allen, Archuleta, Atkins, Beall, Bradford, Caballero, Dodd, Durazo, Galgiani, Glazer, Hertzberg, Hill, Hueso, Hurtado, Leyva, McGuire, Mitchell, Monning, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener

NO: Bates, Chang, Grove, Jones, Moorlach, Morrell, Nielsen, Stone, Wilk

ABS, ABST OR NV: Borgeas, Jackson

UPDATED:

VERSION: June 22, 2020

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