SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1818 (Ortega) - California State University: employer-employee relations: meeting and conferring

Version: June 8, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: L., P.E. & R. 4 - 1
Mandate: No
Consultant: Robert Ingenito

Bill Summary: AB 1818 would shift the determination from the California State University (CSU) to the Public Employment Retirement Board (PERB), of whether the State has funded or acted on changes to law necessary to implement a memorandum of agreement (MOU) between CSU and its employee unions.

Fiscal Impact:

- CSU indicates that the current version of the bill would not result in administrative costs.
- PERB would incur a one-time General Fund cost of $50,000 to promulgate regulations.

Background: The Higher Education Employer-Employee Relations Act (HEERA), enacted in 1978, establishes the collective bargaining framework for California's public higher education institutions and is administered by the Public Employment Relations Board (PERB). Unlike other public sector labor agreements, memoranda of understanding (MOUs) negotiated under HEERA are not subject to legislative approval. Current law includes specific provisions governing the California State University (CSU) when a negotiated agreement assumes additional state funding. If the Legislature and Governor do not provide the funding assumed in the agreement or take other corrective action, the agreement may be returned to the parties for further negotiations. This bill would modify these provisions by requiring the CSU to continue complying with its collective bargaining obligations even if the state does not provide the level of funding assumed during negotiations.

State support for the CSU has increased in recent budget years, although budget actions have included funding deferrals that affect the timing of available resources. In response to a dispute regarding funding assumed in a recently negotiated collective bargaining agreement, the CSU asserted that a state funding shortfall triggered reopened salary negotiations. The Legislature subsequently provided the CSU with a one-time, zero-interest loan to address the deferred funding amount.

CSU expenditures for core operations have grown at a rate below inflation in recent years, although salary-related costs have increased more rapidly, driven primarily by negotiated compensation increases. The Legislative Analyst’s Office estimates that each 1 percent increase in CSU employee salaries results in approximately $59 million in ongoing costs, while projected employee health benefit increases create additional financial pressures. Although CSU maintains significant total reserves, its unrestricted core reserves remain below its targeted level, providing limited flexibility to absorb additional ongoing costs without corresponding state funding or expenditure reductions.

Proposed Law: This bill would amend HEERA to specify that PERB shall make the determination whether the State "fails to fully fund the agreement or take the requisite curative action to make the agreement effective, thereby transferring from CSU to PERB the responsibility for triggering the agreement's implementation or its reopening for negotiations pursuant to existing law.

Related Legislation:

- AB 1582 (Ortega) would make HEERA employers who disregard arbitration decisions related to CBA violation disputes over outsourcing "the same or similar services" of bargaining unit work, subject to PERB unfair labor practice charges and penalties for repeat offenders, as specified. The bill is currently pending in this Committee.

- AB 1630 (Caloza), would make changes to HEERA regarding observation of the meet and confer process. The bill is currently pending in this Committee.

Staff Comments: As noted above, this bill would shift the determination from CSU to PERB of whether the State has funded or acted on changes to law necessary to implement an MOU between CSU and its employee unions. CSU indicates that the current version of the bill codifies its existing practice and, therefore, would have no fiscal impact.

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