

**2019 Budget Trailer Bill Analyses Packet**

**Wednesday, September 11, 2019**

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Date of Hearing: September 11, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 109 (Committee on Budget and Fiscal Review) – As Amended September 6, 2019

**SUBJECT:** Budget Act of 2019

**SUMMARY:** Amends the 2019 Budget Act to reflect updates and technical corrections identified when the budget agreement was made.

Specifically, **this bill:**

1. Provides \$206.1 million special fund for the design-build phase of the Salton Sea Species Conservation Habitat project to commence this fiscal year, and would revert \$89.6 million in funds previously provided for this purpose. The project will construct habitat crucial to restoring wildlife within the Salton Sea.
2. Appropriates \$14.9 million General Fund one-time to the Department of Forestry and Fire Protection for overtime compensation for Cal FIRE paramedic staff.
3. Shifts \$57.3 million of CalWORKs Stage 3 child care funding from General Fund to federal funds, reduces the amount of federal funds for the Early Learning and Care Infrastructure Grant by \$102.3 million, and increases the amount of federal funds for the Early Learning and Care Workforce Grant by \$45 million. These changes correspond to changes to appropriations made in the education clean-up trailer bill. Together the changes have a net zero impact on child care programs and reflect changes to the distribution of federal funds and General Fund in child care programs to align with allowable uses of federal funds.
4. Amends funding for the Federal Title I, Part C, Migrant Education Program to reflect a reduction in available federal grant funding of \$5 million and an increase of \$5 million in available carryover funds.
5. Increases funding for the federal McKinney Vento Homeless Children Education Program by \$1.8 million to reflect available federal grant funding.
6. Includes provisions allowing the Department of Social Services to award grants and/or contracts for the purpose of funding legal fellowships for the Immigrant Justice Fellowship program.
7. Makes technical changes to provisions related to cannabis enforcement positions in the Department of Consumer Affairs.
8. Makes an amendment to correct the amount of funding appropriated for the Bringing Families Home program in the 2019 budget.

9. Reappropriates \$3.3 million General Fund for the California Workforce Development Board's Removing Barriers to Employment Act.
10. Makes technical changes to provisions related to grant programs administered by the Office of Emergency Services.
11. Makes an amendment to correct the amount of funding appropriated for deferred maintenance within the Department of Developmental Services.
12. Makes technical changes related to funding for the Emergency Child Care Bridge program.
13. Extends the date by which the Department of Education shall transfer funds to the California Collaborative for Educational Excellence for administration of the 21st Century California School Leadership Academy Grant to no later than December 15, 2019.
14. Amends a fund source for reappropriated Proposition 98 funds.
15. Eliminates the community college district local match requirement for the CalWORKs categorical program.
16. Amends the 2019 budget act to reflect provisions that were agreed to in the budget package agreement but not included in the bill. These changes include removing a \$5 million duplicate appropriation for the Liberty Station Theater project and correcting references to projects agreed upon including:
  - a. \$12 million General Fund for a grant to the County of Stanislaus for emergency communications equipment and infrastructure.
  - b. \$10 million General Fund to the City of Palm Springs to address homelessness funding needs.
  - c. \$10 million General Fund for the California Health Center Security Grant Program.
  - d. \$1.5 million General Fund to provide flood relief for the County of Sonoma.
  - e. \$500,000 to the East Contra County Fire Protection District.
  - f. \$160,000 to the University of California Davis School of Veterinary Medicine for a humane management tool for wild horse populations.
  - g. \$1 million General Fund for the Laguna Canyon Road Fuel Modification Project.
  - h. \$1 million General Fund for the California Green Business Network, which supports green business certification programs.
  - i. \$2.2 million General Fund for local assistance grants to the County of Yolo for the replacement of the Yolo County Road 40 Low Water Bridge.
  - j. \$500,000 for the Boys and Girls Club of Stanislaus.
  - k. \$500,000 for the Boys and Girls Club of Marin.
  - l. \$1 million for the Terasaki Budoken Recreation Center and Park.
17. Provides \$339,000 to promote equal employment opportunities and hiring and promotion at community college districts.

18. Reappropriates \$10.6 million Proposition 98 General Fund for various community college programs, including the Student Success and Support Program, Student Success and Basic Skills Students, Telecommunications and Technology Infrastructure, Fund for Student Success, and Economic Development.

19. Authorizes the Department of Finance to fund California Conservation Corps costs for personal service contract costs, or other personal costs outside of standard civil service compensation, that are a result of increases to the state's minimum wage.

20. Makes other technical changes.

**FISCAL EFFECT:**

In amending the Budget Act of 2019, this bill includes net changes in appropriations of approximately a \$34.2 million General Fund reduction, an increase of \$1.2 million federal funds, and an increase \$101.3 million special funds. The reduced GF is largely the result of a reduction of \$57.3 million to reflect changes to the distribution of federal funds and General Fund in child care programs to align with allowable uses of federal funds. When taken together with changes made in the Education trailer bill, AB 114, the combined adjustments result in a net zero impact to child care programs.

**COMMENTS:**

The Legislature has passed three budget bills that comprise the Budget Act of 2019; AB 74 (Ting, Chapter 23, Statutes of 2019), SB 106 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2019), and AB 110 (Ting, Chapter 80, Statutes of 2019).

This bill reflects technical and substantive changes that were the result of budget clean up discussions and the progression of work on issues that were part of the 2019 budget discussions.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Christian Griffith / BUDGET / (916) 319-2099

Date of Hearing: September 11, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 112 (Committee on Budget and Fiscal Review) – As Amended September 6, 2019

**SUBJECT:** State government

**SUMMARY:** This trailer bill makes statutory changes related to state administration necessary to implement the Budget Act of 2019.

Specifically, **this bill:**

- 1) ***Office of Digital Innovation.*** Provides clean-up to statute by removing duplicative privacy language and adding a summary of activities to annual report.
- 2) ***Department of Alcoholic Beverage Control.*** Corrects the discrepancy in the written dollar amount to the numerical dollar amount in SB 82 (Committee on Budget and Fiscal Review, Chapter 29, Statutes of 2019).
- 3) ***Senate Chief Sergeants-at-Arms.*** Eliminates the exclusion of the Senate Chief Sergeants-at-Arms from being classified as a peace officer for the purposes of CalPERS. This would provide parity between the Assembly and Senate Chief Sergeants.
- 4) ***California Secure Choice Retirement Savings Investment Board.*** Removes the option for the California Secure Choice Retirement Savings Investment Board to create a specified Gain and Loss Reserve Account and to develop investment option recommendations.
- 5) ***California Automated Travel Expense System (CalATERS).*** Deletes an obsolete provision that requires that the implementation of CalATERS by the Controller must be funded through a direct transfer of funds.
- 6) ***Budget Deficit Savings Account.*** Makes technical changes to the Budget Deficit Savings Account to allow the Legislature to transfer funds into the account.
- 7) ***Asset Forfeiture Reporting Date Change.*** Changes the required publication date from March 1 to July 1 for the Attorney General’s annual report on asset forfeitures.
- 8) ***Vehicle Exhaust Systems.*** Updates the noise testing standards for vehicle exhaust systems, and modifies existing law to allow an individual who is arrested or cited for a violation of noise standards to fix the noise violation and provide proof of correction instead of facing other enforcement actions, unless the violation consists of modifying the exhaust system of a motorcycle.
- 9) ***Office of the Inspector General (OIG).*** Restores the OIG’s ability to conduct discretionary audits of the Department of Corrections and Rehabilitation (CDCR); requires OIG to provide public oversight of CDCR’s investigations and staff grievance inquiries conducted by the

department's Office of Internal Affairs; and requires the OIG to monitor CDCR's process for reviewing uses of force and requires annual reporting.

10) ***Employment Verification.*** Clarifies existing state law related to employment verification processes administered by employers that are consistent with federal law.

11) ***OIG Appropriation.*** Appropriates \$3.5 million General Fund for the Office of the Inspector General for 2019-20 for independent audits of the Department of Corrections and Rehabilitation (CDCR) and oversight of CDCR's process for reviewing and investigating inmate allegations of staff misconduct and other specialty grievances.

**FISCAL EFFECT:** This bill appropriates \$3.5 million General Fund for the Office of the Inspector General for 2019-20.

**COMMENTS:** This bill is a budget trailer bill within the overall 2019-20 budget package to implement actions related to state administration.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Farra Bracht / BUDGET / (916) 319-2099, Genevieve Morelos / BUDGET / (916) 319-2099

Date of Hearing: September 11, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 113 (Committee on Budget and Fiscal Review) – As Amended August 28, 2019

**SUBJECT:** Housing

**SUMMARY:** This is the housing trailer bill for the 2019-20 budget. It contains various statutory changes necessary to implement the Budget Act of 2019.

Specifically, **this bill:**

- 1) Provides \$331 million to be transferred from the General Fund to the National Mortgage Special Deposit Fund in accordance with the appellate court decision and includes intent language to create an ongoing trust to manage the funds.
- 2) Makes technical changes to the state's housing element law. Specifically, this bill:
  - a. Clarifies that the Attorney General may request, upon a finding of the court that the department satisfied the requirements in making its determination that the housing element does not substantially comply, that the court then issue an order or judgment directing the jurisdiction to bring its housing element into substantial compliance.
  - b. Replaces the requirements that the agent of the court may 'be appointed with all the powers' necessary to the agent of the court may 'take all the governmental actions' necessary to bring the jurisdiction's housing element into substantial compliance.
  - c. Clarifies that the subdivision shall not limit a court's discretion to apply any and all remedies in an action or special proceeding for a violation of any law identified in subdivision (j) of Section 65585 of the Government Code.
  - d. Clarifies that if a jurisdiction has not previously received notice of its inclusion on HCD's list of jurisdictions with non-compliant housing elements, the department shall notify the jurisdiction of its inclusion upon the first occurrence.
  - e. Clarifies that the department shall offer the jurisdiction the opportunity for two meetings in person or via telephone, if the jurisdiction is included in the list described in subdivision (a) of Section 65589.11 of the Government Code and on the basis of that inclusion the jurisdiction would be denied funding under any program that is listed pursuant to subdivision (e) of Section 65589.11 of the Government Code and under which the jurisdiction had previously applied for funding.

- f. Increases the amount of time from 30 days to 90 days, the amount of time the department shall issue written findings as to whether the housing element has been found by the department to be in substantial compliance.
  - g. Provides that the subdivision shall not be available to a jurisdiction if a lawsuit has been filed against such jurisdiction pursuant to the article.
- 3) Adds the Council of San Benito County Governments as one of the councils of governments included in the central coast multiagency working group.
  - 4) Authorizes a council of governments or the fiscal agent of a multiagency working group to request up to 25% of funding available to it under the program in advance of requesting those funds to develop and accelerate the implementation of the requirement, including the development of an education and outreach strategy related to the sixth regional housing need allocation beginning on October 1, 2019.
  - 5) Requires the department to award funds to the relevant council of government or fiscal agency within 30 days of receiving the request.

**FISCAL EFFECT:** This trailer bill appropriates \$100,000 from the General Fund to the Department of Finance to study the most effective way to establish and manage a trust pursuant to the National Mortgage Settlement.

**COMMENTS:** This bill makes various technical changes to implement budget actions related to housing, adopted as part of the 2019-20 Budget.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Genevieve Morelos / BUDGET / (916) 319-2099



Date of Hearing: September 11, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 114 (Committee on Budget and Fiscal Review) – As Amended August 30, 2019

**SUBJECT:** Education finance: education omnibus budget trailer bill

**SUMMARY:** This bill is a clean-up budget trailer bill related to K-12 and higher education.

Specifically, **this bill:**

- 1) Extends the Ethnic Studies Model Curriculum deadlines by one year. Specifically, extends the deadline for submission by the Instructional Quality Commission to on or before December 31, 2020 and for adoption by the State Board of Education to on or before March 31, 2021.
- 2) Amends the School Employees Summer Assistance program to ensure eligible employees are able to participate, including those who worked during previous summer breaks but not within the time period for which they applied for the program. Other technical amendments are included to clarify implementation of the program.
- 3) Specifies that competitive grant awardees under the Educator Workforce Investment Grant Program funds are subject to a maximum of an eight percent indirect cost rate.
- 4) Exempts the payments the state makes to the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of Local Educational Agencies (LEAs) from the LEAs' routine restricted maintenance account contribution calculation for 2018-19. Absent this change, many LEAs would be out of compliance with the facilities bond program.
- 5) Clarifies that the members of the Early Childhood Policy Council shall serve at the pleasure of the appointing authority for terms not to exceed six years. In addition, specifies that the parent advisory committee and the workforce advisory committee shall each have nine members (the Governor, the Speaker of the Assembly and the Senate Rules Committee each have three appointments) and specifies the type of representative members for each of the appointing authorities.
- 6) Increases the General Fund appropriation for the Early Learning and Care Infrastructure Grant Program by \$102.3 million and decreases the General Fund appropriation for the Early Learning and Care Workforce Grant by \$45 million. Conforming adjustments are made in budget bill clean-up to adjust federal funding for child care programs by the same amount. These adjustments result in a net zero impact and reflect changes to the distribution of federal funds and General Fund in child care programs to align with allowable uses of federal funds.

- 7) Clarifies that funding for a necessary small special education local plan area shall be adjusted to reflect the 2019-20 statewide target increase for special education funding included in the 2019-20 budget act. Makes technical amendments to correctly apply a cost of living adjustment for the 2019-20 year for special education funding.
- 8) Specifies the data set used to calculate grants under the Special Education Early Intervention Preschool Grant and clarifies that funds received through this grant program are unrestricted in nature.
- 9) Adjusts one-time Proposition 98 funding to Norco Community College by providing \$1 million for the veterans resource center and \$500,000 for the workforce development program.
- 10) Allows the California Student Aid Commission to use 1.5 percent of funding available for the Golden State Teacher Grant Program to support administrative costs of the new program.
- 11) Adjusts the California Kids Investment and Development Savings program to allow the Scholarshare Investment Board to open college savings accounts for all California children born on or after July 1, 2020.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Katie Hardeman / BUDGET / (916) 319-2099, Mark Martin / BUDGET / (916) 319-2099

Date of Hearing: September 11, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 115 (Committee on Budget and Fiscal Review) – As Amended August 30, 2019

**SUBJECT:** Medi-Cal: managed care organization provider tax

**SUMMARY:** This is a health Budget Trailer Bill for 2019-20. It contains necessary changes related to the Budget Act of 2019. This bill would implement a managed care organization (MCO) provider tax, effective July 1, 2019, contingent upon federal approval, to be effective for 3.5 fiscal years: 2019-20, 2020-21, 2021-22, and the first half of 2022-23.

Specifically, **this bill:**

- 1) Establishes the intent of the Legislature that the Department of Health Care Services (DHCS) implement a managed care organization provider tax effective July 1, 2019 to provide ongoing funding for health care and prevention and meet the following goals:
  - a) Generate an amount of nonfederal funds for the Medi-Cal program equivalent to the funds generated by the prior MCO tax; and
  - b) Comply with applicable federal Medicaid requirements.
- 2) Requires the tax to be applied to all full-service health plans licensed by the Department of Managed Health Care (DMHC) and/or plans contracted with DHCS to provide services to Medi-Cal beneficiaries.
- 3) Requires the tax to be assessed on a per enrollee basis for each month of enrollment on all enrollees in plans in the base year with the exception of:
  - a) Individuals enrolled in a plan for Medicare services;
  - b) Plan-to-plan enrollees (individuals enrolled in a managed care plan who are enrolled through a subcontract from another managed care plan); and
  - c) Individuals enrolled in a Federal Employees Health Benefit Plan.
- 4) Requires the tax to be assessed based on cumulative enrollment for the base year (January 1, 2018 through December 31, 2018), collected on a quarterly basis, and be determined by specified taxing tiers and amounts.
- 5) Requires cumulative enrollment to be based on quarterly health plan data reported to DMHC retrieved by DHCS as of March 1, 2019, adjusted as necessary by DHCS and supplemented by Medi-Cal enrollment data for the base year as maintained by DHCS.
- 6) Requires the assumption of the MCO tax liability in the event of a merger, acquisition or establishment of a health plan.

- 7) Establishes interest and penalties for overdue tax amounts, and provides the Director of DHCS the discretion to waive any interest/penalties and/or develop an alternative payment schedule as determined appropriate to prevent significant harm to the plan or impact on services.
- 8) Establishes the Health Care Services Special Fund to receive all revenues, less refunds, derived from the tax, and requires the Fund to be continuously appropriated, without regard to fiscal year, to DHCS for purposes of funding the nonfederal share of Medi-Cal managed care rates for health care services in Medi-Cal.
- 9) Requires DHCS to provide an annual report to all health plans accounting for the funds deposited in and expended from the Health Care Services Special Fund, including the taxes imposed on each health plan, and an itemized accounting of expenditures from the fund.
- 10) Makes the provisions of the bill inoperative on January 1, 2023, and repealed as of January 1, 2024.
- 11) Requires federal approval of the tax and associated revenue.
- 12) Establishes that this is a budget trailer bill and makes an appropriation.

**FISCAL EFFECT:** This bill is estimated to result in General Fund savings of: \$1.7 billion in 2019-20, \$1.9 billion in 2020-21, \$2.1 billion in 2021-22, and \$1.2 billion in the first half of 2022-23.

**COMMENTS:** This bill is a budget trailer bill within the overall 2019-20 budget package to implement actions taken affecting the Departments of Health Care Services and Managed Health Care.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Andrea Margolis / BUDGET / (916) 319-2099

Date of Hearing: September 11, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 118 (Committee on Budget and Fiscal Review) – As Amended September 6, 2019

**SUBJECT:** State employment: State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21

**SUMMARY:** Provides legislative ratification of the memorandum of understandings (MOUs) agreed to by the state and Bargaining Units (BU) 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21. Specifically, *this bill* ratifies the MOUs for BU 2, (California Attorneys, Administrative Law Judges, and Hearing Officers in State Employment), BU 5 (California Association of Highway Patrolmen), BU 7 (Protective Services and Public Safety) whose current members are represented by the California Statewide Law Enforcement Association (CSLEA), BU 13 (Stationary Engineers) whose current members are represented by the International Union of Operating Engineers (IUOE), and BUs 1, 3, 4, 11, 14, 15, 17, 20, and 21 whose current members are represented by the Service Employees International Union (SEIU).

Specifically, **this bill**:

- 1) 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.
- 2) Requires that any MOU between the state and an exclusive representative must be ratified by the Legislature.
- 3) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 4) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide analyses of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 5) 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 100% of the weighted average premium of the four health plans most highly utilized by all members. Dependents are eligible for a contribution based on 90% of the average additional premiums paid for dependents during the benefit year in which the formula is applied. This is referred to as the 100/90 formula.
- 6) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan.
- 7) Provides that most state employees (those hired after 1985 or 1989, depending on class) must work for 10 years to receive 50% of the 100/90 formula, with an additional 5% per year of

service until, after 20 years, they are vested to receive 100% of the 100/90 formula. Individuals hired prior to 1985 or 1989 could be subject to either five year or 10 year vesting for full coverage of the 100/90 formula. Some employees must work up 15 years for 50% up to 25 years to receive 100% of the employer contribution.

- 8) Provides that retirees who were covered in certain bargaining units while actively employed will receive an employer retiree health contribution based on the 80/80 formula (i.e., 80% of the weighted average premium of the four health plans most highly utilized by all members).
- 9) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

**EXISTING LAW:** 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.

**FISCAL EFFECT:**

The budget trailer bill includes a continuous appropriation. The bill appropriates \$142.9 million (\$50.0 million General Fund) from various fund sources for employee compensation for 2019-20 and \$25 million from the Motor Vehicle Account to the Public Employees Retirement Fund for 2019-20.

The Administration estimates that the four-year budgetary numbers (2020-21 thru 2023-24) for SEIU represented BUs, BU 2, BU 5, BU 7, and BU 13 and related excluded employees for BU 7 (others not currently available) total \$4.9 billion (\$1.8 billion General Fund).

**COMMENTS:**

The following information summarizes the general provisions of each of the MOUs in this bill for BUs 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21, and was provided by CalHR:

**BU 2**

BU 2 is a total of approximately 4,275 full-time equivalents. Employees represented by Unit 2 are state-employed attorneys, administrative law judges, and other legal professionals who provide legal expertise for the state in many departments. The Department of Justice employs about a quarter of all Unit 2 employees.

*RETIREMENT*

- 1) Employee Pension Contribution
  - a) Effective July 1, 2020, the employee contribution rates for Safety A, Safety B, and PEPRA State Safety retirement formulas shall increase from eleven percent (11%) to eleven and a half percent (11.5%) of monthly compensation over \$317.

## *HEALTH BENEFITS*

### 1) Employer Contribution for Active State Employees

- a) The state's monthly consolidated 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 adjusted as appropriate pursuant to the formulas on January 1, 2020.

### 2) Improving Affordability and Access to Healthcare

- a) Effective July 1, 2019, all CASE employees enrolled in a CalPERS health plan will receive a monthly payment of two hundred and sixty dollars (\$260).

## *COMPENSATION*

### 1) General Salary Increase

- a) Effective July 1, 2019, all CASE represented classifications shall receive a two and three quarter percent (2.75%) GSI.

## *MISCELLANEOUS*

- 1) Effective, upon ratification of both parties, and depending on the availability of departmental funds, the amount of leave that can be cashed out each year shall increase from 80 hours to 160 hours.

- 2) Duration: July 2 2019 through July 1, 2020.

## **BU 5**

BU 5 is a total of approximately 6,674 full-time equivalents. Employees represented by Unit 5 are highway patrol officers employed by the California Highway Patrol (CHP). CHP officers patrol highways, enforce motor vehicle laws, and protect state officials, visiting dignitaries, and state property.

## *RETIREMENT and OTHER POST EMPLOYMENT BENEFITS*

### 1) Employee Pension Contribution

- a) Effective July 1, 2020, the employee contribution for Patrol members shall remain in effect up until the time that CalPERS has determined 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 or less than the current employee contribution rate. On July 1 of the fiscal year after CalPERS determines (a) and (b) above have been met, the employee contribution rate for Patrol members shall be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent. Each year thereafter, it shall 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 rate 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.

- b) Effective July 1, 2020, the employee contribution for Miscellaneous members shall remain in effect up until the time that CalPERS has determined 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 or less than the current employee contribution rate. On July 1 of the fiscal year after CalPERS determines (a) and (b) above have been met, the employee contribution rate for Miscellaneous members shall be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent. Each year thereafter, it shall 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 rate 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.

## 2) Supplemental Pension Funding (New)

- a) Beginning in fiscal year 2019-20, and each year of the contract through June 30, 2023, the state will contribute \$25 million from the Motor Vehicle Account (MVA), for a total of \$100 million from the MVA, to the Patrol Member Retirement plan.
- b) During the 2020-21 fiscal year, the state will redirect \$243 million of the \$3 billion under Chapter 33, Statutes of 2019 (SB 90) to the Patrol Member Retirement plan.

## 3) Prefunding of Other Post-Employment Benefits

- a) Beginning July 1, 2020, the employer and employee Other Post Employment Benefit (OPEB) prefunding contribution percentages will decrease by 0.5 percent. The contribution amounts will now be a percentage of pensionable compensation.
- b) After July 1, 2020, with the goal reaching a 50 percent cost sharing of actuarially determined total normal costs, the employee and employer contribution percentages shall be adjusted based on actuarially determined total normal costs. Adjustments to both the employer and employee contribution percentages will occur if the actuarially determined total normal costs increase or decrease by more than half a percent from the total normal cost contribution percentages in effect at the time. If it is determined that an adjustment to the contribution rate is necessary, commencing no sooner than July 1, 2021, and on July 1 each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50 percent cost



sharing of actuarially determined total normal costs. The statutory salary increases redirected to prefund OPEB paid for by the employer shall count towards the employee contribution percentage when determining the 50 percent cost sharing of actuarially determined total normal costs. The increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

4) Post-Employment Health and Dental Vesting Schedule

- a) Employees first employed by the state on or after January 1, 2020, will be subject to an extended vesting schedule providing 50 percent of the employer contribution upon completion of 15 years of state service, increasing five percent (5%) for each additional year of service, until the employee is 100 percent vested at 25 years of state service.

5) Employer Contribution of Future Retirees

- a) Employees first hired on or after January 1, 2020, will receive an employer contribution for retiree health benefits based on an “80/80” formula. Retirees and their dependents enrolled in a basic health benefit plan will receive an employer contribution equal to 80 percent of the weighted average premium of the four largest basic health benefit plans based on state active employee enrollment. Retirees and their dependents enrolled in a Medicare health benefit plan will receive an employer contribution equal to 80 percent of the weighted average premium of the four largest Medicare health benefit plans based on state retiree enrollment.

6) Medicare Part B Supplemental Benefit

- a) Employees first hired on or after January 1, 2020, will no longer be eligible to use the employer contribution for a retiree health benefit plan for Medicare Part B premiums.

*HEALTH BENEFITS*

Employees may elect to participate in the Premier Vision Plan during the open enrollment period at employee cost.

*COMPENSATION*

Effective July 1, 2019, the general salary increase required by Government Code section 19827 will not exceed three percent (3%). Any amount in excess of three percent (3%) will be temporarily redirected as an employer contribution toward retirement. The amount that is temporarily redirected to retirement will be redirected back as a salary increase upon expiration of this contract.

*MISCELLANEOUS*

- 1) Removes the Minor Discipline Section from the contract to comply with standard practice of moving all discipline through the State Personnel Board.

- 2) Amends the Training Academy to provide 145 training days from approximately 27 weeks to reflect actual training requirements and provide flexibility to CHP when scheduling the academy date.
- 3) Specifies that during interim period between graduation and being placed on first assignment, recently graduated cadets shall mandatorily use a minimum of 40 hours, and may use a maximum of up to 80, of Compensating Time Off (CTO) to assist with reducing accrued CTO hours.
- 4) Establishes a provision to permit CHP to develop and implement, with concurrence of CAHP, alternate work schedules not expressly provided for elsewhere in the contract.
- 5) Effective the pay period following ratification, the lodging reimbursement rate shall increase from \$125 to \$140 for Alameda, San Mateo, and Santa Clara counties; and from \$150 to \$250 for San Francisco.
- 6) Eliminates employee Physical Performance Program and Wellness Program from the contract and will rely on existing CHP policy.
- 7) Effective May 1, 2020, and depending on the availability of departmental funds, employees may be eligible to cash out up to 80 hours of leave credits.
- 8) Provides furlough and mandatory personal leave program protection for the first two years of the contract, July 1, 2019, through June 30, 2021.
- 9) Allows the state to meet with CAHP if projected state revenues are insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing compensation pursuant to Government Code section 19827.
- 10) Duration: July 1, 2019 through June 30, 2022.

## **BU 7**

BU 7 is a total of approximately 7,309 full-time equivalents or 3.3 percent of the state's workforce. These employees work in many departments. Among the largest classifications are California Highway Patrol dispatcher, Department of Motor Vehicles licensing-registration examiner, Department of State Hospitals police officer, and park ranger.

### *RETIREMENT*

- 1) Benefit Formula Calculation
  - a) Increases the amount of money that employees contribute towards their pension benefits. These increased employee contribution rates would reduce the state's contribution rates to pensions.

- b) Increases contributions for employees in the Peace Officer/ Firefighter (POFF) retirement tier from 13 percent of pay to 14 percent of pay in 2022-23 and to 15 percent of pay in 2023-24.
- c) Increases contributions for employees in the State Safety retirement tier from 11 percent of pay to 11.5 percent of pay in 2023-24.
- d) Increases contributions for employees in the State Miscellaneous retirement tier from 8 percent of pay to 8.5 percent of pay in 2023-24.

### *HEALTH BENEFITS*

#### 1) Employer Contribution for Active State Employees

- a) 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. The flat dollar amounts shall be increased or decreased as appropriate pursuant to the formula on January 1, 2020, January 1, 2021, January 1, 2022 and January 1, 2023.

### *COMPENSATION*

#### 1) General Salary Increase (GSI)

- a) Provides all Unit 7 members regardless of classification a 2.75 percent increase in 2019-20, 2.5 percent increase in 2020-21, and 2.5 percent increase in 2021-22.
- b) Provides all Unit 7 members regardless of classification a pay increase in 2022-23 depending on an employee's retirement benefit. Specifically, employees in the Peace Officer/Firefighter (POFF) pension tier (which is about 30 percent of Unit 7 members) would receive a 3.75 percent GSI and other employees in the bargaining unit would receive a 2.25 percent GSI.
- c) The four GSIs provided by the proposed agreement would compound to a 10.4 percent pay increase for non-POFF employees and 12 percent for POFF employees.

#### 2) Special Salary Adjustment (SSA)

- a) Provides 58 classifications (or about 80 percent of Unit 7 members) SSAs in addition to the GSIs. The SSAs range from 1.45 percent to 24.08 percent, depending on the classification.
- b) Within the forensic science technicians occupation two classifications would receive two SSAs—5 percent SSA in 2019-20 and an additional 5 percent SSA in 2020-21.

### 3) Miscellaneous Compensation Increases

- a) Expands the Public Safety Dispatcher-In-Charge pay differential to all CHP centers, and adds communication operators working at the Department of State Hospitals and the Department of Parks and Recreation. Also increases the differential from \$6.50 per shift to a one-step differential.
- b) Increases the Fire Fighter Lead Person Assignment pay differential from \$1.00 to \$2.50 per hour.
- c) Increases the Canine Care pay differential from \$189 to \$357 per month.
- d) Establishes a five percent Canine Care pay differential for peace officers at Department of Developmental Services.
- e) Increases the Night Shift Pay Differential from \$0.50 to \$1.00 per hour.
- f) Adds the CHP Communication Centers in Orange County, Ukiah, Humboldt, Chico, Ventura, San Luis Obispo, and Indio to the existing \$300 per month recruitment and retention pay differential.
- g) Adds specified classifications at the Department of Motor Vehicles, Department of Consumer Affairs, Department of Developmental Services, and Department of State Hospitals to the existing one-step Field Training officer pay differential.
- h) Establishes a new two and a half percent or one-step training officer pay differential for criminalists or senior criminalists serving in a training capacity.
- i) Increases the Training Officer pay differential for the Motor Carrier Specialist I, CHP, from \$6.50 per shift to a one-step differential per hour when serving in a training officer capacity.
- j) Seasonal Lifeguards will now be hired prior to orientation and Initial Entry Training, which allows them to earn service credit and be compensated for each hour worked during the 96 hours of orientation and Initial Entry Training.
- k) Eliminates the \$175 per period recruitment and retention pay differential for peace officers at the Department of Parks and Recreation and the Department of Fish and Wildlife.
- l) Eliminates the 7.44 percent Investigator Pay Differential for Investigators at the Department of Insurance and the Department of Consumer Affairs.

## *MISCELLANEOUS*

- 1) Adds Licensing Registration Examiners, DMV, to the mandatory overtime provision that allows approved leave (except sick leave, annual leave, used as sick leave, or any other leave used for sick leave purposes) to be considered hours worked for purposes of calculating overtime.
- 2) Allows the state to reopen Article 19.1 if projected state revenues at the 2021-22 May Revision or at the 2022-23 May Revision to the Governor's Budget are insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the cost of providing pay increases to all eligible employees.
- 3) Eliminates Furlough Protection.
- 4) Requires the state to donate 4,000 hours to CSLEA's Union Release Time Bank.
- 5) Duration: July 2, 2019 through July 1, 2023.

## **BU 13**

BU 13 is a total of approximately 1,025 full-time equivalents. Employees represented by Unit 13 maintain and operate heating, cooling, water, wastewater, and other major mechanical systems at state facilities. Nearly half of these employees work for the California Department of Corrections and Rehabilitation. Among the largest classifications are stationary engineer and water and wastewater plant supervisor.

## *RETIREMENT*

- 1) Benefit Formula Calculation
  - a) Increases after June 30, 2022, the employee contribution rates for State Safety retirement formulas by one-half percent (0.5%) from eleven percent (11%) to eleven and one-half percent (11.5%) of monthly compensation over \$317.

## *HEALTH BENEFITS*

- 1) Employer Contribution for Active State Employees
  - a) The state's monthly 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 adjusted as appropriate pursuant to the formulas on January 1, 2020, January 1, 2021, and January 1, 2022.

## *COMPENSATION*

### 1) Salary Increases

- a) Effective July 1, 2019, the maximum of the salary ranges of all IUOE represented classifications will be increased by two and three-quarter (2.75%) percent.
- b) Effective July 1, 2020, the maximum of the salary ranges of all IUOE represented classifications will be increased by three (3%) percent.
- c) Effective July 1, 2021, the maximum of the salary ranges of all IUOE represented classifications will be increased by two and three-quarter (2.75%) percent.

### 2) Miscellaneous Compensation Increases

- a) Increases Night Shift Differential from \$1 to \$2 per hour; and Evening Shift from \$0.90 to \$1 per hour.
- b) Extends the Apprenticeship Training Fund to a general training fund to include all training courses offered through IUOE.
- c) Provides all Unit 13 employees boot reimbursement of \$82 each year or \$164 every two years for purchasing work boots.
- d) Increases the annual Recruitment and Retention Differential from \$2,400 to \$2,600; and adds Pelican Bay, High Desert, and California Conservation Center state prisons.
- e) Amends the current Wastewater and/or Water Treatment Plant (Chief Plant Operator) to receive this differential in addition to the Chief Plant Operator differential.
- f) Expands the current Department of General Services San Francisco Facilities pay differential to include all departments that have employees headquartered in the Greater Bay Area (Alameda, Contra Costa, Marin, Monterey, Napa, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma counties); and changes the annual stipend of \$2,400 per year to five (5%) percent per month.
- g) Provides a \$100 per month EPA Section 608 Technician Certification pay differential to employees required to maintain the certification.
- h) Provides a \$200 per month pay differential to Caltrans Tunnels and Tubes Operators required to maintain a Class A or B commercial driver's license.
- i) Provides a Plant Experience Recruitment and Retention Differential to employees with continuous plant experience as follows:
  - (1) 7 years continuous plant experience provides five (5%) percent;
  - (2) 10 years continuous plant experience provides seven (7%) percent; and

(3) 13 years continuous plant experience provides nine (9%) percent.

### *MISCELLANEOUS*

- 1) As a part of the annual leave cash out program, allows employees to defer leave accruals into 401k or 457 plans.
- 2) Incorporates the Wounded Warriors Transitional Leave Act (Chap. 794, Stat. of 2015), which provides up to 96 hours of additional sick leave for an employee hired on or after January 1, 2016, who is a military veteran with a service-connected disability rated thirty (30%) percent.
- 3) Eliminates Furlough Protection.
- 4) Duration: July 1, 2019 through June 30, 2022.

### **BU 1, 3, 4, 11, 14, 15, 17, 20, and 21**

The Service Employees International Union represents BUs 1, 3, 4, 11, 15, 17, 20, and 21 which includes a total of approximately 100,254 full-time equivalents. These employees perform many different types of jobs across numerous state departments and include accounting officers, auditors, analysts, and information technology analysts.

### *RETIREMENT*

- 1) Employee Pension Contribution
  - a) Effective July 1, 2023, the employee contribution rates for Miscellaneous, Safety and Industrial members shall increase by one half percent (0.50%) over the current contribution levels.

### *HEALTH BENEFITS*

- 1) Employer Contribution for Active State Employees
  - a) The state's monthly benefit contribution for Bargaining Unit (Unit) 3 employees 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 adjusted as appropriate pursuant to the formulas on January 1, 2021, January 1, 2022, and January 1, 2023.
- 2) Improving Affordability and Access to HealthCare

- a) Effective July 1, 2020, all SEIU employees enrolled in a CalPERS health plan will receive a monthly payment of two hundred and sixty dollars (\$260) per month.

## *COMPENSATION*

### 1) General Salary Increases

- a) Effective July 1, 2020, all SEIU employees shall receive a two and one half percent (2.5%) GSI.
- b) Effective July 1, 2021, all SEIU employees shall receive a two percent (2%) GSI.
- c) Effective July 1, 2022, all SEIU employees shall receive a two and one half percent (2.5%) GSI.

### 2) Special Salary Adjustment

- a) Effective July 1, 2020, Corporation Examiners shall receive an SSA of approximately 10.25 percent (10.25%).
- b) Effective July 1, 2020, employees in the following classifications shall receive an SSA of five percent (5%):
  - Insurance Rate Analysts, various State Auditors, Transportation Analysts, Information Technology, Driver Safety Hearing Officer, Personnel and Payroll Specialists, Environmental Planners, Right of Way Agents, Transportation Planners, Hearing Reporters, State Historians, Financial Institutions Examiners, Librarians, various teachers, Motor Vehicle Representatives, Senior Motor Vehicle Technicians, Control Cashiers, Laboratory Assistants, Habitat Specialists, various Engineering Associates, Graphic Designers, Digital Composition Specialists, Printing Operations Assistants and Planners, Beauty and Barbershop Managers, Bakers, Seamers, Public Health nurses, Nurse Evaluators, Health Services Specialists, Nurse Consultants, Night Attendants, Counselors, Teaching Assistants, Transportation Programs Consultant, and Education Consultants

### 3) Minimum Wage

- a) The minimum hourly rate for all SEIU employees will be increased from thirteen dollars (\$13) to fifteen dollars (\$15) per hour on July 31, 2020.
- b) Various classifications will receive an SSA on July 31, 2020, to address compaction concerns as a result of minimum wage increasing from thirteen dollars (\$13) to fifteen dollars (\$15) per hour.

### 4) Miscellaneous Compensation Increases

- a) All Units



- 1) Effective July 1, 2020, a new geographic pay differential of two hundred and fifty dollars (\$250) per month will be provided to all SEIU employees working in Santa Barbara, Santa Cruz, San Luis Obispo or Orange County.
- 2) Effective the pay period following ratification, the Bilingual Pay Differential will be increased from one hundred dollars (\$100) per month to two hundred dollars (\$200) per month.
- 3) Effective the pay period following ratification, the Commute Program Reimbursements will be increased by thirty five dollars (\$35) per month.

b) Unit 1

- 1) Effective September 1, 2019, the personnel and payroll specialist geographic pay differential (Pay Differential 211) will be expanded to include employees working in Alameda County.
- 2) Effective July 1, 2020, the PERS and STRS performance and recognition pay differential will be expanded to include the Investment Officer II classification.

c) Units 1 and 4

- 1) Effective January 1, 2020, Correctional Case Records Analysts and Technicians will be eligible to receive an annual recruitment and retention pay differential of twenty four hundred dollars (\$2,400).

d) Unit 4

- 1) Effective the pay period following ratification, all of the call center pay differentials will be increased from one hundred dollars (\$100) per month to one hundred and fifty dollars (\$150) per month.

e) Unit 17

- 1) Effective July 1, 2020, Registered Nurses working for the State Special Schools will receive a five percent (5%) recruitment and retention pay differential.

*MISCELLANEOUS*

- 1) Establishes a Joint Task Force to make recommendations regarding civil service classifications that may be affected by new and emerging technologies and possible training/education or apprenticeship programs to ensure a viable workforce for the future.

2) Unit 3

- a) Clarified retirement options for new eligible Unit 3 employees to choose either CalPERS or CalSTRS retirement consistent with current statutes (Chapter 838, Statutes of 1997).
  - b) Recognizes academic credits earned through California Commission on Teacher Credentialing (CCTC) to be considered for salary advancement. Strengthens the need for continuing education and trade experience in more than a singular academia.
- 3) Unit 15
- a) Provides protection to employees by not being mandated overtime on their pre-approved time off and limits the number of continuous hours of work to 16 hours in a 24-hour period.
- 4) Unit 17
- a) Commitment to reduce mandated overtime with first reduction occurring January 1, 2020, and further reductions by no later than July 1, 2022.
- 5) Unit 20
- a) Commitment to reduce mandated overtime with first reduction occurring January 1, 2020 and further reductions by no later than July 1, 2022.
  - b) Extends continuing education leave for Medical Assistant classification consistent with their license/certification requirements.
- 6) Duration: January 2, 2020 through June 30, 2023.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Farra Bracht / BUDGET / (916) 319-2099

Date of Hearing: September 11, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 121 (Committee on Budget and Fiscal Review) – As Amended August 27, 2019

**SUBJECT:** Social services

**SUMMARY:** Provides for statutory clean-up changes necessary to enact human services related provisions of the Budget Act of 2019. As part of the 2019-20 budget package, Assembly Bill 121 makes statutory changes to implement the budget act.

Specifically, **this bill:**

1. Includes clarifying language to condition recent statutory changes regarding discharging of overpayments to take effect beginning when the Statewide Automated Welfare System (SAWS) can automate those provisions.
2. Clarifies that, upon establishing initial or ongoing eligibility for Stage 1 childcare services, a family is considered to meet all eligibility and need requirements and be authorized for not less than 12 months, or until the participant is transferred to the second stage of childcare.
3. Requires that the written notice regarding childcare services, including the 12-month continuous eligibility, inform CalWORKs applicants and recipients of the name and contact information for the local childcare resource and referral program to be effective immediately.
4. Requires that the written notice, commencing January 1, 2021, or the date that the automation changes occur in the SAWS, whichever date is later, be provided when the recipient reports new or increased participation in a program activity.
5. Requires the State Department of Social Services (DSS) to work with counties and other stakeholders to modify applicable CalWORKs notices and forms about childcare to include the new information required to be in the notice and to make the modified notices and forms available at times in addition to the time of application and when an original or amended welfare-to-work plan is signed, such as at the time of orientation, when and where possible and appropriate.
6. Authorizes DSS to implement these provisions by all-county letter or similar directive until regulations are adopted.
7. Reappropriates the balance of a \$43,461,000 appropriation provided in the Budget Act of 2017 to DSS for the Housing and Disability Advocacy Program for the same purpose as the original purpose, and makes those funds available for encumbrance or expenditure until June 30, 2021.

8. Specifies that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the California Constitution.
9. Designates this act as a bill providing for appropriations related to the Budget Act and that it is identified as such in the Budget Bill, and shall take effect immediately.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Nicole Vazquez / BUDGET / (916) 319-2099