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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 142 **Hearing Date:** February 3, 2022  
**Author:** Committee on Budget  
**Version:** February 1, 2022 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Hans Hemann

**Subject:** State employment: State Bargaining Units: memoranda of understanding: addenda

**Summary:** Makes necessary statutory changes to ratify and implement memoranda of understanding (MOUs) addenda between six bargaining units (BUs) and the state. The agreements cover state employees represented by six exclusive employee representatives, as follows:

California Attorneys, Administrative Law Judges and Hearing Officers in State Employment (CASE)

- Bargaining Unit 2: Attorneys, Administrative Law Judges, and Hearing Officers

California State Law Enforcement Association (CSLEA)

- Bargaining Unit 7: Protective Services and Public Safety

Professional Engineers of California Government (PECG)

- Bargaining Unit 9: Professional Engineers

California Association of Professional Scientists (CAPS)

- Bargaining Unit 10: Professional Scientists

International Union of Operating Engineers (IUOE)

- Bargaining Unit 12: Craft and Maintenance

International Union of Operating Engineers (IUOE)

- Bargaining Unit 13: Stationary Engineers

**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.

**Proposed Law:** This bill ratifies the MOU addenda entered into between the state and bargaining units 2, 7, 9, 10, 12, and 13 notwithstanding the requirement for the LAO to produce a fiscal analysis, as follows:

- 1) Approves provisions requiring the expenditure of funds for the addenda entered into by the state and BUs 2, 7, 9, 10, 12, and 13.
- 2) Authorizes the state or any of the bargaining units to reopen negotiations if funds for those provisions are not specifically appropriated by the Legislature. The bill provides that the provisions of the addendum that require expenditure of funds become effective even if those provisions are approved by the Legislature in legislation other than the annual Budget Act.
- 3) Provides employees who are designated as remote-centered with a \$50 per month stipend to help cover expenses related to telework.
- 4) Provides employees who are designated as office-centered with a \$25 per month stipend to help cover expenses related to telework.
- 5) Provides that the stipends are retroactive to October 1, 2021.
- 6) Appropriates \$27,005,000 (\$8,009,000 General Fund) for expenditure in the 2021–22 fiscal year for the purpose of state employee compensation as provided.
- 7) Includes provisions to take effect immediately.

**Fiscal Effect:** This bill appropriates \$27,005,000 (\$8,009,000 General Fund) to implement the MOU addenda.

**Support:** None on file.

**Opposed:** None on file.

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