
UNFINISHED BUSINESS

Bill No: SB 119
Author: Committee on Budget and Fiscal Review
Amended: 7/27/20
Vote: 21

PRIOR VOTES NOT RELEVANT

ASSEMBLY FLOOR: 47-5, 8/3/20
(ROLL CALL NOT AVAILABLE)

SUBJECT: State employment: State Bargaining Units

SOURCE: Author

DIGEST: This bill makes statutory changes to ratify and implement a memorandum of understanding (MOU) and addenda between the state and Bargaining Unit (BU) 12 and 13. This bill also makes conforming statutory changes for successor agreements and addenda between the state and BUs 2, 5, 7, 8, 9, 10, 16, 18, and 19.

Assembly Amendments delete the Senate version of the bill and insert the current language.

ANALYSIS:

Existing law:

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) - regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.

- 3) Requires that any MOU between the state and an exclusive representative be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 5) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide analysis of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 6) Provides that fully vested state retirees (e.g., with 20 or more years of state employment or with 25 years or more, depending on the bargaining unit) are entitled to an employer contribution for retiree health care equal to 80 or 100 percent of the weighted average premium of the four health plans most highly utilized by all members. Depending on the bargaining unit, dependents are eligible for a contribution based on 80 or 90 percent of the average additional premiums paid for dependents during the benefit year in which the formula is applied. These are referred to as the 80/80 and 100/90 formulas.
- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan.
- 8) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.
- 9) Ratifies and approves, pursuant to AB 119 (Ting, Chapter 23, Statutes of 2020), 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 employee compensation reductions as specified in the Budget Act of 2020. This ratification and approval is notwithstanding the requirement for LAO to produce a fiscal analysis.
- 10) Specifies a reduction of \$1.45 billion General Fund and \$1.39 billion special fund, pursuant to the 2020 Budget Act, in employee compensation through any combination of MOUs or addenda, furloughs and other reductions for nonrepresented employees achieved through administration or statutory authority.

This bill approves the agreements entered into by the state and BUs 12 and 13, and also makes conforming statutory changes to implement the MOUs or addenda entered into the state and BUs 2, 5, 7, 8, 9, 10, 16, 18, and 19. This bill specifically:

- 1) Ratifies the agreements, notwithstanding the requirement for LAO to produce a fiscal analysis, entered into by the state employer and the following BUs:
 - a) BU 12: International Union of Operating Engineers (IUOE) - Craft and Maintenance; successor agreement reached on June 25, 2020, and addendum reached on July 22, 2020.
 - b) BU 13: IUOE - 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 13.
- 3) Makes conforming statutory changes for agreements and addenda entered into by the state employer and the following BUs:
 - a) BU 2: Attorneys and Hearing Officers as represented by California Attorneys, Administrative Law Judges and Hearing Officers in State Employment; addendum reached on June 30, 2020.
 - b) BU 5: Highway Patrol as represented by California Highway Patrolmen; 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; addendum reached on June 26, 2020.
 - d) BU 8: California Department of Forestry and Fire Protection (CalFIRE) Firefighters as represented by CalFIRE Local 2881; addendum reached on June 30, 2020.
 - e) BU 9: Professional Engineers as represented by Professional Engineers of California Government; addendum reached on June 30, 2020.
 - f) BU 10: Professional Scientists as represented by California Association of Professional Scientists; addendum reached on June 25, 2020.
 - g) BU 16: Physicians, Dentists, and Podiatrist as represented by Union of American Physicians and Dentist; successor agreement reached on June 30, 2020.
 - h) BU 18: Psychiatric Technicians as represented by California Association of Psychiatric Technicians; addendum reached June 30, 2020.

- i) BU 19: Health and Social Services/Professional as represented by American Federation of State, County and Municipal Employees; addendum reached June 23, 2020.
- 4) Provides that provisions requiring the expenditure of funds in the MOUs, 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 (Ting, Chapter 23, Statutes of 2020), notwithstanding the requirement for LAO to produce a fiscal analysis.
- 5) Provides that the expenditure of funds shall not take effect unless funds are appropriated by the Legislature. This bill also 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 to implement the agreements.
- 6) Provides that the provisions of the MOU or addenda, or both, that 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) Adjusts the normal rates of pension compensation for employees, as specified.
 - a) For BU 2: reduces the employee contribution rates for specified miscellaneous and industrial members, effective July 1, 2022, from 10 percent to 9.5 percent, in excess of \$317 for members whose service is not included in the federal system, and from nine percent to 8.5 percent, in excess of \$513 for members whose service is including in the federal system.

Effective July 1, 2023, and each year thereafter, the employee contribution rate for all miscellaneous, industrial and safety members shall be adjusted if 1) CalPERS determines the total normal contribution rate increases or decreases by more than one percent of payroll above or below the total normal rate, and 2) 50 percent of the new normal cost rate, rounded to the nearest one-quarter of one percent, is greater or less than the normal contribution rate, as specified.

If 1) and 2) are met, the board shall adjust the normal contribution rate for members to 50 percent of the normal contribution rate, rounded to the

nearest one quarter of one percent, but not to adjust more than one percent, as specified.

- b) For BU 5: suspends any changes to employee contribution rates until July 1, 2022, or July 1, 2023, depending on when other postemployment benefit (OPEB) contributions are restored.
 - c) For BU 10: accelerates the schedule to reduce employee contribution rates to 2018 levels, as specified in a prior MOU, from July 1, 2021, to July 1, 2020.
- 9) 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.
- 10) Makes conforming statutory changes for MOUs addenda entered into by the state and various BUs relating to the Public Employees’ Medical Hospital Care Act:
- a) For BU 2: suspends the employees’ monthly contributions for prefunding OPEB from the first pay period following ratification through June 30, 2022. BU 2 employees currently contribute two percent toward prefunding OPEB.
 - b) For BU 5: suspends both the employees’ and state employer’s monthly contribution for prefunding OPEB from the July 2020 pay period through June 30, 2022. The state employer currently contributes both 3.4 percent on behalf of the state employees and on the employer’s behalf.
 - i) Requires on July 1, 2022, if the Director of the Department of Finance does not restore the employer and employee contribution rates for prefunding OPEB, the employer and employee shall incorporate the 3.4 percent employee share of pensionable compensation into the salary survey conducted pursuant to Government Code Section 19827.
 - ii) Requires, if the projected state revenues continue to be insufficient, then the employee and employer OPEB contributions and the inclusion of the 3.4 percent employee share of OPEB into the salary survey shall become effective on July 1, 2023. Funding determination is at the sole discretion of the Director of Finance.

- iii) Upon restoration of OPEB contributions, the 3.4 percent employee contribution rate would no longer be contributed by the state. The trailer bill establishes a three-year phase in schedule for the 3.4 percent to be paid for by the employee.
- c) For BU 7: suspends the employees' monthly contribution for prefunding OPEB for the first pay period following ratification through June 30, 2022. BU 7 employees currently contribute four percent towards prefunding OPEB.
- d) For BU 8: suspends the employees' monthly contribution for prefunding OPEB for the first pay period following ratification through June 30, 2021. BU 8 employees currently contribute 4.4 percent towards prefunding OPEB.
- e) For BU 9: suspends the employee's monthly contribution for prefunding OPEB for the July 2020 pay period through June 30, 2022.
- f) For BU 10: suspends the employees' monthly contribution for prefunding OPEB effective the first pay period following ratification from through June 30, 2022. BU 10 employees currently contribute 2.8 percent towards prefunding OPEB.
- g) For BU 12: suspends the employees' monthly contribution for the prefunding OPEB effective the first pay period following ratification through June 30, 2021. BU 12 employees currently contribute 3.5 percent towards prefunding OPEB.
- h) For BU 13: suspends the employees' monthly contribution for prefunding OPEB effective with the August 2020 pay period ending on June 30, 2022. BU 13 employees currently contribute 3.9 percent towards prefunding OPEB.
- i) For BU 16: suspends the employees' monthly contribution for prefunding OPEB effective the first pay period following ratification through June 30, 2022. BU 16 employees currently contribute 1.4 percent towards prefunding OPEB.
- j) For BU 18: suspends the employees' monthly contribution for prefunding OPEB effective the first pay period following ratification through June 30, 2022. BU 18 employees currently contribute four percent towards prefunding OPEB.

- k) For BU 19: suspends the employees' monthly contribution for prefunding OPEB effective with the July 2020 pay period through June 30, 2022. BU 19 employees currently contribute three percent towards prefunding OPEB.
 - l) This bill continues to require the employer's monthly contribution for prefunding OPEB during the fiscal years, as specified.
- 11) Appropriates \$3.13 million General Fund and \$2.78 million in other funds to implement the MOUs and addenda.

Comments

In addition to the provisions above, below is a summary of some of the major provisions of the MOUs and addenda entered between the state and the 11 bargaining units.

- 1) BU 2: Attorneys and Hearing Officers addendum for the term of July 1, 2020, to June 30, 2022.
 - a) Implements a 9.23 percent pay reduction.
 - b) Provides 16 hours credited monthly for the Personal Leave Program 2020 (PLP 2020).
 - c) Continues the \$260 monthly Health Care Affordability payments for the duration of PLP 2020.
 - d) Provides consolidated benefits premium increases related to the 80/80 formula on January 1, 2021, and January 1, 2022.
 - e) Provides 2.5 percent General Salary Increase (GSI) effective July 1, 2022, or July 1, 2023.
- 2) BU 5: Highway Patrol addenda for the term of July 1, 2020, to June 30, 2022.
 - a) Implements a 4.62 percent pay reduction.
 - b) Provides nine hours credited monthly for PLP 2020.
 - c) Suspends the \$920 annual uniform allowance.
 - d) Suspends the \$25 monthly uniform maintenance and cleaning allowance.

- 3) BU 7: Protective Services and Public Safety addenda for the term of July 1, 2020, to June 30, 2022.
 - a) Implements a 9.23 percent pay reduction.
 - b) Provides 16 hours credited monthly for PLP 2020.
 - c) Suspends and defers the 2.5 percent GSI scheduled for July 1, 2020, and 2.5 percent GSI scheduled for July 1, 2021, until July 1, 2022, or July 1, 2023, respectively, as specified.
 - d) Provides a 5.74 percent Special Salary Adjustment (SSA) for Licensing Registration Examiners.
 - e) Specifies that the minimum salary range for BU 7 employees shall be no less than \$15 per hour and no BU 7 employee shall make less than \$15 per hour as a result of the implementation of PLP 2020.
 - f) Increases the monthly Bilingual Pay Differential from \$100 to \$200.
 - g) Increases the monthly commuter program reimbursement by \$35.
 - h) Specifies that, effective September 1, 2020, the monthly pay differential of \$800 for a Peace Officer I employed at the Department of Development Services and Hospital Police Officers employed at the Department of State Hospitals will be considered compensation for retirement purposes.
 - i) Provides, effective October 1, 2020, an increase in Longevity Pay by one percent for BU 7 Peace Officer/Firefighter Retirement members with 19 years of service or more.
- 4) BU 8: Firefighters addendum for the term of July 1, 2020, to June 30, 2021.
 - a) Implements a 7.5 percent pay reduction.
 - b) Provides 16 hours credited monthly for PLP 2020 for specified Fire Protection employees and 14 hours credited monthly for PLP 2020 for specified Specialty Classes employees.
 - c) Suspends and defers the two percent and 2.5 percent SSAs scheduled for July 1, 2020, until July 1, 2021.

- d) Changes the formula allowing Extended Duty Week Compensation and overtime compensation to be compensated at the time and one-half rate based on a 53-hour-clock.
 - e) Provides Fire Mission pay every month through June 30, 2021.
- 5) BU 9: Professional engineers addendum for the term of July 1, 2020, to July 31, 2020.
- a) Acknowledges the employee compensation savings of a 9.23 percent pay reduction to be achieved through a furlough program until an agreement is fully ratified, and suspends the employees' monthly contribution for prefunding OPEB for the July 2020 pay period.
- 6) BU 10: Professional Scientists addendum for the term of July 1, 2020, to June 30, 2022.
- a) Implements a 9.23 percent pay reduction.
 - b) Provides 16 hours credited monthly for PLP 2020.
 - c) Suspends and defers the five percent GSI scheduled for July 1, 2020, to July 1, 2022, or July 1, 2023.
- 7) BU 12: Craft and Maintenance successor agreement and addendum for the term of July 1, 2020, through June 30, 2021.
- a) Implements a 9.23 percent pay reduction.
 - b) Provides 16 hours credited monthly for PLP 2020.
 - c) Provides for each full time BU 12 employee during the July 2020 pay period 8 hours of PLP 2020 to mitigate the impact of BU 12 employees subject to the 9.23 percent furlough payroll deduction and continuing to prefund OPEB.
- 8) BU 13: Operating Engineers addendum for the term July 1, 2020, to June 30, 2022.
- a) Implements a 9.23 percent pay reduction.
 - b) Provides 16 hours credited monthly for the PLP 2020.

- c) Provides, effective August 2020 pay period, seven hours PLP 2020, which is the hourly equivalent of the 3.9 percent employee OPEB contribution, credited for each month employees were subject to the furlough program that took effect in accordance with Government Code Section 19849 and continued to prefund OPEB.
 - d) Defers the three percent increase to the maximum salary range scheduled for July 1, 2020, and 2.75 percent increase to the maximum salary range scheduled for July 1, 2021, to July 1, 2022, and July 1, 2023, respectively.
- 9) BU 16: Physicians, Dentists and Podiatrists successor agreement for the term of July 1, 2020, through July 1, 2022.
- a) Implements a 9.23 percent pay reduction.
 - b) Provides 16 hours credited monthly for PLP 2020.
 - c) Increases the annual continuing medical education reimbursement from \$1,000 to \$2,500.
 - d) Increases the monthly Bilingual Pay Differential from \$100 to \$200.
 - e) Increases the monthly commuter program reimbursement by \$35. This increases the reimbursement to \$100 or \$135 for specified employees.
 - f) Provides a 2.5 percent GSI effective July 1, 2022, or July 1, 2023.
- 10) BU 18: Psychiatric Technicians addendum for the term of July 1, 2020, to June 30, 2022.
- a) Implements a 9.23 percent pay reduction.
 - b) Provides 16 hours credited monthly for PLP 2020.
 - c) Suspends and defers a 2.75 percent GSI scheduled for July 1, 2020, and 2.75 percent GSI scheduled for July 1, 2021, until July 1, 2022, or July 1, 2023, respectively.
 - d) Specifies that the minimum salary range for BU 18 employees shall be no less than \$15 per hour and no BU 18 employee shall make less than \$15 per hour as a result of the implementation of PLP 2020.
 - e) Effective July 1, 2022, Shift Differential will be considered compensation for retirement purposes.

11) BU 19: Health and Social Services/Professionals addenda for the term of July 1, 2020, to June 30, 2022.

a) Implements a 9.23 percent pay reduction.

b) Provides 16 hours credited monthly for PLP 2020.

12) Additional details regarding the MOUs and addenda can be found at:

<https://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

According to the Senate Budget & Fiscal Review Committee, appropriates \$3.13 million General Fund and \$2.78 million in other funds to implement the MOUs and addenda.

SUPPORT: (Verified 7/30/20)

None received

OPPOSITION: (Verified 7/30/20)

None received

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