

AMENDED IN ASSEMBLY SEPTEMBER 10, 2015

AMENDED IN ASSEMBLY SEPTEMBER 4, 2015

AMENDED IN ASSEMBLY AUGUST 24, 2015

**SENATE BILL**

**No. 99**

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**Introduced by Committee on Budget and Fiscal Review**

January 9, 2015

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An act to amend Sections 18546, 18990, 18991, 18992, 18993, 19057.1, 19057.3, 19889, 19889.2, ~~and 19889.3~~ 19889.3, and 22879 of, to add ~~Section 19889.4~~ Sections 19829.9840, 19829.9841, 19889.4, 22871.3, 22874.2, and 22944.5 to, and to repeal Sections 19057, 19057.2, and 19057.4 of, the Government Code, relating to ~~state civil service;~~ *public employment*, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 99, as amended, Committee on Budget and Fiscal Review. State ~~civil service;~~ *public employment*.

*(1) 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 Professional Engineers in California Government, State Bargaining Unit 9, and the California Association of Professional Scientists, State Bargaining Unit 10, 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 memoranda of understanding approved by the bill that require the expenditure of funds from taking effect unless funds for those provisions are specifically appropriated by the Legislature. The bill would require the state employer and the affected employee organization to meet and confer to renegotiate the affected provisions if funds for those provisions are not specifically appropriated by the Legislature. The bill would appropriate to the Controller from the General Fund, unallocated special funds, including federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the memoranda of understanding described above if the Budget Act is not enacted on or before July 1 in the 2016–17 or 2017–18 fiscal years, as specified.*

(1)

(2) The California Constitution provides that the civil service includes every officer and employee in the state except as otherwise provided in the Constitution, and existing statutory law, the State Civil Service Act, prescribes a comprehensive civil service personnel system for the state. The act grants eligibility for promotional civil service examinations and career executive assignment examinations to persons who meet certain requirements and minimum qualifications and who are employed by the Legislature, persons who are retired from the United States armed forces, honorably discharged from active military duty with a service-connected disability, or honorably discharged from active duty, or persons who were employees of the executive branch in exempt positions.

This bill would revise eligibility standards applicable to people who were employed by the Legislature, people who retired or were discharged from the armed forces, and people who were formerly employed in exempt, executive branch positions, as described above, to permit them, upon request, to obtain civil service appointment list eligibility by taking promotional exams or career executive exams for which they meet minimum qualifications, as specified. The bill would eliminate the requirement that an employee or veteran, in this context, select only one promotional examination in which to compete when multiple examinations are given. Among other things, the bill would also remove a time limit on this eligibility granted to specified former

employees of the Legislature and employees of the executive branch in exempt positions.

(2)

(3) Existing law generally requires that appointments to vacant positions be made by lists. Existing law requires, with specified exceptions, that an appointing power receive the names and addresses of the three persons highest on a promotional employment list for the class in which a position belongs, and if there are fewer than three names, as specified, additional names are provided from the various lists next lower in order of preference. Existing law prescribes requirements for providing names to an appointing power for positions designated as management and specifies a method of ranking eligible candidates in this context. Existing law prescribes requirements for providing names to an appointing power for positions designated as supervisory and not professional, scientific, or administrative, and that are not examined for on an open basis, and specifies a method of ranking eligible candidates in this context. Existing law requires an appointing power to fill a position from the names of the persons provided.

This bill would repeal these provisions and make conforming changes.

(3)

(4) Existing law provides for career executive assignments to encourage the development for well-qualified executives and requires the State Personnel Board to establish, by a rule, a system of merit personnel administration specifically suited to the selection and placement of executive personnel. The State Civil Service Act defines career executive. Existing law requires the State Personnel Board, by rule, to provide that employees whose appointments to career executive assignments are terminated to be reinstated to civil service positions, as specified, at their option.

This bill would revise the definition of career executive to eliminate the requirement that the person have permanent status in the civil service. This bill would provide that various provisions relating to personnel examinations don't apply to career executive assignments unless provided for by rule, as specified. The bill would grant reinstatement rights to employees who at the time of appointment to a career executive assignment were not employed by the state but who had previously worked for it and had gained permanent civil service status. The bill would grant an employee ~~who~~ *who*, at the time of his or her appointment to a career executive ~~assignment~~ *assignment*, was from outside civil service the right to defer examination for any open

eligible list, as specified, in existence at the time of the termination of the career executive assignment for which he or she meets the minimum qualifications of the class to which appointment is sought. The bill would require, in this regard, that related experience gained in a career executive assignment be considered state civil service experience in a comparable class, as specified.

*(5) The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System, prescribes methods for calculating the state employer contribution for postemployment health care benefits for eligible retired public employees and their families and for the vesting of these benefits. PEMHCA requires the employer contribution for an employee or annuitant who is in employment or retired from state service to be adjusted by the Legislature in the annual Budget Act, as specified. PEMHCA prescribes different ways of calculating the employer contributions for employees and annuitants depending on date of hire, years of service, and bargaining unit.*

*This bill, for state employees who are first employed and become members of the retirement system on or after January 1, 2016, and are represented by State Bargaining Unit 9 or 10, as specified, would limit the employer contribution for annuitants to 80% of the weighted average of the health benefit plan premiums for an active employee enrolled for self-alone, during the benefit year to which the formula is applied, for the 4 health benefit plans with the largest state civil service enrollment, as specified. The bill would similarly limit the employer contribution for an enrolled family member of an annuitant to 80% of the weighted average of the additional premiums required for enrollment of those family members during the benefit year to which the formula is applied. The bill would similarly limit employer contributions for annuitants enrolled in Medicare health benefit plans.*

*(6) PEMHCA requires state employees to have a specified number of years of state service, depending on hiring date and other factors, before they may receive any portion of the employer contribution payable for annuitants for postretirement health benefits and increases the percentage they may receive based upon additional years of service.*

*This bill would prohibit state employees who are first employed and become members of the retirement system on or after January 1, 2016, and are represented by State Bargaining Unit 9 or 10, as specified, from receiving any portion of the employer contribution payable for annuitants unless the person is credited with at least 15 years of state*

*service at the time of retirement. The bill would prescribe the percentage of the employer contribution payable for postretirement health benefits for an employee based on the number of completed years of credited state service at retirement, with 50% after 15 credited years of service, and 100% after 25 or more years of service.*

*(7) PEMHCA requires that an employee or annuitant who is enrolled in, or whose family member is enrolled in, a Medicare health benefit plan be paid the amount of the Medicare Part B premiums, as specified, and prohibits this payment from exceeding the difference between the maximum employer contribution and the amount contributed by the employer toward the cost of premiums for the health benefit plan in which the employee or annuitant and his or her family members are enrolled.*

*This bill would prohibit application of this requirement to state employees who are first employed and become members of the retirement system on or after January 1, 2016, and are represented by State Bargaining Unit 9 or 10, as specified.*

*(8) PEMHCA establishes the Public Employees' Contingency Reserve Fund for the purpose of funding health benefits and funding administrative expenses. PEMHCA establishes the Annuitants' Health Care Coverage Fund, which is continuously appropriated, for the purpose of prefunding of health care coverage for annuitants, including administrative costs. PEMHCA defines "prefunding" for these purposes.*

*This bill would require the state and employees of State Bargaining Unit 9 or 10 to prefund retiree health care with the goal of reaching a 50% cost sharing of normal costs by July 1, 2019. The bill would prescribe schedules of contribution percentages in this regard for the state and these employees, based upon bargaining unit, with the moneys to be deposited in the Annuitants' Health Care Coverage Fund. By depositing new revenue in a continuously appropriated fund, this bill makes an appropriation.*

*(9) The bill would make an appropriation from the General Fund of \$300,000 to the Department of Finance for the purpose of funding the posting on the department's Internet Web site of all budget requests included as part of the Governor's Budget.*

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

*Vote: 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 one of*  
2 *the purposes of this act is to approve two agreements entered into*  
3 *by the state employer and State Bargaining Unit 9 and 10 pursuant*  
4 *to Section 3517.5 of the Government Code.*

5     *SEC. 2. The provisions of the memoranda of understanding*  
6 *prepared pursuant to Section 3517.5 of the Government Code and*  
7 *entered into by the state employer and State Bargaining Unit 9,*  
8 *dated August 31, 2015, and State Bargaining Unit 10, dated*  
9 *September 4, 2015, and that require the expenditure of funds, are*  
10 *hereby approved for the purposes of subdivision (b) of Section*  
11 *3517.6 of the Government Code.*

12     *SEC. 3. The provisions of the memoranda of understanding*  
13 *approved in Section 2 of this act that require the expenditure of*  
14 *funds shall not take effect unless funds for these provisions are*  
15 *specifically appropriated by the Legislature. If funds for these*  
16 *provisions are not specifically appropriated by the Legislature,*  
17 *either the state employer or the affected employee organization*  
18 *may reopen negotiations on all or part of the memorandum of*  
19 *understanding.*

20     *SEC. 4. Notwithstanding Section 3517.6 of the Government*  
21 *Code, the provisions of the memoranda of understanding included*  
22 *in Section 2 that require the expenditure of funds shall become*  
23 *effective even if the provisions of the memoranda of understanding*  
24 *are approved by the Legislature in legislation other than the annual*  
25 *Budget Act.*

26     ~~**SECTION 4.**~~

27     *SEC. 5. Section 18546 of the Government Code is amended*  
28 *to read:*

29     18546. “Career executive” means an employee appointed from  
30 an employment list established for the express purpose of providing  
31 a list of persons who are eligible for career executive assignments,  
32 as specified in Article 5 (commencing with Section 18990) of  
33 Chapter 4 and Article 9 (commencing with Section 19889) of  
34 Chapter 2.5 of Part 2.6, in which examination, selection,  
35 classification, salary, tenure, and other conditions of employment  
36 may be varied from those prevailing under Chapter 3 (commencing  
37 with Section 18800) to Chapter 7 (commencing with Section  
38 19570), inclusive, for other employees in the state civil service.

1 ~~SEC. 2.~~

2 *SEC. 6.* Section 18990 of the Government Code is amended  
3 to read:

4 18990. (a) Notwithstanding any other provision of law or rule,  
5 persons employed by the Legislature for two or more consecutive  
6 years shall be given an opportunity, upon request, to obtain civil  
7 service appointment list eligibility by taking any promotional civil  
8 service examination or career executive assignment examinations  
9 for which they meet the minimum qualifications of the class for  
10 which they seek appointment. Persons receiving passing scores  
11 shall gain list eligibility for appointment. In evaluating minimum  
12 qualifications, a person's legislative experience shall be considered  
13 state civil service experience in a comparable class that has the  
14 same or substantially similar duties and responsibilities as the  
15 person's legislative position.

16 (b) Persons who meet the requirements of this section, but who  
17 resigned or were released from service with the Legislature, shall  
18 be eligible to take promotional civil service examinations and  
19 career executive assignment examinations in accordance with  
20 subdivision (a).

21 ~~SEC. 3.~~

22 *SEC. 7.* Section 18991 of the Government Code is amended  
23 to read:

24 18991. Notwithstanding any other provision of law, persons  
25 retired from the United States military, honorably discharged from  
26 active military duty with a service-connected disability, or  
27 honorably discharged from active duty, shall be eligible to apply  
28 for promotional civil service examinations and career executive  
29 assignment examinations for which they meet the minimum  
30 qualifications of the class to which they seek appointment. Persons  
31 receiving passing scores shall gain list eligibility for appointment.  
32 In evaluating minimum qualifications, the person's military  
33 experience shall be considered state civil service experience in a  
34 comparable class that has the same or substantially similar duties  
35 and responsibilities as the person's position in the military.

36 ~~SEC. 4.~~

37 *SEC. 8.* Section 18992 of the Government Code is amended  
38 to read:

39 18992. (a) Notwithstanding any other provision of law or rule,  
40 persons holding, for two or more consecutive years, nonelected

1 exempt positions in the executive branch of government as defined  
2 in subdivisions (c), (e), (f), (g), (i), and (m) of Section 4 of Article  
3 VII of the Constitution and excluding those positions for which  
4 the salaries are set by statute, shall be given the opportunity, upon  
5 request, to obtain civil service appointment list eligibility by taking  
6 any promotional civil service examination or career executive  
7 assignment examination for which they meet the minimum  
8 qualifications of the class to which they seek appointment. Persons  
9 receiving passing scores shall gain list eligibility for appointment.  
10 In evaluating minimum qualifications, the person's experience in  
11 the exempt position shall be considered state civil service  
12 experience in a comparable class that has the same or substantially  
13 similar duties and responsibilities as the person's exempt position.

14 (b) Persons who meet the requirements of this section, but who  
15 resigned or were released from exempt employment of the  
16 executive branch of government, shall be eligible to take  
17 promotional civil service examinations and career executive  
18 assignment examinations in accordance with subdivision (a).

19 ~~SEC. 5.~~

20 *SEC. 9.* Section 18993 of the Government Code is amended  
21 to read:

22 18993. (a) Notwithstanding any other provision of law, a  
23 legislative or nonelected exempt executive branch employee who  
24 is appointed to a career executive assignment pursuant to Section  
25 18990 or 18992, shall be eligible to compete in his or her  
26 appointing power's promotional examinations for which he or she  
27 meets the minimum qualifications of the class to which he or she  
28 seeks appointment. When such an employee's career executive  
29 assignment is terminated by the appointing power, he or she shall  
30 have the right to request a deferred examination for any  
31 promotional eligible list that his or her appointing power has in  
32 existence at the time of the termination of the career executive  
33 assignment and for which he or she meets the minimum  
34 qualifications of the class to which he or she seeks appointment.

35 (b) A request for a deferred examination pursuant to subdivision  
36 (a) shall be made no later than 10 days after the effective date of  
37 the termination of the career executive assignment. The department  
38 shall administer the deferred examination within 30 days of the  
39 date of the request.

1 ~~SEC. 6.~~

2 *SEC. 10.* Section 19057 of the Government Code is repealed.

3 ~~SEC. 7.~~

4 *SEC. 11.* Section 19057.1 of the Government Code is amended  
5 to read:

6 19057.1. Except for reemployment lists, State Restriction of  
7 Appointment lists, and Limited Examination and Appointment  
8 Program referral lists, there shall be certified to the appointing  
9 power the names and addresses of all those eligibles whose scores,  
10 at the time of certification, represent the three highest ranks on the  
11 employment list for the class, and who have indicated their  
12 willingness to accept appointment under the conditions of  
13 employment specified.

14 For purposes of ranking, scores of eligibles on employment lists  
15 covered by this section shall be rounded to the nearest whole  
16 percent. A rank shall consist of one or more eligibles with the same  
17 whole percentage score.

18 If the names on the list from which certification is being made  
19 represent fewer than three ranks, then, consistent with board rules,  
20 additional eligibles may be certified from the various lists next  
21 lower in order of preference until names from three ranks appear.  
22 If there are fewer than three names available for certification, and  
23 the appointing authority does not choose to appoint from among  
24 these, the appointing authority may demand certification of three  
25 names. In that case, examinations shall be conducted until at least  
26 three names may be certified by the procedure described in this  
27 section, and the appointing authority shall fill the position by  
28 appointment of one of the persons certified.

29 Fractional examination scores shall be provided to, and used by,  
30 the Department of the California Highway Patrol for its peace  
31 officer classes.

32 The department may, consistent with board rules, provide for  
33 certifying less than three ranks where the size of the certified group  
34 is disproportionate to the number of vacancies.

35 ~~SEC. 8.~~

36 *SEC. 12.* Section 19057.2 of the Government Code is repealed.

37 ~~SEC. 9.~~

38 *SEC. 13.* Section 19057.3 of the Government Code is amended  
39 to read:

1 19057.3. (a) For a position in the Department of Corrections  
 2 and Rehabilitation, there shall be certified to the appointing power  
 3 the names and addresses of all those eligibles for peace officer and  
 4 closely allied classes whose scores, at the time of certification,  
 5 represent the three highest ranks on the employment list for the  
 6 class in which the position belongs and who have indicated their  
 7 willingness to accept appointment under the conditions of  
 8 employment specified.

9 (b) For purposes of ranking, scores of eligibles on employment  
 10 lists for the classes shall be rounded to the nearest whole percent.  
 11 A rank consists of one or more eligibles with the same whole  
 12 percentage score.

13 (c) If fewer than three ranks of persons willing to accept  
 14 appointment are on the list from which certification is to be made,  
 15 then additional eligibles shall be certified from the various lists  
 16 next lower in order of preference until names from three ranks are  
 17 certified. If there are fewer than three names on those lists, and  
 18 the appointing power does not choose to appoint from among these,  
 19 the appointing power may demand certification of three names  
 20 and examinations shall be conducted until at least three names  
 21 may be certified. The appointing power shall fill the position by  
 22 the appointment of one of the persons certified.

23 (d) The department may, consistent with board rules, provide  
 24 for certifying less than three ranks where the size of the certified  
 25 group is disproportionate to the number of vacancies.

26 (e) The department may, consistent with board rules, allow for  
 27 the names of eligibles to be transferred from lists for the same  
 28 class or comparable classes where names from one list were  
 29 certified under the rule of three ranks, and names from the other  
 30 list were certified under the rule of three names.

31 ~~SEC. 10.~~

32 *SEC. 14.* Section 19057.4 of the Government Code is repealed.

33 *SEC. 15.* *Section 19829.9840 is added to the Government Code,*  
 34 *to read:*

35 *19829.9840. (a) Notwithstanding Section 13340, for the*  
 36 *2016–17 fiscal year, if the Budget Act of 2016 is not enacted by*  
 37 *July 1, 2016, for the memoranda of understanding entered into*  
 38 *between the state employer and State Bargaining Unit 9 (effective*  
 39 *July 2, 2015, to June 30, 2018, inclusive) and State Bargaining*  
 40 *Unit 10 (effective July 2, 2015, to July 1, 2018, inclusive), there*

1 *is hereby continuously appropriated to the Controller from the*  
2 *General Fund, unallocated special funds, including, but not limited*  
3 *to, federal funds and unallocated nongovernmental cost funds,*  
4 *and any other fund from which state employees are compensated,*  
5 *the amount necessary for the payment of compensation and*  
6 *employee benefits to state employees covered by the above*  
7 *memoranda of understanding until the Budget Act of 2016 is*  
8 *enacted. The Controller may expend an amount no greater than*  
9 *necessary to enable the Controller to compensate state employees*  
10 *covered by the above memoranda of understanding for work*  
11 *performed between July 1, 2016, of the 2016–17 fiscal year, and*  
12 *the enactment of the Budget Act of 2016.*

13 *(b) If the memoranda of understanding entered into between*  
14 *the state employer and State Bargaining Unit 9 (effective July 2,*  
15 *2015, to June 30, 2018, inclusive) and State Bargaining Unit 10*  
16 *(effective July 2, 2015, to July 1, 2018, inclusive) are in effect and*  
17 *approved by the Legislature, the compensation and contribution*  
18 *for employee benefits for state employees represented by these*  
19 *bargaining units shall be at a rate consistent with the applicable*  
20 *memorandum of understanding referenced above.*

21 *(c) Expenditures related to any warrant drawn pursuant to*  
22 *subdivision (a) are not augmentations to the expenditure authority*  
23 *of a department. Upon the enactment of the Budget Act of 2016,*  
24 *these expenditures shall be subsumed by the expenditure authority*  
25 *approved in the Budget Act of 2016 for each affected department.*

26 *(d) This section shall only apply to an employee covered by the*  
27 *terms of the State Bargaining Unit 9 (effective July 2, 2015, to*  
28 *June 30, 2018, inclusive) and State Bargaining Unit 10 (effective*  
29 *July 2, 2015, to July 1, 2018, inclusive) memoranda of*  
30 *understanding. Notwithstanding Section 3517.8, this section shall*  
31 *not apply after the term of the memorandum of understanding has*  
32 *expired. For purposes of this section, the memorandum of*  
33 *understanding for State Bargaining Unit 9 expires on June 30,*  
34 *2018, and the memorandum of understanding for State Bargaining*  
35 *Unit 10 expires on July 1, 2018.*

36 *SEC. 16. Section 19829.9841 is added to the Government Code,*  
37 *to read:*

38 *19829.9841. (a) Notwithstanding Section 13340, for the*  
39 *2017–18 fiscal year, if the Budget Act of 2017 is not enacted by*  
40 *July 1, 2017, for the memoranda of understanding entered into*

1 *between the state employer and State Bargaining Unit 9 (effective*  
2 *July 2, 2015, to June 30, 2018, inclusive) and State Bargaining*  
3 *Unit 10 (effective July 2, 2015, to July 1, 2018, inclusive), there*  
4 *is hereby continuously appropriated to the Controller from the*  
5 *General Fund, unallocated special funds, including, but not limited*  
6 *to, federal funds and unallocated nongovernmental cost funds,*  
7 *and any other fund from which state employees are compensated,*  
8 *the amount necessary for the payment of compensation and*  
9 *employee benefits to state employees covered by the above*  
10 *memoranda of understanding until the Budget Act of 2017 is*  
11 *enacted. The Controller may expend an amount no greater than*  
12 *necessary to enable the Controller to compensate state employees*  
13 *covered by the above memoranda of understanding for work*  
14 *performed between July 1, 2017, of the 2017–18 fiscal year, and*  
15 *the enactment of the Budget Act of 2017.*

16 *(b) If the memoranda of understanding entered into between*  
17 *the state employer and State Bargaining Unit 9 (effective July 2,*  
18 *2015, to June 30, 2018, inclusive) and State Bargaining Unit 10*  
19 *(effective July 2, 2015, to July 1, 2018, inclusive) is in effect and*  
20 *approved by the Legislature, the compensation and contribution*  
21 *for employee benefits for state employees represented by these*  
22 *bargaining units shall be at a rate consistent with the applicable*  
23 *memorandum of understanding referenced above.*

24 *(c) Expenditures related to any warrant drawn pursuant to*  
25 *subdivision (a) are not augmentations to the expenditure authority*  
26 *of a department. Upon the enactment of the Budget Act of 2017,*  
27 *these expenditures shall be subsumed by the expenditure authority*  
28 *approved in the Budget Act of 2017 for each affected department.*

29 *(d) This section shall only apply to an employee covered by the*  
30 *terms of the State Bargaining Unit 9 (effective July 2, 2015, to*  
31 *June 30, 2018, inclusive) and State Bargaining Unit 10 (effective*  
32 *July 2, 2015, to July 1, 2018, inclusive) memoranda of*  
33 *understanding. Notwithstanding Section 3517.8, this section shall*  
34 *not apply after the terms of the memoranda of understanding have*  
35 *expired. For purposes of this section, the memorandum of*  
36 *understanding for State Bargaining Unit 9 expires on June 30,*  
37 *2018, and the memorandum of understanding for State Bargaining*  
38 *Unit 10 expires on July 1, 2018.*

1     ~~SEC. 11.~~

2     *SEC. 17.* Section 19889 of the Government Code is amended  
3 to read:

4     19889. It is the purpose of this article to encourage the  
5 development and effective use of well-qualified and carefully  
6 selected executives. In order to carry out this purpose, the State  
7 Personnel Board shall establish by rule a merit system specifically  
8 suited to the selection and placement of executive personnel. The  
9 department shall be responsible for salary administration, position  
10 classification, and for the motivation and training of executive  
11 personnel. For the purpose of administering this system there is  
12 established herewith a category of civil service appointment called  
13 “career executive assignments.” The department shall designate  
14 positions of a high administrative and policy influencing character  
15 for inclusion in or removal from this category subject to review  
16 by the State Personnel Board, except that the department shall not  
17 so designate a position in which there is an incumbent already  
18 appointed under the provisions of this part governing employees  
19 other than career executives.

20     ~~SEC. 12.~~

21     *SEC. 18.* Section 19889.2 of the Government Code is amended  
22 to read:

23     19889.2. The provisions of this part governing the examination,  
24 selection, classification, and tenure of employees in the regular  
25 civil service shall not apply to “career executive assignments”  
26 unless provided for by State Personnel Board rule. The provisions  
27 of this part relating to punitive actions shall apply to all employees  
28 serving in career executive assignments, except that termination  
29 of a career executive assignment as provided for in Section 19889.3  
30 is not a punitive action. State Personnel Board rules shall, at a  
31 minimum, afford all employees whose career executive  
32 assignments are terminated by the appointing power a right of  
33 appeal to the State Personnel Board for restoration of his or her  
34 assignment when he or she alleges that the termination was for  
35 reasons prohibited in Chapter 10 (commencing with Section 19680)  
36 of Part 2.

37     ~~SEC. 13.~~

38     *SEC. 19.* Section 19889.3 of the Government Code is amended  
39 to read:

1 19889.3. (a) Eligibility for appointment to positions in the  
2 career executive assignment category shall be established as a  
3 result of competitive examinations. All candidates shall meet such  
4 minimum qualifications as the State Personnel Board may  
5 determine are requisite to the performance of high administrative  
6 and policy influencing functions.

7 (b) No person employed in a career executive assignment shall  
8 be deemed to acquire as a result of such service any rights to or  
9 status in positions governed by the provisions of this part relating  
10 to the civil service other than the category of career executive  
11 assignment, except as provided by State Personnel Board rule.

12 ~~SEC. 14.~~

13 *SEC. 20.* Section 19889.4 is added to the Government Code,  
14 to read:

15 19889.4. In accordance with State Personnel Board rules, the  
16 following shall apply when an appointing power terminates a career  
17 executive assignment:

18 (a) An employee who at the time of his or her appointment to  
19 a career executive assignment was employed by the state and had  
20 permanent civil service status shall, if he or she so desires, be  
21 reinstated to a civil service position that is (1) not a career executive  
22 assignment and (2) that is at least at the same salary level as the  
23 last position that he or she held as a permanent or probationary  
24 employee. If the employee had completed a minimum of five years  
25 of state service, he or she may return to a position that is (1) at  
26 substantially the same salary level as the last position in which he  
27 or she had permanent or probationary status or (2) at a salary level  
28 that is at least two steps lower than that of the career executive  
29 position from which the employee is being terminated.

30 (b) Article 5 (commencing with Section 19140) of Chapter 5  
31 of Part 2 shall apply to an employee who at the time of his or her  
32 appointment to a career executive assignment was not employed  
33 by the state but who had previously worked for the state and gained  
34 permanent civil service status.

35 (c) (1) An employee who at the time of his or her appointment  
36 to a career executive assignment was from outside civil service  
37 shall have the right to request a deferred examination for any open  
38 eligible list that his or her appointing power or the department has  
39 in existence at the time of the termination of the career executive  
40 assignment and for which he or she meets the minimum

1 qualifications of the class to which he or she seeks appointment.  
2 Whether the employee takes a deferred examination or other open  
3 civil service examination, for purposes of evaluating whether he  
4 or she meets the minimum qualifications of the class to which he  
5 or she seeks appointment, related experience gained in a career  
6 executive assignment shall be considered as state civil service  
7 experience in a comparable class.

8 (2) A request for a deferred examination pursuant to paragraph  
9 (1) shall not be made later than 10 days after the effective date of  
10 the termination of the career executive assignment. The department  
11 or its designee shall administer the deferred examination within  
12 30 days of the date of the request.

13 *SEC. 21. Section 22871.3 is added to the Government Code,*  
14 *to read:*

15 *22871.3. (a) The employer contribution for each annuitant*  
16 *enrolled in a basic plan shall be an amount equal to 80 percent*  
17 *of the weighted average of the health benefit plan premiums for*  
18 *an employee or annuitant enrolled for self-alone, during the benefit*  
19 *year to which the formula is applied, for the four health benefit*  
20 *plans that had the largest active state civil service enrollment,*  
21 *excluding family members, during the previous benefit year. For*  
22 *each annuitant with enrolled family members, the employer*  
23 *contribution shall be an amount equal to 80 percent of the weighted*  
24 *average of the additional premiums required for enrollment of*  
25 *those family members, during the benefit year to which the formula*  
26 *is applied, in the four health benefit plans that had the largest*  
27 *active state civil service enrollment, excluding family members,*  
28 *during the previous benefit year.*

29 *(b) The employer contribution for each annuitant enrolled in a*  
30 *Medicare health benefit plan in accordance with Section 22844*  
31 *shall be an amount equal to 80 percent of the weighted average*  
32 *of the health benefit plan premiums for an annuitant enrolled in*  
33 *a Medicare health benefit plan for self-alone, during the benefit*  
34 *year to which the formula is applied, for the four Medicare health*  
35 *benefit plans that had the largest state annuitant enrollment,*  
36 *excluding family members, during the previous benefit year. For*  
37 *each annuitant with enrolled family members, the employer*  
38 *contribution shall be an amount equal to 80 percent of the weighted*  
39 *average of the additional premiums required for enrollment of*  
40 *those family members, during the benefit year to which the formula*

1 is applied, in the four Medicare health benefit plans that had the  
2 largest state annuitant enrollment, excluding family members,  
3 during the previous benefit year. If the annuitant is eligible for  
4 Medicare Part A, with or without cost, and Medicare Part B,  
5 regardless of whether the annuitant is actually enrolled in  
6 Medicare Part A or Part B, the employer contribution shall not  
7 exceed the amount calculated under this subdivision.

8 (c) This section applies to a state employee who is first employed  
9 by the state and becomes a state member of the system on or after  
10 January 1, 2016, and who is represented by State Bargaining Unit  
11 9 or 10.

12 (d) This section shall also apply to a state employee related to  
13 State Bargaining Unit 9 or 10 who is excepted from the definition  
14 of “state employee” in subdivision (c) of Section 3513 and first  
15 employed by the state and becomes a state member of the system  
16 on or after January 1, 2016.

17 (e) If the provisions of this section are in conflict with the  
18 provisions of a memorandum of understanding reached pursuant  
19 to Section 3517.5 or Chapter 12 (commencing with Section 3560)  
20 of Division 4 of Title 1, the memorandum of understanding shall  
21 be controlling without further legislative action, except that if  
22 those provisions require the expenditure of funds, the provisions  
23 may not become effective unless approved by the Legislature.

24 SEC. 22. Section 22874.2 is added to the Government Code,  
25 to read:

26 22874.2. (a) Notwithstanding Sections 22870, 22871, 22873,  
27 and 22874, a state employee, as defined by subdivision (c) of  
28 Section 3513, who is first employed by the state and becomes a  
29 state member of the system on or after January 1, 2016, and is  
30 represented by State Bargaining Unit 9 or 10 shall not receive any  
31 portion of the employer contribution payable for annuitants unless  
32 the person is credited with 15 years of state service at the time of  
33 retirement.

34 (b) The percentage of the employer contribution payable for  
35 postretirement health benefits for an employee subject to this  
36 section shall be based on the completed years of credited state  
37 service at retirement as shown in the following table:

|    |                                      |                                  |
|----|--------------------------------------|----------------------------------|
| 38 |                                      |                                  |
| 39 | <i>Years of Service Contribution</i> | <i>Credited Years Percentage</i> |
| 40 |                                      | <i>of Employer Contribution</i>  |

1 15..... 50  
2 16..... 55  
3 17..... 60  
4 18..... 65  
5 19..... 70  
6 20..... 75  
7 21..... 80  
8 22..... 85  
9 23..... 90  
10 24..... 95  
11 25 or more..... 100  
12

13 (c) *This section shall apply only to state employees that retire*  
14 *for service. For purposes of this section, “state service” means*  
15 *service rendered as an employee of the state or an appointed or*  
16 *elected officer of the state for compensation.*

17 (d) *This section does not apply to:*

18 (1) *Former state employees previously employed before January*  
19 *1, 2016, who return to state employment on or after January 1,*  
20 *2016.*

21 (2) *State employees hired prior to January 1, 2016, who become*  
22 *subject to representation by State Bargaining Unit 9 or 10 on or*  
23 *after January 1, 2016.*

24 (3) *State employees on an approved leave of absence employed*  
25 *before January 1, 2016, who return to active employment on or*  
26 *after January 1, 2016.*

27 (4) *State employees hired after January 1, 2016, who are first*  
28 *represented by a state bargaining unit other than Bargaining Unit*  
29 *9 or 10, who later become represented by State Bargaining Unit*  
30 *9 or 10.*

31 (e) *Notwithstanding Section 22875, this section shall also apply*  
32 *to a related state employee who is excepted from the definition of*  
33 *“state employee” in subdivision (c) of Section 3513, and is first*  
34 *employed by the state and becomes a state member of the system*  
35 *on or after January 1, 2016.*

36 SEC. 23. *Section 22879 of the Government Code is amended*  
37 *to read:*

38 22879. (a) *The board shall pay monthly to an employee or*  
39 *annuitant who is enrolled in, or whose family member is enrolled*  
40 *in, a Medicare health benefit plan under this part the amount of*

1 the Medicare Part B premiums, exclusive of penalties, except as  
2 provided in Section 22831. This payment may not exceed the  
3 difference between the maximum employer contribution and the  
4 amount contributed by the employer toward the cost of premiums  
5 for the health benefit plan in which the employee or annuitant and  
6 his or her family members are enrolled. No payment may be made  
7 in any month if the difference is less than one dollar (\$1).

8 (b) This section shall be applicable only to state employees,  
9 annuitants who retired while state employees, and the family  
10 members of those persons.

11 (c) With respect to an annuitant, the board shall pay to the  
12 annuitant the amount required by this section from the same source  
13 from which his or her allowance is paid. Those amounts are hereby  
14 appropriated monthly from the General Fund to reimburse the  
15 board for those payments.

16 (d) There is hereby appropriated from the appropriate funds the  
17 amounts required by this section to be paid to active state  
18 employees.

19 (e) *This section does not apply to:*

20 (1) *A state employee who is first employed by the state and*  
21 *becomes a state member of the system on or after January 1, 2016,*  
22 *and who is represented by State Bargaining Unit 9 or 10.*

23 (2) *A state employee related to State Bargaining Unit 9 or 10*  
24 *who is excepted from the definition of "state employee" in*  
25 *subdivision (c) of Section 3513 and is first employed by the state*  
26 *and becomes a state member of the system on or after January 1,*  
27 *2016.*

28 *SEC. 24. Section 22944.5 is added to the Government Code,*  
29 *to read:*

30 *22944.5. (a) The state and employees in State Bargaining Unit*  
31 *9 or 10 shall prefund retiree health care, with the goal of reaching*  
32 *a 50-percent cost sharing of actuarially determined normal costs*  
33 *for both employer and employees by July 1, 2019.*

34 (b) (1) *The employees in State Bargaining Unit 9 shall make*  
35 *contributions to prefund retiree health care based on the following*  
36 *schedule, and the state shall make a matching contribution:*

37 (A) *Effective July 1, 2017, 0.5 percent of pensionable*  
38 *compensation.*

39 (B) *Effective July 1, 2018, an additional 0.5 percent for a total*  
40 *employee contribution of 1.0 percent of pensionable compensation.*

1 (C) Effective July 1, 2019, an additional 1.0 percent for a total  
2 employee contribution of 2.0 percent of pensionable compensation.

3 (2) The employees in State Bargaining Unit 10 shall make  
4 contributions to prefund retiree health care based on the following  
5 schedule, and the state shall make a matching contribution:

6 (A) Effective July 1, 2017, 0.7 percent of pensionable  
7 compensation.

8 (B) Effective July 1, 2018, an additional 0.7 percent for a total  
9 employee contribution of 1.4 percent of pensionable compensation.

10 (C) Effective July 1, 2019, an additional 1.4 percent for a total  
11 employee contribution of 2.8 percent of pensionable compensation.

12 (c) This section only applies to employees in State Bargaining  
13 Unit 9 or 10 who are eligible for health benefits, including  
14 permanent intermittent employees.

15 (d) Contributions paid pursuant to this section shall be deposited  
16 in the Annuitants' Health Care Coverage Fund and shall not be  
17 refundable under any circumstances to an employee in State  
18 Bargaining Unit 9 or 10 or his or her beneficiary or survivor.

19 (e) If the provisions of this section are in conflict with the  
20 provisions of a memorandum of understanding reached pursuant  
21 to Section 3517.5, the memorandum of understanding shall be  
22 controlling without further legislative action, except that if those  
23 provisions of a memorandum of understanding require the  
24 expenditure of funds, the provisions shall not become effective  
25 unless approved by the Legislature in the annual Budget Act.

26 (f) This section shall also apply to a state employee related to  
27 State Bargaining Unit 9 or 10 who is excepted from the definition  
28 of "state employee" in subdivision (c) of Section 3513.

29 ~~SEC. 15.~~

30 SEC. 25. The sum of three hundred thousand dollars (\$300,000)  
31 is hereby appropriated from the General Fund to the Department  
32 of Finance for the purpose of funding the posting on the  
33 department's Internet Web site of all budget requests included as  
34 part of the Governor's Budget.

35 ~~SEC. 16.~~

36 SEC. 26. This act is a bill providing for appropriations related  
37 to the Budget Bill within the meaning of subdivision (e) of Section  
38 12 of Article IV of the California Constitution, has been identified

- 1 as related to the budget in the Budget Bill, and shall take effect
- 2 immediately.

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