

(Without Reference to File)

SENATE THIRD READING

SB 119 (Committee on Budget and Fiscal Review)

As Amended June 22, 2020

Majority vote. Budget Bill Appropriation Takes Effect Immediately

SUMMARY:

This is the State Bargaining Units (BU) trailer bill for the 2020-21 budget. It contains the necessary changes necessary to implement the 2020 Budget Act.

Major Provisions

- 1) Ratifies the Memorandum of Understanding (MOUs), addenda, or both entered between the state employer and the following Bargaining Units represented by four exclusive employee representatives as follows:
 - a) Service Employees International Union, Local 1000 (SEIU 1000)
 - i) BU 1: Professional, Administrative, Financial and Staff Services
 - ii) BU 3: Professional Educators and Librarians
 - iii) BU 4: Office and Allied
 - iv) BU 11: Engineering and Scientific Technicians
 - v) BU 14: Printing and Allied Trades
 - vi) BU 15: Allied Services
 - vii) BU 17: Registered Nurses
 - viii) BU 20: Medical and Social Services
 - ix) BU 21: Educational Consultants and Library
 - b) California Correctional Peace Officers Association (CCPOA)
 - i) BU 6: Corrections
 - c) Professional Engineers of California Government (PECG)
 - i) BU 9: Professional Engineers
 - d) California Association of Psychiatric Technicians (CAPT)
 - i) BU 18: Psychiatric Technicians
- 2) Requires the expenditure of funds for an MOU, addenda, or both, as appropriated by the Legislature for provisions relating to an MOU, addenda, or both, and authorizes the state

employer to reopen negotiations if funds for provisions are not appropriated by the Legislature.

- 3) Ratifies and approves provisions requiring the expenditure of funds in MOU, addenda, or both, entered between the state employer and other state BUs no later than June 30, 2020, if the MOU or addenda includes savings measures that contribute to meeting the budgeted reductions as specified in the Budget Act of 2020.
- 4) Requires on July 1, 2022, or a later date as determined by the provisions of the MOU for BU 9, the normal rate of contribution to return to the normal contribution rate that was in place on July 1, 2019, for a period of one year.
- 5) Adjusts the normal rates of pension compensation for specified employees of BU 18. Requires effective July 1, 2021, the state miscellaneous members or state industrial members contribution rate, or the rate for state safety members be adjusted when both (a) the normal costs rate for the category in effect for 2016-17 has increased by 1%, and (b) 50% of that normal costs rate, exceeds the normal contribution rate.
- 6) Provides that after July 1, 2019, that the employer and employee contribution percentages would be adjusted based on actuarially determined total normal costs.
- 7) Relating to the Public Employees' Medical and Hospital Care Act (PEMHCA)
 - a) Suspends the additional 1.2% required for the employees' monthly contribution for prefunding other postemployment benefits for 2020-21 and 2021-22 while continuing to require the employer's monthly contribution for prefunding those postemployment benefits during those fiscal years, for BUs 1, 3, 4, 11, 14, 15, 17, 20 or 21.
 - b) Suspends the additional 1.4% required for BU 6 employees' monthly contribution for prefunding other postemployment benefits for 2020-21 and 2021-22 while continuing to require the employer's monthly contribution for prefunding those postemployment benefits during those fiscal years.
 - c) Suspends the additional 1.0% required for BU 9 employees' monthly contribution for prefunding other postemployment benefits for 2020-21 and 2021-22 while continuing to require the employer's monthly contribution for prefunding those postemployment benefits during those fiscal years.
- 8) Appropriates \$270,917,000 for BU 18 for expenditure in 2020-21 in augmentation of, and for the purpose of, state employee compensation as provided.
- 9) Makes technical cleanup within the Other Post-Employment Benefits (OPEB) statutes by adding California Association of Highway Patrolmen, Bargaining Unit 5, which was inadvertently excluded from 22944.5 (a)(4).
- 10) Provides that the provisions of a MOU entered into between a state employer and a BU are effective, unless otherwise provided for by the Budget Act or other legislative enactment.

COMMENTS:

- 1) This bill is a budget trailer bill within the overall 2020-21 budget package necessary to implement actions related to Bargaining Units.
- 2) This bill approves MOUs between the state and the following bargaining units and would cover the corresponding full-time equivalent (FTE) positions for the duration of the agreements.

BU	Term	Full-Time Equivalent Employees (FTE)
1, 3, 4, 11, 14, 15, 17, 20, 21		
6	July 1, 2020 through June 30, 2022	28,007
9	July 1, 2020 through June 30, 2022	10,782
18	July 2, 2019 through July 1, 2022	6,775

Bargaining Unit 18

RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS

- 1) Employee Pension Contribution:
 - a) Effective July 1, 2021, the employee contribution rates for First Tier retirement formulas remain in effect until CalPERS has determined i) the total normal cost rate has increased by 1%, and ii) 50% of that normal cost rate rounded to the nearest quarter of 1% is greater than the current employee contribution rate. Each year, thereafter, the rate shall only be adjusted if CalPERS determines the total normal cost rate increases by more than 1% of payroll above the total normal cost rate in effect at the time the employee contribution rate was last adjusted. The increase to the employee contribution rate in any given fiscal year shall not exceed 1% per year.
 - b) Effective July 1, 2021, the employee contribution rates for State Safety retirement formulas shall remain in effect until CalPERS has determined i) the total normal costs rate has increased by 1%, and ii) 50% of that normal costs rate rounded to the nearest a quarter of 1% is greater than the current employee contribution rate. Each year thereafter, the rate shall only be adjusted if CalPERS determines the total normal costs rate in effect at the time the employee contribution rate was last adjusted. The increase to the employee contribution in any given fiscal year shall not exceed 1% per year.
- 2) Prefunding of Post-retirement Health Benefits: Effective July 1, 2021, and each year thereafter, the employer and employee contribution percentages will be adjusted if the

actuarially determined total normal costs have increased by more than half a percent from the total normal cost contribution percentages currently in effect. The increases to the employee contribution percentage in any given fiscal year shall not exceed 0.5%.

HEALTH BENEFITS

- 3) Employer Contribution for Active State Employees: The state's monthly health benefit contribution for each employee shall continue to be a flat dollar amount equal to 80% of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. The flat dollar amounts shall be increased or decreased as appropriate pursuant to the formula on January 1, 2020, January 1, 2021, and January 1, 2022.

COMPENSATION

- 4) General Salary Increases (GSI)
 - a) Effective January 1, 2020, all eligible CAPT represented classification shall receive a 2.75% GSI.
 - b) Effective July 1, 2020, all eligible CAPT represented classification shall receive a 2.75% GSI.
 - c) Effective July 1, 2021, all eligible CAPT represented classification shall receive a 2.75% GSI.
- 5) Special Salary Adjustments: Effective the month following ratification by both the state and CAPT, the maximum salary of some alternate ranges within the Senior Psychiatric Technician, Psychiatric Technician, and Psychiatric Technician Assistant classifications, shall be adjusted by 2.5%.
- 6) Miscellaneous Compensation Increases: Effective July 1, 2021, Bargaining Unit 18 employees working on a regular scheduled weekend shift shall receive a weekend differential of fifty-cents (\$0.50) per hour.

MISCELLANEOUS

- 7) Bilingual differential certification testing shall be offered at least every six months.
- 8) Commitment to reductions in mandated overtime.
- 9) The state and the CAPT agree to meet quarterly to discuss the feasibility of a possible expansion of Enhanced Industrial Disability Leave benefits to include diagnosed PTSD.
- 10) Within six months after ratification of this agreement, the state will conduct a Safety Retirement Audit for employees at the Canyon Springs facility, DDS.
- 11) CalHR agrees to meet quarterly with CAPT to review the Coleman court history, court orders, vacancy numbers at each department (DSH, DDS and CDCR/CCHCS) and recruitment efforts as well as identify best practices for recruitment.
- 12) Eliminates furlough protection.

DURATION

13) July 2, 2019 through July 1, 2022.

Bargaining Unit 6

PREFUNDING OF POST-RETIREMENT HEALTH BENEFITS SUSPENDED

- 1) BU 6 employees currently contribute 4% to prefund post-retirement health benefits. Effective the first day of the pay period following ratification through the June 2022 pay period, the employees' monthly contribution to prefund other post-employment benefits will be suspended for the 2020-21 and 2021-22 fiscal years, and will not be withheld from employees' salaries.

COMPENSATION

- 2) Effective with the July 2020 pay period through the June 2022 pay period, the Personal Leave Program (PLP 2020) will apply to all BU 6 employees. Employees continue to work their assigned work schedules and shall have a reduction in pay equal to 4.62% except:
 - a) 7K Ranges = 4.5%
 - b) Fire Captain Range L and M (192 Hour Schedule) = 3.85%
 - c) Fire Captain Range N and P (216 Hour Schedule) = 3.42%
- 3) Each full-time employee shall be credited with 12 hours of PLP 2020 on the first day of each pay period for the duration of the PLP 2020 program, which is comprised of eight hours for a single day of PLP 2020 and four hours for the other achieved savings (e.g., suspensions of shift differential, reductions in holiday compensation/time, and reductions in uniform allowance). PLP 2020 shall have no cash value and may not be cashed out, except as permitted in very limited circumstances (e.g., non-voluntary separation).
- 4) The existing MOU contains a 3% GSI effective July 1, 2020. This GSI is suspended and deferred until July 1, 2022 or July 1, 2023.
- 5) Holiday pay and holiday credits are suspended until the July 2022 pay period. Employees will earn holiday pay or credits for three of the eleven holiday - July 4th, Thanksgiving Day, Christmas, and New Year's Day.
- 6) Night and weekend shift pay differentials of \$1.50 per hour are suspended until the July 2022 pay period.
- 7) Employees currently receiving an annual Uniform/Uniform Accessories replacement Allowance of \$1,000.00 will be reduced to \$750.00 annually during the term of the contract.
- 8) Employees currently receive two Personal Development Days (PDDs) per calendar year. In calendar years 2021 and 2022, employees will receive only one PDD.

MISCELLANEOUS

- 9) Employees shall receive a minimum of 60 hours of annual training in the 7K Training program, which was previously divided between 48 hours of off-post training and 12 hours of on-the-job training. Cost savings will be achieved through the modification of 32 hours of the off-post training being converted to non-classroom, on-the-job, or online training.
- 10) Contract Reopener Language – Elimination of Pay Decreases and Suspensions

CONTRACT REOPENER LANGUAGE – ELIMINATION OF PAY DECREASE AND SUSPENSIONS

- 11) The MOU specifies that the determination of sufficient funding to restore the reductions shall be at the sole discretion of the Director of the Department of Finance if either of the following circumstances occur:
- 12) If the Director of the Department of Finance, as a result of appropriate federal legislation providing additional funding to the state to address the impacts of the COVID-19 Recession, elects to restore, at their sole discretion, some or all of the various pay items that have been suspended or reduced.
- 13) If the Director of the Department of Finance, as a result of state revenue becoming sufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the cost of providing the pay that have been suspended or reduced as a result of the COVID-19 Recession, elects to restore, at their sole discretion, some or all of the various pay items that have been suspended or reduced.
- 14) The BU 6 MOU specifies that in the event the Director of the Department of Finance elects to restore, at their sole discretion, some or all of the various pay items that have been suspended or reduced, the State shall provide notice to the Union and shall meet and confer with the Union upon request regarding the impact of that determination.
- 15) The BU 6 MOU specifies that in the event that the Director of the Department of Finance does not restore, at their sole discretion, the 3% GSI that was provided in the existing MOU for July 1, 2020, then a 3% GSI shall become effective on July 1, 2022. However, if projected state revenues at the 2022-23 May Revision to the Governor's Budget continue to be insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing the aforementioned pay increases to all eligible employees, a 3% GSI shall become effective on July 1, 2023. Determination of funding availability relative to this section shall be at the sole discretion of the Director of the Department of Finance.

Bargaining Unit 9

PREFUNDING OF POST-RETIREMENT HEALTH BENEFITS SUSPENDED

- 1) BU 9 employees currently contribute 2% to prefund post-retirement health benefits. Effective the first day of the pay period following ratification through the June 2022 pay period, the employees' monthly contribution for prefunding other post-employment benefits will be suspended for the 2020-21 and 2021-22 fiscal years, and will not be withheld from the employees' salaries.

COMPENSATION

- 2) Effective with the July 2020 pay period through the June 2022 pay period, the PLP 2020 will apply to all PEGC represented employees. Employees continue to work their assigned work schedules and shall have a reduction in pay equal to 9.23%.

Each full-time employee shall be credited with 16 hours of PLP 2020 on the first day of each pay period for the duration of the PLP 2020 program. PLP 2020 shall have no cash value and may not be cashed out, except as permitted in very limited circumstances (e.g., non-voluntary separation).

- 3) The State shall not implement a furlough program during PLP 2020.
- 4) The State shall increase the 640 hour cap on Vacation and Annual Leave by the equivalent number of PLP 2020 hours the BU 9 represented employees receive until June 30, 2025.
- 5) Effective July 1, 2022, all BU 9 employees shall receive a 3% GSI.
- 6) Upon receipt of the GSI provided in this agreement, the BU 9 employee contribution rate shall return to the level established for the 2019-20 fiscal year for a period of one year from the effective date of the GSI.
- 7) The MOU adds the classifications of Geologist-in-Training and Geophysicist and provides for the employees listed in this section to be reimbursed for dues to one or more job-related professional societies.
- 8) The MOU allows employees to participate for three days of Voluntary Personal Leave Program (VPLP) with a reduction in pay of 13.86% and a credit of 24 hours of VPLP leave per month.

CONTRACT REOPENER LANGUAGE – ELIMINATION OF PAY DECREASE AND SUSPENSIONS

- 9) The determination of sufficient funding to restore the reductions relative to this Agreement shall be at the sole discretion of the Director of the Department of Finance if either of the following circumstances occur:
 - a) If the Director of the Department of Finance, as a result of appropriate federal legislation providing additional funding to the state to address the impacts of the COVID-19 Recession, elects to restore, at their sole discretion, some or all of the various pay items that have been suspended or reduced.
 - b) If the Director of the Department of Finance, as a result of state revenue becoming sufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the cost of providing the pay that have been suspended or reduced as a result of the COVID-19 Recession, elects to restore, at their sole discretion, some or all of the various pay items that have been suspended or reduced.
- 10) In the event that neither of the circumstances above occur and/or the Director of the Department of Finance does determine, at their sole discretion, that projected state revenues at the 2022-23 May Revision to the Governor's Budget continues to be insufficient to fully

fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing the aforementioned pay increases to all eligible employees, the July 1, 2022, 3% GSI shall become effective on July 1, 2023. Determination of funding availability relative to this section shall be at the sole discretion of the Director of the Department of Finance.

Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21:

This bill implements the MOU between the state and SEIU Local 1000, are pending.

According to the Author:

None.

Arguments in Support:

None on file.

Arguments in Opposition:

None on file.

FISCAL COMMENTS:

This bill appropriates \$270 million for BU 18 for expenditure in augmentation of, and for the purpose of state employee compensation.

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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FN: 0003115