

California Legislature

2017-2018 REGULAR SESSION

LEGISLATIVE BILL SUMMARY

SENATE COMMITTEE ON
PUBLIC EMPLOYMENT AND RETIREMENT

SENATOR RICHARD PAN, CHAIR

SENATE COMMITTEE ON PUBLIC EMPLOYMENT AND RETIREMENT

MEMBERS

2017 - 2018

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SENATE MEASURES

SB 32 (Moorlach), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: California Public Employees' Pension Reform Act of 2018

This bill would have mandated several changes to California public pension plans (except those of the University of California, Charter Counties, and Charter Cities, for which the bill's changes would be optional at the election of the respective entity). The bill also created an oversight committee (OC) appointed jointly by the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) to review and report on CalPERS' and CalSTRS' pension costs and obligations.

Additionally, SB 32 would have required CalPERS to reclassify some positions from the safety member classification to the state miscellaneous or state industrial classifications and to increase employer contribution rates by 10 percent any year in which CalPERS has an unfunded liability.

SB 76 (Nielsen) Excluded employees: arbitration

As heard in committee, this bill established the Excluded Employee Arbitration Act which authorized binding arbitration on behalf of an excluded state employee for alleged violations of working conditions, as specified, whose grievance had not been resolved after the fourth level of review.

SB 76 was subsequently amended to deal with driver's licenses and foreign vehicle registrations.

SB 201 (Skinner) Chapter 854, Statutes of 2017: Higher Education Employer-Employee Relations Act: employees

This bill amends the Higher Education Employer-Employee Relations Act (HEERA) to provide collective bargaining rights to student employees at the University of California (UC), California State University (CSU), and Hastings College of Law, whose employment is contingent on their status as students. The bill also provides that the scope of representation for UC student employees would not include work required to achieve satisfactory progress toward their academic degrees.

SB 285 (Atkins) Chapter 567, Statutes of 2017: Public employers: union organizing

This bill requires public employers to remain neutral in employee efforts to organize for or become members of an employee organization in their workplace by prohibiting public employers from deterring or discouraging public employees from becoming or remaining members of an employee organization.

SB 293 (Pan), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: State employment: supervisors

This bill would have added peace officer supervisors of employees in State Bargaining Unit 7 (California Statewide Law Enforcement Association) to the group of peace officer supervisors who are required to receive salary and benefits changes that are at least generally equivalent to the salary and benefits granted to employees they supervise.

SB 334 (Dodd) Chapter 857, Statutes of 2017: Enhanced industrial disability leave

This bill extends enhanced industrial disability leave to state employees who are members of Bargaining Unit 8 (i.e., CAL FIRE firefighters) and who lose the ability to work for more than 22 work days as the result of an injury or illness incurred in the official performance of their duties.

SB 371 (Moorlach), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: Local public employee organizations

This bill would have prohibited an individual who is affected, directly or indirectly, by a memorandum of understanding between a public agency and a recognized public employee organization, from representing the public agency in negotiations with the recognized employee organization.

SB 454 (Moorlach), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: Public employees' health benefits

This bill would have required the employer contribution for retiree health benefits for state employees first hired on or after January 1, 2018, to be based on the 80/80 formula; provided that state employees who first become a CalPERS member on or after that date are subject to the 15/25 vesting requirement in order to receive retiree health benefits; made the state responsible for 100 percent prefunding of the benefit; set goals for the state to pay the unfunded liability already accrued for state employee retiree health benefits; and required the Controller to make a report regarding the benefit's cost, as specified.

SB 525 (Pan) Chapter 241, Statutes of 2017: Public employees' retirement

This bill is the California Public Employees' Retirement System (CalPERS) annual housekeeping bill and makes technical and non-controversial changes to CalPERS-administered portions of the Government Code.

SB 548 (Atkins), 9/14/17: Died on Assembly Inactive File: Public Employment Relations Board: petitions: expedited resolution

This bill would have specified when a charging party to a dispute before the Public Employment Retirement Board (PERB) may request, and PERB must provide, a right-to-sue letter to allow the charging party to bring a civil action against an opposing party. This bill also would have provided the superior court jurisdiction to hear the civil action and only applied to an unfair practice charge filed by an employee organization that represents firefighters, as specified.

SB 550 (Pan) Chapter 812, Statutes of 2017: Public school employment: meeting and negotiating: legal actions: settlement offer: attorney's fees

This bill requires an employer that rejects an employee organization's settlement offer to pay the employee organization's reasonable attorney fees and expenses if the employer fails to obtain a judgment or award more favorable than that provided in the settlement offer, as specified. The fee shifting procedure would not apply to unfair practice or arbitration proceedings.

SB 560 (Allen), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: Public retirement systems: investments: financial climate risk

This bill would have required California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) to consider financial climate risk in their management of their respective funds, including when making decisions about asset allocation, investment levels in individual companies or commingled funds, or in hiring external asset managers.

SB 571 (Pan), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: Public employee retirement plans: automatic enrollment and escalation

This bill would have authorized a state or local public employer participating in an employee supplemental retirement savings plan to make a deduction from the wages or compensation of an employee for contributions attributable to automatic enrollment and automatic escalation in the employee retirement plan and prohibited an employer from contributing at a greater rate for nonrepresented, managerial, or supervisory employees than that contributed for represented employees who are in related retirement membership classifications, except as specified.

SB 599 (Portantino), 10/15/17: Vetoed by Governor: Public Employees' Medical and Hospital Care Act: Peace Officers Research Association of California Insurance and Benefits Trust

This bill would have authorized the California Association of Highway Patrolman Benefits Trust (CAHP), the Peace Officers Research Association of California Insurance and Benefit Trust

(PORAC), and the California Correctional Peace Officer Association Health Benefits Trust (CCPOA) to implement regional ratings (i.e., regional premium pricing), as specified, for their respective association Basic health plans, which are offered through the Public Employees' Medical and Hospital Care Act (PEMHCA).

Governor's Veto Message:

To the Members of the California State Senate:

I am returning Senate Bill 599 without my signature.

This bill allows specified public safety employee associations to offer multiple statewide and regional health benefit plans to their members.

Existing association health benefit plans are currently afforded very little oversight by the California Public Employees' Retirement System. By allowing these employee associations to offer additional health plans to their members, CalPERS would be left with major unanticipated costs should any of the plans fail.

The state now faces over \$240 billion in unfunded pension and health liabilities. Since 2011, the annual costs for all this have increased significantly as the state takes steps to pay down the long-term obligation faster.

In light of these enormous fiscal commitments, I am unable to sign this bill.

Sincerely,
Edmund G. Brown Jr.

SB 601 (Morrell), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 62(a):
Public employee retirement systems: asset valuation: reporting

This bill would have required the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) to include a calculation of the systems' respective liabilities based upon a lower discount rate than currently reported in their respective annual reports to the Legislature. The bill also expressed the Legislature's intent that the Regents of the University of California provide a similar report.

SB 603 (Glazer), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: San Francisco Bay Area Rapid Transit District: work stoppages

This bill would have prohibited BART from entering into an agreement that would limit its ability to prepare for a work stoppage or operate during a work stoppage.

SB 604 (Glazer), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: San Francisco Bay Area Rapid Transit District: strikes: prohibition

This bill would have prohibited employees of the San Francisco Bay Area Rapid Transit District from engaging in a strike or work stoppage if the transit district board maintained all provisions of an expired contract and an employee or employee organization had agreed to a provision prohibiting strikes in the expired or previous written labor contract. The bill would have provided that an employee whom the transit district employer found willfully engaged in a strike or work stoppage in violation of these provisions is subject to dismissal if that finding is sustained upon conclusion of the appropriate proceedings necessary for the imposition of a disciplinary action.

SB 646 (Galgiani), 9/13/17: Died on the Assembly Inactive File: State Civil Service Act: adverse action: notice

This bill would have prohibited an adverse action based on a cause for discipline discovered on or after January 1, 2018, from being valid against any state employee unless the employer served notice of the adverse action within one year after the cause for discipline.

SB 656 (Moorlach), 9/30/18: Vetoed by Governor: Judges' Retirement System II: deferred retirement

This bill would have allowed a judge to leave office at age 60 with at least 5 years of service or at any age with at least 20 years of service and defer his or her retirement by leaving the judge's monetary credits, including interest, on deposit with the Judges' Retirement system II (JRS II) until reaching the JRS II qualifying age and service requirements of age 70 with 5 or more years of service or age 65 with 20 years or more of service. Upon reaching the qualifying age and service requirement, the judge would be able to receive his or her retirement allowance.

Governor's Veto Message:

To the Members of the California State Senate:

I am returning Senate Bill 656 without my signature.

This bill would amend and significantly expand--retroactively--the pension benefits of the Judges' Retirement System II, a program that has been in effect since 1994.

The costs associated with this bill are large and unbudgeted. In addition, the proposed retroactive benefits are contrary to the explicit provisions of the Public Employees Pensions Reform Act of 2013.

Sincerely,
Edmund G. Brown Jr

SB 671 (Moorlach) Chapter 76, Statutes of 2017: County employees' retirement: retirement funds: transfers

This bill clarifies that 1937 Act County retirement system employers that make their contribution payments to the county retirement system one year in advance may make an additional year or partial year prepayment of contributions in advance.

SB 681 (Moorlach), 2/1/18: Returned to Secretary of Senate pursuant to Joint Rule 56: Public employees' retirement: contracting agencies: termination

This bill would have provided an alternative procedure for a public agency seeking to terminate its retirement benefits contract with California Public Employees' Retirement System (CalPERS) that would prevent CalPERS from collecting an actuarial determined amount sufficient to ensure payment of future retirement benefits for members from the agency.

SB 728 (Newman) Chapter 596, Statutes of 2017: State public employees: sick leave: veterans with service-related disabilities

This bill permits state employees – who are members of the National Guard or federal military reserves – who return to state service from active military mobilization with service-connected disabilities, to receive 96 hours of additional, pre-banked sick leave dedicated to treatment of those conditions.

SB 783 (Pan), 8/16/18: Died in Assembly Appropriations Committee: Public employee pension funds: divestment proposals: review

This bill would have codified existing regulations that authorize the state departments to provide a leave buy-back program of up to 80 hours for supervisory, confidential, excluded, or managerial employees upon a determination by the California Department of Human Resources (CalHR) to offer an annual buy-back of this credit.

SB 964 (Allen) Chapter, 731, Statutes of 2018: Public Employees' Retirement Fund and Teachers' Retirement Fund: investments: climate-related financial risk

This bill requires California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) to analyze climate-related financial risk to the extent that the respective pension boards identify climate-related financial risk as a material risk to their respective funds.

SB 1022 (Pan) Chapter 732, Statutes of 2018: Public Employees' Retirement System: administration

This bill permits California Public Employees' Retirement System (CalPERS) contracting agencies to more rapidly terminate a contract with CalPERS and pay associated termination fees in order to limit ongoing pension liability; requires terminating agencies to notify past and present employees and retirees in writing of the intent to terminate the contract; and authorizes CalPERS to share member and annuitant data with the contracting agencies to fulfill the agencies' obligation to notify their past and present employees and retirees.

SB 1031 (Moorlach), 4/24/18: Died in Senate Public Employment and Retirement Committee: Public employees' retirement: cost-of-living adjustments: prohibitions

This bill would have prohibited a public retirement system from making a cost-of-living adjustment to any allowance payable to, or on behalf of, a person retired under the system who becomes a new member on or after January 1, 2019, or to any survivor or beneficiary of that member or person retired under the system, for any year in which the unfunded actuarial liability of the system is greater than 20 percent.

SB 1032 (Moorlach), 4/24/18: Died in Senate Public Employment and Retirement Committee: California Public Employees' Retirement System: contract members: termination

This bill would have eliminated the existing Terminating Agency Pool (TAP) process for a contracting agency that sought to terminate its California Public Employees' Retirement System (CalPERS) contract. The bill would have instead authorized the contracting agency to reduce its employees' and retirees' pension benefits to the amount of its attributable assets and accumulated contribution in CalPERS; terminate its contract without paying the actuarial required amount necessary to ensure the payment of pensions obligated to its employees and retirees under the plan; or transfer the funds, as specified, to a pension provider designated by the contracting agency.

SB 1033 (Moorlach), 4/24/18: Died in Senate Public Employment and Retirement Committee: Public employees' retirement: reciprocal benefits: actuarial liability

This bill would have allocated actuarial liability arising from increases in compensation, as specified, to the employers of a *represented* employee for an increase to the employee's compensation beyond what would have been reasonably expected and which resulted in increased actuarial liability for the employee's prior employer or employers due to reciprocity.

SB 1085 (Skinner) Chapter 893, Statutes of 2018: Public employees: leaves of absence: exclusive bargaining representative service

This bill requires public employers to provide "lost time" to employee representatives, as specified, to allow employees to serve as stewards or officers of the employee representative or its state or national affiliates.

SB 1124 (Leyva), 9/30/18: Vetoed by Governor: Public Employees' Retirement System: collective bargaining agreements: disallowed compensation

This bill would have established new procedures for all California Public Employees' Retirement System (CalPERS) covered employees in cases where their pensionable benefits were erroneously calculated and reported to CalPERS by their employer.

Governor's Veto Message:

To the Members of the California State Senate:

I am returning Senate Bill 1124 without my signature.

This bill would establish a retiree's permanent right to incorrectly calculated pension benefits in cases where an error resulted in paying the retiree higher pension benefits than allowed by law.

I share the author's view that a pension must be correctly calculated according to the law in the first instance so that retirees never find themselves on the hook for overpayments. Clearly, remedies are needed to correct such situations.

But I'm concerned that this bill's broad provisions could be easily abused to circumvent limitations in law intended to protect the government-and ultimately taxpayers-from pension spiking. Indeed, in the case of an error, this bill would effectively perpetuate that error for the rest of a member's life, at substantial taxpayer expense.

Before changing the law in the way that this bill does, I encourage the Legislature to develop policies to prevent such errors in the first place. Such policies might include requiring CalPERS to review and approve any proposals for pensionable compensation in a memorandum of understanding before the memorandum is finalized. Then, if errors still occurred after CalPERS's review, the penalties and ongoing costs in this bill might be warranted.

Sincerely,
Edmund G. Brown Jr.

SB 1144 (Dodd) Chapter 897, Statutes of 2018: Enhanced industrial disability leave: State Bargaining Unit 8

This bill allows a state firefighter on enhanced industrial disability leave to receive specified pay raises provided to active state firefighters.

SB 1149 (Glazer), 4/24/18: Failed Passage in Senate Public Employment and Retirement Committee: Public employees' retirement: defined contribution program

This bill would have allowed new state employees, as specified, to opt out of the existing California Public Employees' Retirement System (CalPERS) defined benefit (DB) pension plan within 30 days of starting employment and instead divert the employee and employer contributions that would otherwise be made on their behalf for the DB plan's normal cost to a new defined contribution (DC) retirement savings account developed and administered by the state employer's labor representative, California Department of Human Resources (CalHR).

After completing 5 years of employment, an employee who opted out of the pension plan would have 90 days to reverse the decision and opt in by depositing with CalPERS the total sum necessary to fund what would have accrued to the employee under the CalPERS pension plan over the 5 years. After the 90 days, the employee would be permanently excluded from CalPERS membership.

SB 1165 (Pan) Chapter 416, Statutes of 2018: State teachers' retirement

This bill is CalSTRS' annual housekeeping bill and makes technical and non-controversial changes to CalSTRS-administered portions of the Education Code.

SB 1166 (Pan), 8/16/18: Died on the Assembly Inactive File: Public Employees' Retirement System: contracting agency: contributions

This bill would have required a California Public Employees' Retirement System (CalPERS) contracting agency that failed to make the required employer's contribution within the applicable time limitations to notify a member or retired member of the agency's delinquency by mail, to the member's latest address, within 30 days of the payment having become delinquent.

SB 1195 (Portantino) Chapter 1009, Statutes of 2018: Public Employees' Medical and Hospital Care Act: health benefit plans

This bill permits the Peace Officers Research Association of California (PORAC) Insurance and Benefits Trust to offer regional health benefit plans with varying regional premiums, as specified.

SB 1207 (De León), 6/14/18: Died in Assembly Labor and Employment Committee: CalSavers Retirement Savings Program

This bill would have changed the name of the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program.

SB 1234 (Vidak), 4/24/18: Died in Senate Public Employment and Retirement Committee: Employee wages: payment

This bill would have required on January 1, 2020, that the State of California pay all directly employed employees twice each calendar month, on days designated in advance by the employer as regular paydays.

SB 1270 (Vidak) Chapter 114, Statutes of 2018: County employees' retirement: system personnel

This bill authorizes any county board of retirement, as specified, to appoint at-will assistant administrators and chief investment officers provided the board of supervisors approves and adopts a resolution by majority vote.

SB 1312 (Jackson) Chapter 516, Statutes of 2018: State public employees: sick leave: veterans with service-related disabilities

This bill extends eligibility for an existing benefit – “disabled veteran sick leave” – to all eligible disabled veterans serving in state employment regardless of date of hire.

SB 1413 (Nielsen) Chapter 665, Statutes of 2018: Public employees' retirement: pension prefunding

This bill establishes the California Employers' Pension Prefunding Trust Fund (CEPPTF) for the purpose of allowing state and local public agency employers that provide a defined benefit pension plan to prefund their required pension contributions.

SB 1433 (Moorlach), 4/24/18: Died in Senate Public Employment and Retirement Committee: County employees' retirement: Deferred Retirement Option Program

This bill would have prohibited a county or district from establishing a new or additional Deferred Retirement Option Program and from allowing an employee to participate in a Deferred Retirement Option Program who had not been participating before, as specified.

SB 1504 (Committee on Public Employment and Retirement) Chapter 903, Statutes of 2018: Public employment: retirement savings plans, employment conditions, and training

This bill makes technical, non-controversial changes to several code provisions to update references from the Department of Personnel Administration (DPA) to the California Department of Human Resources (CalHR). This bill also makes technical changes to the Savings Plus Program to conform to federal tax law.

SCA 1 (Moorlach), 6/26/18: Failed Passage in Public Employment and Retirement Committee: Retirement savings plans: funding prohibition: General Fund

This constitutional amendment would have prohibited the state from having any liability for the retirement savings benefit earned by program participants pursuant to the California Secure Choice Retirement Savings Program and would have prohibited the use of General Fund moneys for purposes of the program except for startup and first-year administrative costs.

SCA 8 (Moorlach), 8/13/18: Failed Passage in Senate Public Employment and Retirement Committee: Public employee retirement benefits

This constitutional amendment would have revised the California Constitution to authorize government employers to eliminate promised retiree benefits to current employees.

SCA 10 (Moorlach), 8/13/18: Failed Passage in Senate Public Employment and Retirement Committee: Public employee retirement benefits

This constitutional amendment would have prevented a government employer from increasing retirement benefits for public employees unless the proposed increase was approved by two-thirds of the voters in the applicable jurisdiction and that vote was certified.

SCR 32 (Pan) Resolution Chapter 121, Statutes of 2017: State employee merit awards

This resolution authorizes the payment of monetary state merit awards to state employees whose ideas or work products result in exceptional contributions or budgetary savings in state government.

SJR 24 (Jackson), 6/7/18: Died in Assembly Public Employees Retirement and Social Security Committee: Firearms

This resolution would have urged the Congress of the United States to reauthorize and strengthen the federal assault weapons ban and urged Congress to pass, and the President to sign, the federal Assault Weapons Ban of 2018. This resolution additionally called upon the California Public Employees' Retirement System (CalPERS) to (1) engage with companies with which it is invested that produce or sell firearms to determine a reasonable method for those companies to withdraw from the production and sale of firearms, or (2) produce a plan to divest from those companies, as specified.

ASSEMBLY MEASURES

AB 20 (Kalra) Chapter 575, Statutes of 2017: Public employee retirement systems: divestment: Dakota Access Pipeline

This bill states that it is the Legislature's intent that the boards of the California Public Employees Retirement System (CalPERS) and the California State Teachers Retirement System (CalSTRS) review and consider, on or before April 1, 2018, factors related to tribal sovereignty and indigenous tribal rights as part of the board's investment policies related to environmental, social, and governance issues.

AB 22 (Bonta) State Employment

AB 22 was subsequently amended and passed later in the session to deal with Secretary of State: storing and recording electronic media.

AB 46 (Cooper) Chapter 776, Statutes of 2017: Employers: wage discrimination

This bill expands the California Equal Pay Act to public sector employers, prohibiting an employer from paying an employee wage rates less than the rates paid to employees of the opposite sex, and/or of a different race or ethnicity for substantially similar work requiring the same skills, effort, and responsibility when performed under similar working conditions.

AB 83 (Santiago) Chapter 835, Statutes of 2017: Collective bargaining: Judicial Council

This bill establishes the Judicial Council Employer-Employee Relations Act which provides collective bargaining rights to Judicial Council employees, as specified.

AB 168 (Eggman) Chapter 688, Statutes of 2017: Employers: salary information

This bill prohibits all employers, including the Legislature, the state, and local governments, from seeking salary history information about an applicant for employment and requires an employer to provide the pay scale for a position to an applicant upon reasonable request.

AB 183 (Lackey), 9/6/18: Vetoed by Governor: Bill of Rights for State Excluded Employees

This bill would have required state agencies that operate two or more shifts per day to develop, by January 1, 2019, policies for supervisory employees around shift assignments, vacations, and overtime. Management would have had to maintain these policies and meet with supervisory employee organizations.

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning Assembly Bill 183 without my signature.

This bill requires state agencies that operate two or more shifts per day to develop, by January 1, 2019, policies for supervisory employees around shift assignments, vacations, and overtime.

This bill, however well-intentioned, would require a policy that is unduly rigid and not reflective of the different circumstances in various state offices and departments. In essence, it would limit the sound discretion of management to make necessary personnel assignments.

Sincerely,
Edmund G. Brown Jr.

AB 283 (Cooper), 7/10/17: Died in Senate Public Employment and Retirement Committee:
County employees' retirement: permanent incapacity

This bill would have required '37 Act County Boards of Retirement, when evaluating whether a member employed in a peace officer position has a permanent incapacity for purposes of approving a disability retirement application, to determine if the member can perform all the usual and customary duties of a peace officer, as specified.

AB 349 (McCarty) Civil service: preference: special immigrant visa holder

As heard in committee, this bill would have provided that when an Iraqi or Afghan individual who has been issued a Special Immigrant Visa for their assistance to the United States passes any entrance exam for state civil service, their name would be placed in the top rank of the resulting eligibility list, but not above an applicant with veteran's preference.

AB 349 was subsequently amended and passed later in the session to deal with the rate setting process for the Drug Medi-Cal Treatment Program.

AB 512 (Rodriguez) Chapter 841, Statutes of 2017: Public employees' retirement: safety members: industrial disability retirement

This bill changes the sunset date from January 1, 2018, to January 1, 2023, for the Industrial Disability Retirement (IDR) benefit provided to safety members of the California Public Employees' Retirement System (CalPERS) and thus, continues for five more years a program

that allows certain disabled safety members who are not yet eligible to receive a service retirement to receive an actuarial adjusted industrial disability based on their years of service.

AB 526 (Cooper), 7/10/18, Died in Senate PE&R Committee: County employees' retirement: districts: retirement system governance

This bill would have authorized the Sacramento County Employees Retirement System (SCERS) to reorganize itself as a separate district (i.e., employer) within the retirement association apart from the County of Sacramento and make specified personnel appointments upon an adoption by the SCERS board of a resolution.

AB 530 (Cooper), 10/14/17: Vetoed by Governor: Public employment: collective bargaining: peace officers

This bill would have expanded the jurisdiction of the Public Employment Relations Board to include peace officers, as defined, and authorizes a peace officer or an employee organization representing peace officers to bring an action in superior court, as specified. Excluded from the provisions of the bill were employers and employees in Los Angeles County and the City of Los Angeles.

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning Assembly Bill 530 without my signature.

This bill authorizes peace officers to bring unfair practice charges to the Public Employment Relations Board while preserving their existing right to directly petition a superior court for injunctive relief.

No other group has both of these rights and I'm unconvinced that providing such a unique procedure is warranted.

Sincerely,
Edmund G. Brown Jr.

AB 590 (Medina) Chapter 108, Statutes of 2017: Public employees' retirement: membership election

This bill provides greater flexibility in permitting a California Public Employees' Retirement System (CalPERS) member who becomes employed in a California State Teachers' Retirement System (CalSTRS) covered position to elect to retain CalPERS membership.

AB 679 (Cooley) Chapter 198, Statutes of 2017: Public employees' retirement: investments: security loans

This bill clarifies existing California Public Employees' Retirement System (CalPERS) authority to engage in securities lending agreements by providing CalPERS explicit statutory authority to accept other forms of collateral, as specified, when lending out fund securities to counterparties.

AB 995 (Limón) Chapter 48, Statutes of 2017: County employee retirement: retirement board appointees: leave balances

This bill requires that any leave balance accrued by a county employee prior to their appointment as an employee of the Ventura County retirement system be transferred to the retirement system, and that the county pay to the system an equal amount of the value of the accrued leave.

AB 1017 (Santiago), 9/15/17: Held at the Senate Desk: Collective bargaining agreements: arbitration: litigation

This bill would have deleted the exclusion of public sector arbitration disputes from the Labor Code provision that requires a court to award attorney's fees to the prevailing party, as specified, in employer-employee disputes over arbitration for parties to a collective bargaining agreement. This bill also clarifies that only a labor organization or an employer is liable for attorney's fees under this provision.

AB 1243 (Arambula) Chapter 277, Statutes of 2017: Public Employees' Retirement System: replacement benefits plan

This bill authorizes a county superintendent of schools to draw, on an annual basis or as directed by California Public Employees' Retirement System (CalPERS), requisitions from the county school service fund, the funds of the respective school districts, or other local educational agencies in amounts equal to the total contribution existing law requires be paid to the replacement benefit plan.

AB 1309 (Cooley) Chapter 261, Statutes of 2017: Employment without reinstatement: failure to enroll or report: fee

This bill allows the California Public Employees' Retirement System (CalPERS) to assess employers a \$200 fee per retired member each month for failure to report the hiring and payroll information of members working in retirement.

AB 1325 (Assembly Committee of Public Employees, Retirement, and Social Security) Chapter 298, Statutes of 2017: State teachers' retirement

This bill makes various technical, conforming, or non-controversial changes to the Education Code related to the California State Teachers' Retirement System to improve the administration of the State Teachers' Retirement Plan.

AB 1455 (Bocanegra) Chapter 560, Statutes of 2017: The California Public Records Act: exemptions

This bill extends exemptions applicable under the California Public Records Act to documents related to collective bargaining between a state agency and its employees to collective bargaining documents between a local public agency and its employees.

AB 1487 (Rodriguez) Chapter 229, Statutes of 2017: Public Employees' Retirement System: limited term appointments

This bill establishes a 960 hour limit per fiscal year on out-of-class appointments in which employers temporarily place current employees in vacant positions of a higher classification, or temporarily upgrade their position.

AB 1597 (Nazarian), 9/30/18: Vetoed by Governor: Public employee retirement systems: prohibited investments: Turkey

This bill would have prohibited the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) from investing in Turkey, as specified, upon passage of a federal law that imposed sanctions on Turkey for failing to acknowledge the Armenian Genocide.

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning Assembly Bill 1597 without my signature.

This bill, which only goes into effect if the Federal Government imposes sanctions on Turkey, would require our pension funds to sell all bonds or investment vehicles issued by the Turkish government.

The horror of the Armenian Genocide is something no Californian should ever forget. To that end, our school curriculum requires the study of the Armenian Genocide and this year I proclaimed April 24, 2018, as "Day of Remembrance of the Armenian Genocide". In addition, the state extended the statutory deadline for genocide victims or their heirs to seek legal redress.

While this subject is profoundly important, the bill as written is mostly symbolic. Moreover, I am reluctant to force yet another disinvestment measure on our already stressed pension systems.

Sincerely,
Edmund G. Brown Jr.

AB 1603 (Ridley-Thomas), 9/16/17, Died on the Senate Inactive File: Meyers-Milias-Brown Act: local public agencies

This bill would have provided that persons who are employed *jointly* by a public agency *and* any other employer (e.g., a private staffing agency or registry) at specified public clinics or hospitals are public employees subject to the Meyers-Milias-Brown Act. The bill also provides that these public/private jointly-employed employees may be included in appropriate bargaining units without the consent of any agency or joint employer.

AB 1912 (Rodriguez) Chapter 909, Statutes of 2018: Public employees' retirement: joint powers agreements: liability

This bill eliminates Joint Powers Authority (JPA) member agencies' ability to disclaim the JPA's pension liability; amends the process for terminating the JPA's contracts with their respective public pension boards or, in the case of an agency that does not contract with CalPERS, its ability to legally dissolve or cease operations; and, requires JPA member agencies to agree to an apportionment of the JPA's pension liability or have the apportionment of the JPA's liability imposed by their respective pension board or an arbitrator, as specified.

AB 1916 (Cooper), 9/30/18: Vetoed by Governor: Civil service: Personnel Classification Plan: salary equalization

This bill would have required an evaluation and biennial report by the California Department of Human Resources on gender and ethnic pay disparities for all civil service classifications where there is an underrepresentation of women and minorities, among other provisions.

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning Assembly Bill 1916 without my signature.

This bill requires an evaluation and biennial report by the California Department of Human Resources on gender and ethnic pay disparities for all civil service classifications where there is an underrepresentation of women and minorities.

The information called for by this bill is currently provided by the Department of Human Resources and the State Controller's office. I think it is reasonably complete and provides a basis for sound legislative review.

Sincerely,
Edmund G. Brown Jr.

AB 1937 (Santiago), 8/6/18: Died in Senate Appropriations Committee: Public employment: payroll deductions

This bill would have made various revisions to provisions related to school district and community college employee payroll deductions to an organization, as specified, among other provisions.

AB 2004 (Obernolte) Chapter 72, Statutes of 2018: Big Bear Fire Agencies Pension Consolidation Act of 2018

This bill enacts the Big Bear Fire Agencies Pension Consolidation Act of 2018, which provides that all safety employees currently employed by the Big Bear Lake Fire Protection District shall become employees of the Big Bear Fire Authority, as specified, which shall assume all associated retirement liabilities.

AB 2017 (Chiu), 8/6/18: Died in Senate Appropriations Committee: Public employers: employee organizations

This bill would have added several categories of persons to the list of public employees whom public employers are prohibited under current law from deterring or discouraging from becoming or remaining members of an employee organization, as specified.

AB 2049 (Gonzalez Fletcher), 8/6/18: Died in Senate Appropriations Committee: Classified school and community college employees: payroll deductions for employee organization dues

This bill would have clarified existing law to provide that classified employees of a public school employer may authorize deductions from their salary, wages, or retirement allowance for the payment of dues in, or for any other service by, an employee organization or bona fide association.

AB 2052 (Bonta) Chapter 125, Statutes of 2018: State Teachers' Retirement System: contributions due to system: form

This bill requires contributions due to the California State Teachers' Retirement System (CalSTRS) by an employer under the Defined Benefit and Cash Balance Benefit programs to be paid by an electronic funds transfer method, as specified, upon authorization by CalSTRS.

AB 2076 (Rodriguez) Chapter 97, Statutes of 2018: County employees' retirement: disability: date of retirement

This bill authorizes the Los Angeles County Employees Retirement System (LACERA) to correct prior decisions regarding the effective date of specified disability retirement determinations between January 1, 2013, and December 31, 2015, which were based on errors of law but for which existing statute provides no remedy to adjust. This bill gives affected members one year from the bill's effective date to apply for correction of their retirement calculation.

AB 2196 (Cooper) Chapter 168, Statutes of 2018: Public employees' retirement: service credit: payments

This bill makes changes to the Public Employees' Retirement Law regarding payments to purchase or convert service credit.

AB 2305 (Rodriguez), 9/28/18: Vetoed by Governor: Public employment: collective bargaining: peace officers

This bill would have expanded the jurisdiction of the Public Employment Relations Board (PERB) to disputes between public agencies and peace officer employee organizations other than those employers and employees under the jurisdiction of employee relations commissions for the County and City of Los Angeles. Disputes between public agencies and individual peace officers would remain outside of PERB's jurisdiction.

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning the following bills without my signature.

AB 2305
AB 2886
AB 3034

These bills expand the Public Employment Relations Board's jurisdiction to cover labor disputes involving several local public agencies.

Over the years, the Legislature has expanded the Board's jurisdiction, but the necessary funding for the increased workload has not kept pace. This has resulted in significant

backlogs at the Board - both labor and employers have complained about this problem. This Administration has recently increased the Board's funding to help correct this problem. The Board's jurisdiction should not be expanded again until the Board's ability to handle its previously expanded caseload is established.

Sincerely,
Edmund G. Brown Jr.

AB 2310 (Aguiar-Curry) Chapter 213, Statutes of 2018: Public Employees' Retirement System: contracting members

This bill provides greater flexibility to contracting agencies that wish to adopt member cost sharing provisions in a memorandum of understanding (MOU) by modifying California Public Employees' Retirement System (CalPERS) contract amendment procedures to accept an MOU that specifies the methodology for calculating a cost-sharing rate instead of the existing CalPERS requirement that the MOU list an exact percentage of member compensation that the members shall pay toward the current service cost of the benefits. This bill also requires the contracting agency to provide CalPERS notice of any change in cost sharing rates as calculated by the methodology by submitting a signed side letter ratified by the employee bargaining unit and the agency indicating the exact percentage at least 90 days prior to the effective date of the cost-sharing rate as set forth in the signed side letter.

AB 2415 (Calderon) Chapter 916, Statutes of 2018: Public Employees' Retirement System: officers and directors: appointment and compensation

This bill adds the positions of a chief operating officer (COO) and a chief health director (CHD) to the list of existing positions for which the California Public Employees' Retirement System (CalPERS) Board of Administration has compensation-setting authority. This bill also limits the amount of increased salary an incumbent in either of these positions could receive, as specified.

AB 2481 (Voepel, Gonzalez Fletcher), 8/16/18: Died in Senate Appropriations Committee: State employees: Infant at Work programs

This bill would have authorized a state agency to adopt an Infant at Work pilot program until January 1, 2020, permitting an agency employee who is a new parent or caregiver to bring an infant to the workplace, among other provisions.

AB 2628 (Rodriguez), 6/14/18: Died in Senate Public Employee and Retirement Committee: State employees: memorandum of understanding: approval

This bill would have approved provisions of a memorandum of understanding entered into between the state employer and State Bargaining Unit 6, the California Correctional Peace

Officers Association, and would have provided that these provisions would become effective even if these provisions were approved by the Legislature in legislation other than the annual Budget Act.

AB 2696 (Rodriguez) Chapter 767, Statutes of 2018: Public Employees' Retirement System: limited term appointments

This bill specifies that the penalty paid by an employer for violating the 960 hour limit per fiscal year on out-of-class appointments shall pay to CalPERS three times the difference between the compensation paid for the out-of-class appointment and the compensation that would have been paid and reported to CalPERS had the position not been vacant, in accordance with a publicly available pay schedule for the position, for the entire period or periods in which the member serves in an out-of-class appointment.

AB 2713 (Rodriguez), 9/30/18: Vetoed by Governor: Public employment: sexual harassment tracking

This bill would have required, by January 1, 2020, for the California Department of Human Resources and the Department of Fair Employment and Housing to create and make public an annual report on sexual harassment complaints in state agencies.

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning Assembly Bill 2713 without my signature.

This bill requires, by January 1, 2020, the California Department of Human Resources and the Department of Fair Employment and Housing to create and make public an annual report on sexual harassment complaints in state departments.

This bill definitely covers an important topic but current management practices are taking the necessary steps to assure a suitable work environment.

Sincerely,
Edmund G. Brown Jr.

AB 2830 (Reyes) Chapter 878, Statutes of 2018: County agencies: interns and student assistants: hiring preference

This bill requires each county to develop a program to give a hiring preference for internships and student positions to members of disadvantaged groups including, but not limited to, foster

youth, homeless youth, formerly homeless youth, and formerly incarcerated youth, as specified. The bill does not apply to a charter county.

AB 2886 (Daly), 9/28/18: Vetoed by Governor: Public Employee Relations Board: Orange County Transportation Authority: San Joaquin Regional Transit District

This bill would have transferred jurisdiction over unfair labor practices for the Orange County Transportation Authority (OCTA) and the San Joaquin Regional Transit District (SJRTD) to the Public Employees Relations Board (PERB), effective January 1, 2020.

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning the following bills without my signature.

AB 2305

AB 2886

AB 3034

These bills expand the Public Employment Relations Board's jurisdiction to cover labor disputes involving several local public agencies.

Over the years, the Legislature has expanded the Board's jurisdiction, but the necessary funding for the increased workload has not kept pace. This has resulted in significant backlogs at the Board - both labor and employers have complained about this problem. This Administration has recently increased the Board's funding to help correct this problem. The Board's jurisdiction should not be expanded again until the Board's ability to handle its previously expanded caseload is established.

Sincerely,
Edmund G. Brown Jr.

AB 2970 (Cooper), 6/25/18: Died in Senate Judiciary Committee: Public employees: new employee orientations

This bill would have required that the date, time, and place of the orientation of a new public employee must not be disclosed in advance of the orientation to anyone other than employees, the exclusive employee representative, or a vendor that was contracted to provide a service for purposes of the orientation.

AB 3034 (Low), 9/28/18: Vetoed by Governor: Public transit employer-employee relations: San Francisco Bay Area Rapid Transit District

This bill would have required that employer-employee relations for San Francisco Bay Area Rapid Transit District (BART) supervisory employees, as specified, be governed under the Meyers-Milias-Brown Act (MMBA) and disputes regarding those relations be resolved through the Public Employment Retirement Board (PERB).

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning the following bills without my signature.

AB 2305

AB 2886

AB 3034

These bills expand the Public Employment Relations Board's jurisdiction to cover labor disputes involving several local public agencies.

Over the years, the Legislature has expanded the Board's jurisdiction, but the necessary funding for the increased workload has not kept pace. This has resulted in significant backlogs at the Board - both labor and employers have complained about this problem. This Administration has recently increased the Board's funding to help correct this problem. The Board's jurisdiction should not be expanded again until the Board's ability to handle its previously expanded caseload is established.

Sincerely,
Edmund G. Brown Jr.

AB 3145 (Salas), 9/28/18: Vetoed by Governor: Disability insurance: state employees

This bill would have authorized a state excluded employee to elect to participate in the State Disability Insurance Program instead of receiving nonindustrial disability benefits, and provided that the employee may make the election at the time of hire and during an annual enrollment period, as determined by the employing department.

Governor's Veto Message:

To the Members of the California State Assembly:

I am returning Assembly Bill 3145 without my signature.

This bill allows state supervisors and managers to receive paid family leave benefits by enrolling into the state Disability Insurance program.

The Department of Human Resources is developing a plan to offer paid family leave benefits to state managers and supervisors by July 1, 2019. This effort will not have the

significant administrative costs of this bill and is therefore a better way to provide this benefit.

Sincerely,
Edmund G. Brown Jr.

AJR 41 (Thurmond) Resolution Chapter 197, Statutes of 2018: Social Security

This bill requests the United States Congress to enact, and the President of the United States to sign, legislation repealing the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act and instructs the Chief Clerk of the Assembly to transmit copies of this resolution.

2017 BUDGET TRAILER MEASURES¹

SB 28 (Pan) Chapter 1, Statutes of 2017: State public employment: memoranda of understanding: approval

This bill ratifies six memoranda of understanding (MOUs) between 14 bargaining units (BUs), respectively, and the state, represented by the California Department of Human Resources (CalHR). It also makes statutory changes necessary to implement the agreements which cover approximately 126,000 state employees.

Retiree Health Benefits

Employer Contributions for Active State Employees

- The state and employees in State Bargaining Units 8, 13, 18, or 19 shall prefund retiree health care with the goal of reaching a 50 percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2019.

Employer Contribution for Future Retirees

- All employees first hired by the state on or after January 1, 2017, in Bargaining Units 8, 12, 13, 18, and 19 will receive an employer retiree health contribution based on the 80/80 formula.

Prefunding of Other Post-Employment Benefits

- The state and employees in State Bargaining Units 1, 3, 4, 11, 12, 14, 15, 17, 20, and 21 shall prefund retiree health care, with the goal of reaching a 50 percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2020.

Post-Employment Health and Dental Benefit Vesting Schedule

- All employees first hired by the state on or after January 1, 2017, in Bargaining Units 8, 13, 18, and 19 shall be required to meet an extended vesting schedule for retiree health benefits. Affected employees will be eligible for 50 percent of the employer contribution toward health benefits upon completion of 15 years of state service, increasing 5 percent for each additional year of service, until the employee is eligible to receive 100 percent of the employer contribution upon completion of 25 years of state service.
- All employees first hired by the state on or after January 1, 2017, in Bargaining Units 8, 12, 13, 18, and 19 shall be required to meet an extended vesting schedule for retiree dental benefits. Affected employees will be eligible for 50 percent of the employer

¹ Budget Trailer measures included in the Legislative Summary are important budget related bills heard in Fiscal Committees that affected public employment and retirement issues.

contribution toward health benefits upon completion of 15 years of state service, increasing 5 percent for each additional year of service, until the employee is eligible to receive 100 percent of the employer contribution upon completion of 25 years of state service.

Medicare Part B Supplemental Benefit

- All employees first hired by the state on or after January, 1, 2017, in Bargaining Units 8, 12, 13, 18, and 19 shall not be eligible to use the retiree health benefit employer contribution for reimbursement of Medicare Part B premiums.

Compensation

General Salary Increase (GSI)

- The MOUs provide for general salary increases (GSIs) ranging from 2 to 3.5 percent annually over the course of the contracts and generally provide a number of Special Salary Adjustments (SSAs) based on position classifications, intended to address retention and recruitment. MOUs provide contract resolution incentives (i.e., signing bonuses), as specified.

According to the Department of Human Resources (CalHR), this bill results in the following costs:

Fiscal Year 2015-2016: \$329.7 million (\$157.5 million General Fund)

Total Budgetary Cost from 2016-17: \$5,488.7 million (\$2,641.3 General Fund)

In addition, CalHR estimates that about \$139 million General Fund in 2016-17, and about \$155 million General Fund in 2017-18 and thereafter, will be absorbed within departmental resources for costs associated with leave cash out.

SB 48 (Senate Committee on Budget and Fiscal Review) Chapter 3, Statutes of 2017: State public employee benefits

This bill makes statutory changes to future retiree health and dental benefits of new employees in Bargaining Units (BU) 1 (administrative, financial, and staff services), 3 (professional educators and librarians), 4 (office and allied), 11 (engineering and scientific technicians), 14 (printing trades), 15 (allied services), 17 (registered nurses), 20 (medical and social services), and 21 (education consultants and library employees), who are exclusively represented by Service Employees International Union (SEIU) Local 1000. The changes are necessary to implement the Administration's policy of addressing the unfunded liability associated with state employee retiree health and dental benefits and are consistent with identical changes made to other state employees' health and dental benefits.

Retiree Health Benefits

Employer Contribution for Future Retirees

- All employees first hired by the state on or after January, 1, 2017, in BU 1, 3, 4, 11, 14, 15, 17, 20, and 21, will receive an employer retiree health contribution based on the 80/80 formula.

Post-Employment Health and Dental Benefit Vesting Schedule

- Provides that all employees first hired by the state on or after January, 1, 2017, in BU 1, 3, 4, 11, 14, 15, 17, 20, and 21, shall be required to meet an extended vesting schedule for retiree health benefits. Affected employees will be eligible for 50 percent of the employer contribution toward health benefits upon completion of 15 years of state service, increasing five percent for each additional year of service, until the employee is eligible to receive 100 percent of the employer contribution upon completion of 25 years of state service.
- Provides that all employees first hired by the state on or after January, 1, 2017, in BU 1, 3, 4, 11, 14, 15, 17, 20, and 21, shall be required to meet an extended vesting schedule for retiree dental benefits. Affected employees will be eligible for 50 percent of the employer contribution toward health benefits upon completion of 15 years of state service, increasing five percent for each additional year of service, until the employee is eligible to receive 100 percent of the employer contribution upon completion of 25 years of state service.

Medicare Part B Supplemental Benefit

- Provides that all employees first hired by the state on or after January, 1, 2017, in BU 1, 3, 4, 11, 14, 15, 17, 20, and 21, shall not be eligible to use the retiree health benefit employer contribution for reimbursement of Medicare Part B premiums.

Provides \$20,000 General Fund to the State Controller for administrative costs related to this act.

SB 84 (Budget and Fiscal Review) Chapter 50, Statutes of 2017: Public Employees' Retirement Fund: state employer contributions: supplemental payment

This bill makes various statutory changes necessary to implement debt payment-related provisions of the Budget Act of 2017.

Payment Schedule

- Requires the Department of Finance (DOF) to establish a schedule of payments in 2017-18 to borrow up to \$6 billion from the Surplus Money Investment Funds and other funds

within the Pooled Money Investment Account (PMIA) to make a supplemental employer contribution to the Public Employees' Retirement Fund (PERF).

- Requires payments from the PERF to various state employee member categories to be distributed as follows: \$3.6 million to state miscellaneous member category, \$100 million to state industrial member category, \$300 million to state safety member category, \$1.5 billion to state peace officer/firefighter member category, and \$500 million to patrol member category.
- Provides flexibility to adjust the payment amounts between and among various funds (including the General Fund) during the terms of the loan, in order to address economic or fiscal stress that may have an impact on available revenues.

Repayment Provisions

- Requires repayment of the loan principal and payment of interest to be made from the General Fund and other special funds that fund the state employer contribution to the PERF.

Controller and Department of Finance Oversight

- Requires DOF to track and maintain records of payment by each fund in each fiscal year, and develop a repayment schedule to ensure that each fund pays its proportionate share of the loan principal and interest.
- Requires DOF to certify to the Controller fund condition statements of applicable funds and accounts, and the amount determined to be the share of loan principal and interest due from each fund.
- Requires Controller to report the funds with insufficient balances to repay the loan principal or interest to DOF. Additionally, the bill requires DOF to report to the Joint Legislative Budget Committee (JLBC) identifying funds or accounts with insufficient fund balance.
- Authorizes DOF to provide direction to the Controller to use General Fund to repay the loan principal or interest of funds or accounts with insufficient balance to cover their portion of the loan principal or interest.
- Requires DOF to submit a report to the JLBC by September 1, 2017, that describes the actual impact on contribution rates for each state employee member category receiving a supplemental payment. The report shall describe economic risks and benefits associated with making the cash loan, including a discussion of mechanisms available to adjust the repayment schedule and cost-allocation methodology.

According to the Senate Budget and Fiscal Review Committee, this bill provides a \$6 billion cash loan from the PMIA to the PERF.

2018 BUDGET TRAILER MEASURES

SB 866 (Committee on Budget and Fiscal Review) Chapter 53, Statutes of 2018: Employment.

This bill enacts various statutory changes necessary to implement labor and public employment provisions for the Budget Act of 2018 and authorizes the State Controller to transfer Proposition 2 funds to pay the state's unfunded liabilities or repay the supplemental pension payment loan from 2017-18.

SB 873 (Committee on Budget and Fiscal Review) Chapter 452, Statutes of 2018: State public employment: memorandum of understanding: approval: State Bargaining Units 9 and 10

This bill provides for the legislative ratification of the memoranda of understanding (MOUs) for Bargaining Units (BU) 9 (Professional Engineers) and 10 (Professional Scientists). These agreements impact approximately 10,782 full-time equivalent employees in BU 9, and 3,304 full-time equivalent employees in BU 10. This bill approves the MOUs between the state and BU 9 and 10 for the duration of July 1, 2018, through June 30, 2020, and July 1, 2018 through July 1, 2020, respectively.

Employee Pension Contributions

- For BU 9, on July 1, 2019, current employee contribution rates would remain in effect unless the California Public Employees' Retirement System (CalPERS) determines that: (a) the total normal cost rate for the 2016-17 fiscal year has increased by one percent, and (b) 50 percent of that normal cost rate, rounded to the nearest quarter of one percent, is greater than the current employee contribution rate.
- If CalPERS determines (a) and (b) above have been met, the employee contribution rate would be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent. The increase to the employee contribution shall not exceed 0.5 percent. Contribution increases pursuant to this section would remain in effect through June 30, 2020.
- For BU 10, current employee contribution rates would remain in effect unless CalPERS determines that: (a) the total normal cost rate for the 2016-17 fiscal year has increased or decreased by one percent, and (b) 50 percent of that normal cost rate, rounded to the nearest quarter of one percent, is greater than or less than the current employee contribution rate.
- After CalPERS determines that (a) and (b) above have been met, the employee contribution rate would be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent. Each year thereafter, it would only be adjusted if CalPERS determines the total normal cost rate increases or decreases by more than one percent of payroll above the total normal cost in effect at the time the employee contribution rate

was last adjusted. The increase or decrease to the employee contribution in any given fiscal year shall not exceed one percent per year. Beginning July 1, 2021, the employee contribution would return to the rate in effect July 1, 2018.

Retiree Healthcare

- BU 9 and 10 employees first hired on or after January 1, 2019, would be subject to an extended vesting schedule for retiree dental benefits providing 50 percent of the employer contribution upon completion of 15 years of state service, increasing five percent for each additional year of service, until the employee is 100 percent vested at 25 years of state service.
- For BU 10: After July 1, 2019, if it is actuarially determined that total normal costs increase or decrease by more than half a percent from the total normal cost contribution in effect at that time, the employer and employee contribution percentages for post-employment benefits would be increased or decreased, no sooner than July 1, 2020, to maintain a 50 percent cost-sharing of actuarially determined total normal costs. Beginning July 1, 2021, the employee contribution shall return to the rate in effect July 1, 2019.

Compensation for BU 9: General Salary Increase (GSI)

- Effective July 1, 2018, all BU 9 represented classifications would receive a four and one half percent GSI.
- Effective July 1, 2019, all BU 9 represented classifications would receive an additional four percent GSI.

Pay Differentials

- BU 9 employees with 20 or more years of state service would receive a longevity pay differential. This pay differential would be established on July 1, 2018, and would be phased in based on the following schedule:
 - i) Two percent on July 1, 2018, for employees with 20 or more years of state service.
 - ii) Three percent on July 1, 2019, for employees with 21 or more years of state service.
 - iii) Four percent on July 1, 2020, for employees with 22 or more years of state service.
 - iv) Five and one half percent on July 1, 2021, for employees with 23 or more years of state service.
 - v) The above percentages are noncumulative.
- Effective July 1, 2018, this bill establishes a monthly geographic pay differential of \$250 per month for all BU 9 employees whose worksite is located in Alameda, Marin, Santa Clara, San Francisco, or San Mateo.

Other Compensation

- This bill increases the annual uniform replacement credit from \$350 to \$700 for BU 9 employees at the California Department of Parks and Recreation.
- This bill increases the annual uniform replacement credit from \$380 to \$700 for BU 9 employees at the California Department of Forestry and Fire Protection.
- Effective July 1, 2018, this bill increases the annual recruitment and retention incentive for Avenal, Ironwood, Calipatria, Centinela, and Chuckawalla Valley State Prisons from \$2,400 to \$2,600. This provision also establishes the same incentive for Pelican Bay, California Correctional Center, and High Desert State Prisons.
- Effective July 1, 2018, this bill allows safety engineers employed by the California Department of Water Resources to be reimbursed for the application (\$160) and examination (\$350) fees associated with successfully completing the examination for Certified Safety Professionals administered by the Board of Certified Safety Professionals. This provision also allows reimbursement of the annual renewal fee (\$150).

Compensation for BU 10: General Salary Increase (GSI)

- Effective July 1, 2019, all BU 10 represented classifications would receive a five percent GSI.
- Effective July 1, 2020, all BU 10 represented classifications would receive an additional five percent GSI.

Other Compensation

- Effective the first day of the pay period following ratification, this bill establishes a monthly educational pay differential for employees that work in a BU 10 classification that requires possession of a master's or doctoral degree as a condition of employment. Classifications requiring a master's degree would receive two percent. Classifications requiring a doctoral degree would receive three percent.
- Effective July 1, 2018, this bill increases the annual recruitment and retention incentive for Avenal, Ironwood, Calipatria, Centinela, and Chuckawalla Valley State Prisons from \$2,400 to \$2,600. This provision also establishes the same incentive for Pelican Bay, California Correctional Center, and High Desert State Prisons.
- Effective July 1, 2018, this bill increases the diving pay differential from \$12 to \$25 per hour. This provision also changes from compensating for each diving hour, to all payable hours of the day of a dive.

- Effective July 1, 2018, this bill increases the annual uniform replacement allowance from \$450 to \$670.
- Effective July 1, 2018, this bill increases the biennial safety footwear reimbursement from \$200 to \$275.

Miscellaneous

For BU 9, the MOU would:

- Increase the number of Voluntary Personal Leave Program (VPLP) hours an employee may elect to receive while participating the VPLP. The prior contract only allowed eight hours. Under the provisions of this bill, new employees have the option of 8 or 16 hours. This provision also establishes a VPLP cap of 240 hours.
- Prohibit a furlough or mandated Personal Leave Program during the term of the agreement.

For BU 10, the MOU:

- Makes licensed veterinarians working for the California Department of Food and Agriculture and the California Department of Fish and Wildlife (CDFW), and staff toxicologists working at CDFW eligible to receive overtime while assigned to an Incident Command Structure Response.
- Allows licensed veterinarians to receive up to 36 hours of continuing education leave every two years to attend courses directly related to maintaining a licensure or certification. This provision also requires the state to reimburse eligible employees up to \$1,000 per year to cover continuing education costs for tuition, registration fees, course related books, transportation, and mileage.
- Business and Travel: Effective upon ratification, the state would agree to increase the lodging rate for San Francisco from \$150 to \$250, and Marin from \$90 to \$110.
- Dependent Vesting: Removes the requirement that a new employee must work one year before receiving the full employer health contribution for dependents.
- Eliminates the Emergency Pay Differential for veterinarians.
- Prohibits a furlough or mandated Personal Leave Program during the duration of the agreement.

According to the Senate Budget and Fiscal Review Committee, the California Department of Human Resources notes:

- BU 9's MOU results in the following costs:

- Fiscal Year 2018-19: \$92.7 million (\$2.9 million General Fund)
- Total Cost: \$263.7 million (\$8.4 million General Fund)
- BU 10's MOU results in the following costs:
 - Fiscal Year 2018-19: \$1.1 million (\$235,000 General Fund)
 - Total Cost: \$63.5 million (\$12.1 million General Fund)

AB 1832 (Committee on Budget), 8/30/18: Ordered to the Inactive File: State public employment: memorandum of understanding: approval: State Bargaining Units 9 and 10.

This bill provides for the legislative ratification of the memoranda of understanding (MOUs) for Bargaining Units (BU) 9 (Professional Engineers) and 10 (Professional Scientists). These agreements impact approximately 10,782 full-time equivalent employees in BU 9, and 3,304 full-time equivalent employees in BU 10. This bill approves the MOUs between the state and BU 9 and 10 for the duration of July 1, 2018, through June 30, 2020, and July 1, 2018 through July 1, 2020, respectively.

Employee Pension Contributions

- For BU 9, on July 1, 2019, current employee contribution rates would remain in effect unless the California Public Employees' Retirement System (CalPERS) determines that: (a) the total normal cost rate for the 2016-17 fiscal year has increased by one percent, and (b) 50 percent of that normal cost rate, rounded to the nearest quarter of one percent, is greater than the current employee contribution rate.
- If CalPERS determines (a) and (b) above have been met, the employee contribution rate would be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent. The increase to the employee contribution shall not exceed 0.5 percent. Contribution increases pursuant to this section would remain in effect through June 30, 2020.
- For BU 10, current employee contribution rates would remain in effect unless CalPERS determines that: (a) the total normal cost rate for the 2016-17 fiscal year has increased or decreased by one percent, and (b) 50 percent of that normal cost rate, rounded to the nearest quarter of one percent, is greater than or less than the current employee contribution rate.
- After CalPERS determines that (a) and (b) above have been met, the employee contribution rate would be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent. Each year thereafter, it would only be adjusted if CalPERS determines the total normal cost rate increases or decreases by more than one percent of payroll above the total normal cost in effect at the time the employee contribution rate was last adjusted. The increase or decrease to the employee contribution in any given

fiscal year shall not exceed one percent per year. Beginning July 1, 2021, the employee contribution would return to the rate in effect July 1, 2018.

Retiree Healthcare

- BU 9 and 10 employees first hired on or after January 1, 2019, would be subject to an extended vesting schedule for retiree dental benefits providing 50 percent of the employer contribution upon completion of 15 years of state service, increasing five percent for each additional year of service, until the employee is 100 percent vested at 25 years of state service.
- For BU 10: After July 1, 2019, if it is actuarially determined that total normal costs increase or decrease by more than half a percent from the total normal cost contribution in effect at that time, the employer and employee contribution percentages for post-employment benefits would be increased or decreased, no sooner than July 1, 2020, to maintain a 50 percent cost-sharing of actuarially determined total normal costs. Beginning July 1, 2021, the employee contribution shall return to the rate in effect July 1, 2019.

Compensation for BU 9: General Salary Increase (GSI)

- Effective July 1, 2018, all BU 9 represented classifications would receive a four and one half percent GSI.
- Effective July 1, 2019, all BU 9 represented classifications would receive an additional four percent GSI.

Pay Differentials

- BU 9 employees with 20 or more years of state service would receive a longevity pay differential. This pay differential would be established on July 1, 2018, and would be phased in based on the following schedule:
 - Two percent on July 1, 2018, for employees with 20 or more years of state service.
 - Three percent on July 1, 2019, for employees with 21 or more years of state service.
 - Four percent on July 1, 2020, for employees with 22 or more years of state service.
 - Five and one half percent on July 1, 2021, for employees with 23 or more years of state service.
 - The above percentages are noncumulative.
- Effective July 1, 2018, this bill establishes a monthly geographic pay differential of \$250 per month for all BU 9 employees whose worksite is located in Alameda, Marin, Santa Clara, San Francisco, or San Mateo.

Other Compensation

- This bill increases the annual uniform replacement credit from \$350 to \$700 for BU 9 employees at the California Department of Parks and Recreation.
- This bill increases the annual uniform replacement credit from \$380 to \$700 for BU 9 employees at the California Department of Forestry and Fire Protection.
- Effective July 1, 2018, this bill increases the annual recruitment and retention incentive for Avenal, Ironwood, Calipatria, Centinela, and Chuckawalla Valley State Prisons from \$2,400 to \$2,600. This provision also establishes the same incentive for Pelican Bay, California Correctional Center, and High Desert State Prisons.
- Effective July 1, 2018, this bill allows safety engineers employed by the California Department of Water Resources to be reimbursed for the application (\$160) and examination (\$350) fees associated with successfully completing the examination for Certified Safety Professionals administered by the Board of Certified Safety Professionals. This provision also allows reimbursement of the annual renewal fee (\$150).

Compensation for BU 10: General Salary Increase (GSI)

- Effective July 1, 2019, all BU 10 represented classifications would receive a five percent GSI.
- Effective July 1, 2020, all BU 10 represented classifications would receive an additional five percent GSI.

Other Compensation

- Effective the first day of the pay period following ratification, this bill establishes a monthly educational pay differential for employees that work in a BU 10 classification that requires possession of a master's or doctoral degree as a condition of employment. Classifications requiring a master's degree would receive two percent. Classifications requiring a doctoral degree would receive three percent.
- Effective July 1, 2018, this bill increases the annual recruitment and retention incentive for Avenal, Ironwood, Calipatria, Centinela, and Chuckawalla Valley State Prisons from \$2,400 to \$2,600. This provision also establishes the same incentive for Pelican Bay, California Correctional Center, and High Desert State Prisons.
- Effective July 1, 2018, this bill increases the diving pay differential from \$12 to \$25 per hour. This provision also changes from compensating for each diving hour, to all payable hours of the day of a dive.
- Effective July 1, 2018, this bill increases the annual uniform replacement allowance from \$450 to \$670.

- Effective July 1, 2018, this bill increases the biennial safety footwear reimbursement from \$200 to \$275.

Miscellaneous

For BU 9, the MOU would:

- Increase the number of Voluntary Personal Leave Program (VPLP) hours an employee may elect to receive while participating the VPLP. The prior contract only allowed eight hours. Under the provisions of this bill, new employees have the option of 8 or 16 hours. This provision also establishes a VPLP cap of 240 hours.
- Prohibit a furlough or mandated Personal Leave Program during the term of the agreement.

For BU 10, the MOU:

- Makes licensed veterinarians working for the California Department of Food and Agriculture and the California Department of Fish and Wildlife (CDFW), and staff toxicologists working at CDFW will be eligible to receive overtime while assigned to an Incident Command Structure Response.
- Allows licensed veterinarians to receive up to 36 hours of continuing education leave every two years to attend courses directly related to maintaining a licensure or certification. This provision also requires the state to reimburse eligible employees up to \$1,000 per year to cover continuing education costs for tuition, registration fees, course related books, transportation, and mileage.
- Business and Travel: Effective upon ratification, the state would agree to increase the lodging rate for San Francisco from \$150 to \$250, and Marin from \$90 to \$110.
- Dependent Vesting: Removes the requirement that a new employee must work one year before receiving the full employer health contribution for dependents.
- Eliminates the Emergency Pay Differential for veterinarians.
- Prohibits a furlough or mandated Personal Leave Program during the duration of the agreement.

According to the Senate Budget and Fiscal Review Committee, the California Department of Human Resources notes:

- BU 9's MOU results in the following costs:
 - Fiscal Year 2018-19: \$92.7 million (\$2.9 million General Fund)
 - Total Cost: \$263.7 million (\$8.4 million General Fund)

- BU 10's MOU results in the following costs:
 - Fiscal Year 2018-19: \$1.1 million (\$235,000 General Fund)
 - Total Cost: \$63.5 million (\$12.1 million General Fund)

SB 852 (Committee on Budget and Fiscal Review) Chapter 49, Statutes of 2018: State public employment: memorandum of understanding: State Bargaining Unit 6: approval.

This bill provides legislative ratification of the memorandum of understanding (MOU) agreed to by Bargaining Unit 6 and the Administration and provides that this MOU will be in effect from July 3, 2018, through July 2, 2019, and would impact approximately 27,349 full-time equivalents employees.

Health Benefits

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 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. For each employee with enrolled family members, the employer shall continue to contribute an additional flat dollar amount equal to 80 percent of the weighted average of the additional premiums. The flat dollar amounts shall be increased as appropriate pursuant to the formula on January 1, 2019.

Compensation

General Salary Increase (GSI)

- Effective July 1, 2019, all Unit 6 represented classifications shall receive a five percent GSI.

Uniform Allowance

- Increases the annual uniform allowance from \$950 to \$1,000 for full-time employees, excluding Medical Technical Assistance (MTA) and permanent employees working for the Division of Adult Parole Operations (DAPO).
- Increases the annual uniform allowance from \$546 to \$1,000 for MTAs.
- Provides a new annual uniform allowance of \$250 for DAPO employees.
- Allows employees to start receiving a uniform allowance upon completion of the academy rather than upon completion of a probationary period.

Night Shift and Weekend Pay Differentials

- Increases the night shift pay differential (earned by employees who work more than four hours between 6:00 p.m. and 6:00 a.m.) by \$0.15 per hour. The Administration estimates this would cost approximately \$4.5 million General Fund in 2018-19.
- Increases the weekend pay differential (earned by employees who work more than four hours between midnight Friday and midnight Sunday) by \$0.15 per hour. The Administration estimates this would cost approximately \$1.7 million General Fund.

Leave Buyback

- In September of 2018, all Unit 6 represented employees will be permitted to cash out up to 80 hours of accumulated compensable leave. It is anticipated that payments for the one-time cash out will be issued by December 15, 2018. The Administration estimates this would cost approximately \$95 million in General Fund in 2018-19.

Miscellaneous

- Requires on-duty Division of Adult Institution peace officers to be armed while in uniform, in a state vehicle, and off-grounds in the community. Additional weapons retention training will be incorporated into the 2019 In-Service Training Plan. Beginning January 1, 2020, when Division of Adult Institution peace officers are providing inmate transportation, guarding, or escorts off-grounds in the community, they are required to be armed with an approved handgun with a triple retention holster.
- Equips each transportation team with a state-issued smart phone. If a state-issued smart phone is unavailable, transportation staff shall be permitted to voluntarily bring his or her personal cellular phone for state business use only.
- Allows medical verification for sick leave via telemedicine.
- Clarifies holiday pay for posted and non-posted positions.
- Effective July 1, 2019, include one hour for pre and post work activities in the forty-one-hour work period schedule for Correctional Counselor I employees.
- Provides hour-for-hour compensatory time off for the time an employee was incorrectly held over for involuntary overtime.
- Increases the lodging reimbursement rate from \$90 to \$110 for Marin County, \$125 to \$140 for Alameda, San Mateo and Santa Clara Counties, and from \$150 to \$250 for San Francisco County.
- Requires the state and California Correctional Peace Officers Association (CCPOA) to meet to develop the parameters of an equitable distribution redirection plan.
- Improves and automates the Parole Agent Requested Transfers process.

- Prohibits a furlough program or a mandatory Personal Leave Program during the term of the agreement.
- To the extent additional Correctional Counselor positions are authorized through the budget process, requires the state and CCPOA to meet to discuss duties relative to rehabilitation.

According to the Senate Budget and Fiscal Review Committee, the Administration states that the cost associated with this MOU for 2018-19 is \$114.6 million (\$112.4 million General Fund).

AB 1818 (Committee on Budget), 7/5/18: Ordered to the Inactive File: State public employment: memorandum of understanding: Bargaining Unit 6: approval.

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Leave Buyback

- In September of 2018, all Unit 6 represented employees will be permitted to cash out up to 80 hours of accumulated compensable leave. It is anticipated that payments for the one-time cash out will be issued by December 15, 2018. The Administration estimates this would cost approximately \$95 million in General Fund in 2018-19.

Miscellaneous

- Requires on-duty Division of Adult Institution peace officers to be armed while in uniform, in a state vehicle, and off-grounds in the community. Additional weapons retention training will be incorporated into the 2019 In-Service Training Plan. Beginning January 1, 2020, when Division of Adult Institution peace officers are providing inmate transportation, guarding, or escorts off-grounds in the community, they are required to be armed with an approved handgun with a triple retention holster.
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