

(Without Reference to File)

SENATE THIRD READING

SB 119 (Committee on Budget and Fiscal Review)

As Amended July 27, 2020

Majority vote. Budget Bill Appropriation Takes Effect Immediately

SUMMARY:

This is the State Bargaining Units (BU) trailer bill for the 2020-21 budget. The trailer bill ratifies agreements entered into by the state employer and Bargaining Units (BUs) 12 and 13, and makes conforming statutory changes for addenda previously entered into between the state and specified BUs. These changes are necessary to implement the 2020 Budget Act. Specifically, this bill:

Major Provisions

- 1) Ratifies the agreements entered into by the state employer and the following BUs:
 - a) International Union of Operating Engineers (IUOE)
 - i) BU 12: Craft and Maintenance; successor agreement reached on June 25, 2020 and addenda reached on July 22, 2020.
 - ii) BU 13: Stationary Engineers; addendum reached on July 21, 2020.
- 2) Approves provisions requiring the expenditure of funds in the addenda entered into between the state employer and BUs 12, and BU 13.
- 3) Makes conforming statutory changes for addenda entered into by the state employer and the following BUs:
 - a) BU 2: Attorneys and Hearing Officers as represented by California Attorney, Administrative Law Judges, and Hearing Officers in State Employment (CASE); addendum reached on June 30, 2020.
 - b) BU 5: Highway Patrol as represented by California Association of Highway Patrolmen (CAHP); addenda reached on June 29, 2020, and June 30, 2020.
 - c) BU 7: Protective Services and Public Safety as represented by California Statewide Law Enforcement Association (CSLEA); addendum reached on June 26, 2020.
 - d) BU 8: California Department of Forestry and Fire Protection Firefighters as represented by CAL FIRE Local 2881; addendum reached on June 30, 2020.
 - e) BU 9: Professional Engineers as represented by Professional Engineers in California Government (PECG); addendum reached on June 30, 2020.
 - f) BU 10: Professional Scientists as represented by California Association of Professional Scientists (CAPS); addendum reached on June 25, 2020.
 - g) BU 16: Physicians, Dentists, and Podiatrist as represented by Union of American Physicians and Dentists (UAPD); successor agreement reached on June 30, 2020.

- h) BU 18: Psychiatric Technicians as represented by California Association of Psychiatric Technicians (CAPT); addendum reached June 30, 2020.
 - i) BU 19: Health and Social Services/Professional as represented by American Federation of State, County, and Municipal Employees (AFSCME); addenda reached on June 23, 2020 and June 30, 2020.
- 4) Provides that provisions requiring the expenditure of funds in the MOU, addenda or both, entered into between the state employer and BUs 2, 5, 7, 8, 9, 10, 16, 18, and 19 were approved consistent with Section 3 of AB 119 (Chapter 23 of the Statutes of 2020).
 - 5) Provides that the expenditure of funds shall not take effect unless funds are appropriated by the Legislature and authorizes the state employer to reopen negotiations on all or part of the MOU or addenda, or both, if funds are not appropriated by the Legislature related to 2) and 4) above.
 - 6) Provides that the provisions of the MOU or addenda, or both, included in 2) and 4) above require the expenditure of funds shall become effective even if the provisions of the MOU or addenda, or both, are approved by the Legislature in legislation other than the annual Budget Act.
 - 7) Revises the expiration date of the MOU for BU 5 from June 30, 2023, to July 3, 2024.
 - 8) Includes the amount necessary for the payment of compensation and employee benefits to state employees covered by MOUs entered between the state employer and BU 12 and BU 16 under the continuous appropriation provisions.

Normal Rate of Pension Contributions

- 9) Adjusts the normal rate of contribution for specified state miscellaneous or state industrial members who are represented by BU 2 effective July 1, 2022 as follows:
 - a) 9.5% of compensation in excess of \$317 per month paid to a member whose service is not included in the federal system.
 - b) 8.5% of compensation in excess of \$513 per month paid to a member whose service is included in the federal system.
- 10) Requires the normal contribution rates for state miscellaneous or state industrial members represented by BU 2 to be adjusted effective July 1, 2023, when both of the following occur:
 - a) The total normal cost rate for the category in effect for 2022-23 has increased or decreased by at least 1%, and
 - b) 50% of the new normal cost rate, as rounded, is greater or less than the established normal rate of contribution, as specified.
- 11) Requires the board, if, on July 1, 2023, the conditions in 10) a) and b) are met, to adjust the normal rate of contributions for those members to 50% of the normal cost rate rounded to the nearest one-quarter of 1%, but not to increase or decrease by more than 1%.

- 12) Requires, each year thereafter, the rate to be adjusted only if the board determines the normal cost rate increases or decreases by more than 1% of payroll, and prohibits the increase from exceeding 1% per year, applicable to specified compensation.
- 13) Requires the normal contribution rate for state safety members who are represented by BU 2 to be adjusted effective July 1, 2023, when both of the following occur:
 - a) The normal cost rate for the category in effect for 2020-21 has increased or decreased by at least 1%, and
 - b) 50% of the new normal cost rate as rounded, is greater or less than the normal contribution rate established in Section 20683.81.2.
- 14) Requires the board, if, on July 1, 2023, the conditions in 13) a) and b) are met, to adjust the rate only if the board determines that the total normal cost 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, subject to certain limits.
- 15) Adjusts the normal rate of contribution rate for BU 10 to return to the normal rate established on July 1, 2020 instead of July 1, 2021.
- 16) Adjusts the normal rate of contribution for patrol members and state miscellaneous members represented by BU 5 to be effective on July 1, 2022, or July 1, 2023, instead of July 1, 2020, depending on when the employees' and employer's monthly contribution for prefunding other postemployment benefits is restored.
- 17) Requires the normal rate of contribution for a state employee who is excepted from a specific definition of "state employee" and an officer or employee of the executive branch of state government who is not a member of the civil service to be the same as all respective, associated members represented by BUs 2, 5, and 10.

Public Employees' Medical Hospital Care Act (PEMHCA)

- 18) Suspends for BU 9 the employees' monthly contribution for prefunding other postemployment benefits (OPEB) beginning with the July 2020 pay period and ending June 30, 2022.
- 19) Suspends for BU 10 the employees' monthly contribution for prefunding OPEB effective the first pay period following ratification through June 30, 2022. BU 10 employees currently contribute 2.8% towards prefunding OPEB.
- 20) Suspends for BU 12 the employees' monthly contribution for prefunding OPEB effective the first pay period following ratification and ending on June 30, 2021. BU 12 employees currently contribute 3.5% towards prefunding OPEB.
- 21) Suspends for BU 2 the employees' monthly contributions for prefunding OPEB effective on the first day of the pay period following ratification and ending June 30, 2022. BU 2 employees currently contribute 2% toward prefunding OPEB.
- 22) Suspends for BU 7 the employees' monthly contribution for prefunding OPEB beginning on the first pay period following ratification through June 30, 2022. BU 7 employees currently contribute 4% towards prefunding OPEB.

- 23) Suspends for BU 8 the employees' monthly contribution for prefunding OPEB beginning on the first pay period following ratification and ending June 30, 2021. BU 8 employees currently contribute 4.4% towards prefunding OPEB.
- 24) Suspends for BU 13 the employees' monthly contribution for prefunding OPEB beginning with the August 2020 pay period and ending June 30, 2022. BU 13 employees currently contribute 3.9% towards prefunding OPEB.
- 25) Suspends for BU 18 the employees' monthly contribution for prefunding OPEB benefits effective the first pay period following ratification through June 30, 2022. BU 18 employees currently contribute 4% towards prefunding OPEB.
- 26) Suspends for BU 19 the employees' monthly contribution for prefunding OPEB benefits beginning with the July 2020 pay period and ending June 30, 2022. BU 19 employees currently contribute 3 % towards prefunding OPEB.
- 27) Suspends for BU 16 the employees' monthly contribution for prefunding OPEB benefits effective the first pay period following ratification and ending June 30, 2022. BU 16 employees currently contribute 1.4 % towards prefunding OPEB.
- 28) Suspends for BU 5 the employees' monthly contribution for prefunding OPEB beginning with the July 2020 pay period and ending June 30, 2022. The state currently contributes both 3.4 % on behalf of the BU 5 employees and 3.4 % on the employer's behalf.
- 29) Requires for BU 5 on July 1, 2022, if the Director of Finance does not restore the state and employee contributions for prefunding OPEB, the employer and employee shall incorporate the 3.4 % employee share of pensionable compensation into the salary survey conducted pursuant to Government Code Section 19827. The 3.4 % inclusion into the salary survey and the employee and employer share of OPEB contributions shall become effective on July 1, 2023, if the projected state revenues continue to be insufficient. Funding determination is at the sole discretion of the Director of Finance.
- 30) Provides that upon restoration of OPEB contributions for BU 5, the 3.4 % employee contribution will be paid by employees with a three year phase-in period.

COMMENTS:

- 1) This bill is a budget trailer bill within the overall 2020-21 budget package necessary to implement actions related to the BU MOUs or related addenda.
- 2) A summary of the agreements on the CalHR website for the BUs identified in this bill are below:
 - a) BU 12: Craft and Maintenance:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/sum-20200701-20210630-bu12-01.pdf>
 - ii) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200723-bu12.pdf>
 - b) BU 13: Stationary Engineers:

- i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200723-bu13-02.pdf>
- c) BU 2: Attorneys and Hearing Officers:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200630-bu02-02.pdf>
- d) BU 5: Highway Patrol:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200630-bu05-02.pdf>
 - ii) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200630-bu05-04.pdf>
- e) BU 7: Protective Services and Public Safety:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200626-bu07-02.pdf>
- f) BU 8: Firefighters:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200630-bu08-02.pdf>
- g) BU 9: Professional Engineers:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200630-bu09.pdf>
- h) BU 10: Professional Scientific:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200625-bu10-02.pdf>
- i) BU 16: Physicians, Dentists, and Podiatrist:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/sum-20200701-20220701-bu16-01.pdf>
- j) BU 18: Psychiatric Technicians:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200630-bu18-02.pdf>
- k) BU 19: Health and Social Services/Professional:
 - i) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200623-bu19-02.pdf>
 - ii) <https://www.calhr.ca.gov/labor-relations/Documents/add-20200630-bu19.pdf>

According to the Author:**Arguments in Support:****Arguments in Opposition:**

FISCAL COMMENTS:

This bill appropriates \$5,913,000 for BUs 2, 5, 7, 8, 10, 12, 13, 16, and 19 for expenditure in 2020-21 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:

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