

AMENDED IN ASSEMBLY AUGUST 26, 2014

AMENDED IN ASSEMBLY AUGUST 22, 2014

SENATE BILL

No. 879

Introduced by Committee on Budget and Fiscal Review

January 9, 2014

An act to add Sections 12440.6 and 12440.7 to the Government Code, relating to state employees, making an appropriation therefor, ~~and declaring the urgency thereof, to take effect immediately.~~ *to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

SB 879, as amended, Committee on Budget and Fiscal Review. State employees: memoranda of understanding.

Existing law provides that a provision of a memorandum of understanding reached between the state employer and a recognized employee organization representing state civil service employees that requires the expenditure of funds does not become effective unless approved by the Legislature in the annual Budget Act.

This bill would approve provisions of memoranda of understanding entered into between the state employer and State Bargaining Unit 2, the California Attorneys, Administrative Law Judges, and Hearing Officers in State Employment, on August 14, 2014, ~~and~~ State Bargaining Unit 10, the California Association of Professional Scientists, on August 12, 2014, *and State Bargaining Unit 13, the International Union of Operating Engineers, Stationary Engineers, on August 21, 2014*, that require the expenditure of funds, and would provide that these provisions will become effective even if these provisions are approved by the Legislature in legislation other than the annual Budget Act.

The bill would prohibit provisions of the memorandum of understanding approved by this bill that authorize the expenditure of funds from taking effect unless funds for those provisions are specifically appropriated by the Legislature, and would authorize the state employer and the affected employee organization to reopen negotiations on all or part of the memorandum of understanding if those provisions are not approved or fully funded by the Legislature.

The bill would appropriate funds for expenditure in the 2014–15 fiscal year in augmentation of, and for the purpose of, state employee compensation, as provided in the Budget Act of 2014, in accordance with a specified schedule, from the General Fund, unallocated special funds, and other unallocated nongovernmental cost funds. The bill would also appropriate to the Controller from the General Fund, unallocated special funds, including, but not limited to, federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, in the amount necessary for the payment of compensation and employee benefits to state employees for work performed between July 1 and the enactment of the Budget Act in the 2015–16 and 2016–17 fiscal years if the Budget Act is not enacted on or before July 1 in those fiscal years.

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: $\frac{2}{3}$ -majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares that the
 2 purpose of this act is to approve ~~two~~ *three* agreements pursuant to
 3 Section 3517.5 of the Government Code entered into by the state
 4 employer and State Bargaining Units ~~2 and 10~~ *2, 10, and 13*.
 5 SEC. 2. Notwithstanding the Budget Act of 2014 (Chapter 25
 6 of the Statutes of 2014), Provision 7 of Item 9800-001-0001 and
 7 Provision 8 of Items 9800-001-0494 and 9800-001-0988, the
 8 provisions of the memoranda of understanding prepared pursuant
 9 to Section 3517.5 of the Government Code and entered into by the
 10 state employer and State Bargaining Unit 2 dated August 14, 2014,
 11 ~~and~~ State Bargaining Unit 10 dated August 12, 2014, *and State*

1 *Bargaining Unit 13 dated August 21, 2014*, and that require the
2 expenditure of funds are hereby approved for the purposes of
3 subdivision (b) of Section 3517.6 of the Government Code.

4 SEC. 3. The provisions of the memoranda of understanding
5 approved in Section 2 of this act that are scheduled to take effect
6 on or after July 1, 2014, and that require the expenditure of funds,
7 shall not take effect unless funds for those provisions are
8 specifically appropriated by the Legislature. If the Legislature does
9 not approve or fully fund any provision of a memorandum of
10 understanding approved in Section 2 of this act that requires the
11 expenditure of funds, either party to the memorandum may reopen
12 negotiations on all or part of the memorandum of understanding.

13 SEC. 4. Notwithstanding Section 3517.6 of the Government
14 Code, the provisions of the memoranda of understanding approved
15 in Section 2 that require the expenditure of funds shall become
16 effective even if the provisions of the memoranda of understanding
17 are approved by the Legislature in legislation other than the annual
18 Budget Act.

19 SEC. 5. (a) The sum of twelve million six hundred twenty-nine
20 thousand dollars (\$12,629,000) is hereby appropriated for State
21 Bargaining Unit 2 for expenditure in the 2014–15 fiscal year in
22 augmentation of, and for the purpose of, state employee
23 compensation, as provided in Items 9800-001-0001,
24 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget
25 Act of 2014 (Chapter 25 of the Statutes of 2014), in accordance
26 with the following schedule:

27 (1) Three million three hundred forty thousand dollars
28 (\$3,340,000) from the General Fund in augmentation of Item
29 9800-001-0001.

30 (2) Six million two hundred twenty-four thousand dollars
31 (\$6,224,000) from unallocated special funds in augmentation of
32 Item 9800-001-0494.

33 (3) Three million sixty-five thousand dollars (\$3,065,000) from
34 other unallocated nongovernmental cost funds in augmentation of
35 Item 9800-001-0988.

36 (b) The sum of three million one hundred twenty-four thousand
37 dollars (\$3,124,000) is hereby appropriated for State Bargaining
38 Unit 10 for expenditure in the 2014–15 fiscal year in augmentation
39 of, and for the purpose of, state employee compensation, as
40 provided in Items 9800-001-0001, 9800-001-0494, and

1 9800-001-0988 of Section 2.0 of the Budget Act of 2014 (Chapter
2 25 of the Statutes of 2014), in accordance with the following
3 schedule:

4 (1) Five hundred sixty-one thousand dollars (\$561,000) from
5 the General Fund in augmentation of Item 9800-001-0001.

6 (2) One million seven hundred seventeen thousand dollars
7 (\$1,717,000) from unallocated special funds in augmentation of
8 Item 9800-001-0494.

9 (3) Eight hundred forty-six thousand dollars (\$846,000) from
10 other unallocated nongovernmental cost funds in augmentation of
11 Item 9800-001-0988.

12 *(c) The sum of two million three hundred fifty-six thousand*
13 *dollars (\$2,356,000) is hereby appropriated for State Bargaining*
14 *Unit 13 for the expenditure in the 2014–15 fiscal year in*
15 *augmentation of, and for the purpose of, state employee*
16 *compensation, as provided in Items 9800-001-0001,*
17 *9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget*
18 *Act of 2014 (Chapter 25 of the Statutes of 2014), in accordance*
19 *with the following schedule:*

20 *(1) One million six hundred thirty-four thousand dollars*
21 *(\$1,634,000) from the General Fund in augmentation of Item*
22 *9800-001-0001.*

23 *(2) Four hundred eighty-four thousand dollars (\$484,000) from*
24 *unallocated special funds in augmentation of Item 9800-001-0494.*

25 *(3) Two hundred thirty-eight thousand dollars (\$238,000) from*
26 *other unallocated, nongovernmental cost funds in augmentation*
27 *of Item 9800-001-0988.*

28 SEC. 6. Section 12440.6 is added to the Government Code, to
29 read:

30 12440.6. (a) Notwithstanding Section 13340, for the 2015–16
31 fiscal year, if the Budget Act of 2015 is not enacted on or before
32 July 1, 2015, for the memoranda of understanding entered into
33 between the state employer and State Bargaining Unit 2 (effective
34 July 1, 2013, to July 1, 2016, ~~inclusive~~ and *inclusive*), State
35 Bargaining Unit 10 (effective July 2, 2013, to July 1, 2015,
36 *inclusive*), and State Bargaining Unit 13 (effective July 2, 2013,
37 *to July 1, 2016, inclusive*), there is hereby continuously
38 appropriated to the Controller from the General Fund, unallocated
39 special funds, including, but not limited to, federal funds and
40 unallocated nongovernmental cost funds, and any other fund from

1 which state employees are compensated, the amount necessary for
2 the payment of compensation and employee benefits to state
3 employees covered by the above memoranda of understanding
4 until the Budget Act of 2015 is enacted. The Controller may expend
5 an amount no greater than necessary to enable the Controller to
6 compensate state employees covered by the above memoranda of
7 understanding for work performed between July 1, 2015, of the
8 2015–16 fiscal year, and the enactment of the Budget Act of 2015.

9 (b) If the memoranda of understanding entered into between
10 the state employer and State Bargaining Unit 2 (effective July 1,
11 2, 2013, to July 1, 2016, ~~inclusive~~) and *inclusive*), State Bargaining
12 Unit 10 (effective July 2, 2013, to July 1, 2015, ~~inclusive~~)
13 *inclusive*), and State Bargaining Unit 13 (effective July 2, 2013,
14 to July 1, 2016, *inclusive*) are in effect and approved by the
15 Legislature, the compensation and contribution for employee
16 benefits for state employees represented by these bargaining units
17 shall be at a rate consistent with the applicable memorandum of
18 understanding referenced above.

19 (c) Expenditures related to any warrant drawn pursuant to
20 subdivision (a) are not augmentations to the expenditure authority
21 of a department. Upon the enactment of the Budget Act of 2015,
22 these expenditures shall be subsumed by the expenditure authority
23 approved in the Budget Act of 2015 for each affected department.

24 (d) This section shall only apply to an employee covered by the
25 terms of State Bargaining Unit 2 (effective July 1, 2, 2013, to July
26 1, 2016, ~~inclusive~~) and *inclusive*), State Bargaining Unit 10
27 (effective July 2, 2013, to July 1, 2015, ~~inclusive~~) *inclusive*), and
28 State Bargaining Unit 13 (effective July 2, 2013, to July 1, 2016,
29 *inclusive*) memoranda of understanding. Notwithstanding Section
30 3517.8, this section shall not apply after the terms of the
31 memoranda of understanding have expired. For purposes of this
32 section, the memorandum of understanding for State Bargaining
33 Unit 2 expires on July 1, 2016, ~~and~~ the memorandum of
34 understanding for State Bargaining Unit 10 expires on July 1, 2015.
35 2015, and the memorandum of understanding for State Bargaining
36 Unit 13 expires on July 1, 2016.

37 SEC. 7. Section 12440.7 is added to the Government Code, to
38 read:

39 12440.7. (a) Notwithstanding Section 13340, for the 2016–17
40 fiscal year, if the Budget Act of 2016 is not enacted on or before

1 July 1, 2016, for the ~~memorandum~~ *memoranda* of understanding
 2 entered into between the state employer and State Bargaining Unit
 3 2 (effective July 1, 2013, to July 1, 2016, ~~inclusive~~), *inclusive*)
 4 and State Bargaining Unit 13 (effective July 2, 2013, to July 1,
 5 2016, *inclusive*), there is hereby continuously appropriated to the
 6 Controller from the General Fund, unallocated special funds,
 7 including, but not limited to, federal funds and unallocated
 8 nongovernmental cost funds, and any other fund from which state
 9 employees are compensated, the amount necessary for the payment
 10 of compensation and employee benefits to state employees covered
 11 by the above ~~memorandum~~ *memoranda* of understanding until the
 12 Budget Act of 2016 is enacted. The Controller may expend an
 13 amount no greater than necessary to enable the Controller to
 14 compensate state employees covered by the above ~~memorandum~~
 15 *memoranda* of understanding for work performed before July 1,
 16 2016, of the 2016–17 fiscal year.

17 (b) If the ~~memorandum~~ *memoranda* of understanding entered
 18 into between the state employer and State Bargaining Unit 2
 19 (effective July 1, 2013, to July 1, 2016, *inclusive*) ~~is~~ and State
 20 Bargaining Unit 13 (effective July 2, 2013, to July 1, 2016,
 21 *inclusive*) are in effect and approved by the Legislature, the
 22 compensation and contribution for employee benefits for state
 23 employees represented by ~~this bargaining unit~~ *these bargaining*
 24 *units* shall be at a rate consistent with the applicable memorandum
 25 of understanding referenced above.

26 (c) Expenditures related to any warrant drawn pursuant to
 27 subdivision (a) are not augmentations to the expenditure authority
 28 of a department. Upon the enactment of the Budget Act of 2016,
 29 these expenditures shall be subsumed by the expenditure authority
 30 approved in the Budget Act of 2016 for each affected department.

31 (d) This section shall only apply to an employee covered by the
 32 ~~term~~ *terms* of the State Bargaining Unit 2 (effective July 1, 2013,
 33 to July 1, 2016, *inclusive*) ~~memorandum~~ and State Bargaining
 34 Unit 13 (effective July 2, 2013, to July 1, 2016, *inclusive*)
 35 *memoranda* of understanding. Notwithstanding Section 3517.8,
 36 this section shall not apply after the ~~term~~ *terms* of the ~~memorandum~~
 37 *memoranda* of understanding ~~has~~ *have* expired. For purposes of
 38 this section, the memorandum of understanding for State
 39 Bargaining Unit 2 expires on July 1, ~~2016~~. 2016, and the

1 *memorandum of understanding for State Bargaining Unit 13*
2 *expires on July 1, 2016.*

3 ~~SEC. 8. This act is an urgency statute necessary for the~~
4 ~~immediate preservation of the public peace, health, or safety within~~
5 ~~the meaning of Article IV of the Constitution and shall go into~~
6 ~~immediate effect. The facts constituting the necessity are:~~

7 ~~In order for the provisions of this act to be applicable as soon as~~
8 ~~possible in the 2014–15 fiscal year, and thereby facilitate the~~
9 ~~orderly administration of state government at the earliest possible~~
10 ~~time, it is necessary for this act to take effect immediately.~~

11 *SEC. 8. This act is a bill providing for appropriations related*
12 *to the Budget Bill within the meaning of subdivision (e) of Section*
13 *12 of Article IV of the California Constitution, has been identified*
14 *as related to the budget in the Budget Bill, and shall take effect*
15 *immediately.*