



SB-47 Budget Act of 2016. (2017-2018)

SHARE THIS:  

Date Published: 03/15/2017 09:00 PM

Senate Bill No. 47

CHAPTER 2

An act to amend the Budget Act of 2016 (Chapter 23 of the Statutes of 2016) by amending Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of Section 2.00 of, and amending Section 39.00 of, that act, relating to the state budget, and making an appropriation therefor, to take effect immediately, budget bill.

[Approved by Governor March 15 , 2017. Filed with Secretary of State March 15 , 2017.]

LEGISLATIVE COUNSEL'S DIGEST

SB47, Committee on Budget and Fiscal Review . Budget Act of 2016.

The Budget Act of 2016 made appropriations for the support of state government for the 2016–17 fiscal year.

This bill would amend the Budget Act of 2016 by revising items of appropriation and making other changes.

This bill would declare that it is to take effect immediately as a Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Item 9800-001-0001 of Section 2.00 of the Budget Act of 2016 is amended to read:

9800-001-0001—For Augmentation for Employee Compensation
..... 544,647,000

Schedule:

(1) 7800-Employee Compensation
Program 544,647,000

Provisions:

1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
2. The funds appropriated in this item are for compensation increases and increases in benefits related thereto of employees whose compensation, or portion thereof, is chargeable to the General Fund, to

be allocated by budget executive order by the Director of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.

3. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.
4. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as "pending agreements") that have been determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.
5. As of July 31, 2017, the unencumbered balances of the above appropriation shall revert to the General Fund.

6. The Director of Finance may adjust this item of appropriation to reflect the health benefit premiums approved by the Board of Administration of the Public Employees' Retirement System or dental benefit premiums approved by the Department of Human Resources for the 2017 calendar year. Within 30 days of making any adjustment pursuant to this provision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.
7. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, the Department of Finance shall provide written notification to the Joint Legislative Budget Committee regarding any expenditure of funds resulting from any side letter, appendix, or other addendum to a properly ratified memorandum of understanding.
8. Notice provided pursuant to Provision 7 shall include a copy of the side letter, appendix, or other addendum (collectively addendum) and a fiscal summary of any expenditure of funds resulting from the agreement in the 2016–17 fiscal year and future fiscal years. The notice shall indicate whether the Department of Finance determines that an agreement does or does not require legislative action to ratify the addendum before implementation, pursuant to subdivision (a), (b), or (c) of this provision.
 - (a) An addendum to a properly ratified memorandum of understanding may be implemented without legislative action not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if all of the following apply:
 - (1) The agreement results in total net costs of less than \$1,000,000 (all funds) during the 2016–17 fiscal year.
 - (2) Any cost resulting from the agreement can be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
 - (3) The addendum does not present substantial additions that are reasonably outside the parameters of the original memorandum of understanding.
 - (b) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds may be implemented not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if, during the legislative consideration of the 2016–17 Governor's

Budget, the Department of Finance identified to the Legislature both of the following:

- (1) The administration anticipated that the addendum would be signed during the 2016–17 fiscal year.
 - (2) Any costs resulting from the addendum are included in the 2016–17 Governor's Budget or another piece of legislation.
- (c) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds requires legislative action before implementation if any of the following apply:
- (1) The agreement results in total net costs greater than \$1,000,000 (all funds) during the 2016–17 fiscal year.
 - (2) The agreement results in costs that cannot be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
 - (3) The addendum presents substantial additions that are not reasonably within the parameters of the original memorandum of understanding.

9. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, any addendum to a properly ratified memorandum of understanding that is implemented in the 2016–17 fiscal year, pursuant to subdivision (a) of Provision 8 and requires the expenditure of funds beyond the 2016–17 fiscal year that was not approved as part of the Budget Act of 2016, shall be approved by the Legislature as part of the Budget Act of 2017 or through another piece of legislation.
10. The Department of Human Resources shall promptly post on its public Internet Web site all signed addenda. Each addendum shall be posted in its entirety, including any attachments or schedules that are part of the agreement, along with the fiscal summary documents of the agreement.

SEC. 2. Item 9800-001-0494 of Section 2.00 of the Budget Act of 2016 is amended to read:

9800-001-0494—For Augmentation for Employee Compensation,
payable from other unallocated special funds 312,752,000

Schedule:

- (1) 7800-Employee Compensation
Program 312,752,000

Provisions:

1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
2. The funds appropriated in this item are for compensation increases and increases in benefits related thereto of employees whose compensation, or portion thereof, is chargeable to special funds, to be allocated by budget executive order by the Director of Finance to the several state offices, departments,

boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.

3. Notwithstanding any other provision of law, upon approval of the Director of Finance, expenditure authority may be transferred between this item and Item 9800-001-0988 as necessary to fund costs for approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.
4. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision does not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.
5. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as "pending agreements") that have been determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.
6. As of July 31, 2017, the unencumbered balances of the above appropriation shall no longer be available for expenditure.
7. The Director of Finance may adjust this item of appropriation to reflect the health benefit premiums approved by the Board of Administration of the Public Employees' Retirement System or dental benefit premiums approved by the Department of Human Resources for the 2017 calendar year. Within 30 days

of making any adjustment pursuant to this provision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.

8. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, the Department of Finance shall provide written notification to the Joint Legislative Budget Committee regarding any expenditure of funds resulting from any side letter, appendix, or other addendum to a properly ratified memorandum of understanding.
9. Notice provided pursuant to Provision 8 shall include a copy of the side letter, appendix, or other addendum (collectively addendum) and a fiscal summary of any expenditure of funds resulting from the agreement in the 2016–17 fiscal year and future fiscal years. The notice shall indicate whether the Department of Finance determines that an agreement does or does not require legislative action to ratify the addendum before implementation, pursuant to subdivision (a), (b), or (c) of this provision.
 - (a) An addendum to a properly ratified memorandum of understanding may be implemented without legislative action not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if all of the following apply:
 - (1) The agreement results in total net costs of less than \$1,000,000 (all funds) during the 2016–17 fiscal year.
 - (2) Any cost resulting from the agreement can be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
 - (3) The addendum does not present substantial additions that are reasonably outside the parameters of the original memorandum of understanding.
 - (b) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds may be implemented not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if, during the legislative consideration of the 2016–17 Governor's Budget, the Department of Finance identified to the Legislature both of the following:
 - (1) The administration anticipated that the addendum would be signed during the 2016–17 fiscal year.

- (2) Any costs resulting from the addendum are included in the 2016–17 Governor's Budget or another piece of legislation.
- (c) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds requires legislative action before implementation if any of the following apply:
 - (1) The agreement results in total net costs greater than \$1,000,000 (all funds) during the 2016–17 fiscal year.
 - (2) The agreement results in costs that cannot be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
 - (3) The addendum presents substantial additions that are not reasonably within the parameters of the original memorandum of understanding.
10. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, any addendum to a properly ratified memorandum of understanding that is implemented in the 2016–17 fiscal year, pursuant to subdivision (a) of Provision 9 and requires the expenditure of funds beyond the 2016–17 fiscal year that was not approved as part of the Budget Act of 2016, shall be approved by the Legislature as part of the Budget Act of 2017 or through another piece of legislation.
11. The Department of Human Resources shall promptly post on its public Internet Web site all signed addenda. Each addendum shall be posted in its entirety, including any attachments or schedules that are part of the agreement, along with the fiscal summary documents of the agreement.

SEC. 3. Item 9800-001-0988 of Section 2.00 of the Budget Act of 2016 is amended to read:

9800-001-0988—For Augmentation for Employee Compensation, payable from other unallocated nongovernmental cost funds

.....	160,969,000
-------	-------------

Schedule:

- | | |
|--------------------------------|-------------|
| (1) 7800-Employee Compensation | |
| Program | 160,969,000 |

Provisions:

1. The amount appropriated in this item shall not be construed to control or influence collective bargaining between the state employer and employee representatives.
2. The funds appropriated in this item are for employee compensation increases, and increases in benefits related thereto, whose compensation or portion thereof is chargeable to nongovernmental cost funds, to be allocated by budget executive order by the Director of Finance to the several state offices, departments, boards, bureaus, commissions, and other state agencies, in augmentation of their respective appropriations or allocations, in accordance with approved memoranda of understanding or, for employees excluded from

collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.

3. Notwithstanding any other provision of law, upon approval of the Director of Finance, expenditure authority may be transferred between Item 9800-001-0494 and this item as necessary to fund costs for approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.
4. It is the intent of the Legislature that all proposed augmentations for increased employee compensation costs, including, but not limited to, base salary increases, pay increases to bring one group of employees into a pay equity position with another group of public employees, and recruitment and retention differentials, be budgeted and considered on a comprehensive, statewide basis. Therefore, the Legislature declares its intent to reject any proposed augmentations that are not included in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988, given that these are the items where the funds to implement comprehensive statewide compensation policies, including those adopted pursuant to collective bargaining, are considered. This provision shall not apply to augmentations for increased employee compensation costs resulting from mandatory judicial orders to raise pay for any group of employees or augmentations for increased compensation costs, or approvals for departments to provide increased employee compensation levels, that are included in bills separate from the Budget Act.
5. This item contains funds estimated to be necessary to implement side letters, appendices, or other addenda to a memorandum of understanding (collectively referred to as "pending agreements") that have been determined by the Joint Legislative Budget Committee to require legislative approval prior to their implementation, but which may not have been approved in separate legislation as of the date of the passage of this act. In the event that the Legislature does not approve separate legislation to authorize implementation of any of the pending agreements, the Director of Finance shall not allocate any funds related to those pending agreements pursuant to Provision 2, and the expenditure of funds for those pending agreements shall not be deemed to have been approved by the Legislature.
6. As of July 31, 2017, the unencumbered balances of the above appropriation shall no longer be available for expenditure.
7. The Director of Finance may adjust this item of appropriation to reflect the health benefit premiums approved by the Board of Administration of the Public Employees' Retirement System or dental benefit premiums approved by the Department of Human Resources for the 2017 calendar year. Within 30 days of making any adjustment pursuant to this provision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the

committees in each house of the Legislature that consider appropriations.

8. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, the Department of Finance shall provide written notification to the Joint Legislative Budget Committee regarding any expenditure of funds resulting from any side letter, appendix, or other addendum to a properly ratified memorandum of understanding.
9. Notice provided pursuant to Provision 8 shall include a copy of the side letter, appendix, or other addendum (collectively addendum) and a fiscal summary of any expenditure of funds resulting from the agreement in the 2016–17 fiscal year and future fiscal years. The notice shall indicate whether the Department of Finance determines that an agreement does or does not require legislative action to ratify the addendum before implementation, pursuant to subdivision (a), (b), or (c) of this provision.
 - (a) An addendum to a properly ratified memorandum of understanding may be implemented without legislative action not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if all of the following apply:
 - (1) The agreement results in total net costs of less than \$1,000,000 (all funds) during the 2016–17 fiscal year.
 - (2) Any cost resulting from the agreement can be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
 - (3) The addendum does not present substantial additions that are reasonably outside the parameters of the original memorandum of understanding.
 - (b) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds may be implemented not less than 30 calendar days after notice has been provided to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after that notification the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine, if, during the legislative consideration of the 2016–17 Governor's Budget, the Department of Finance identified to the Legislature both of the following:
 - (1) The administration anticipated that the addendum would be signed during the 2016–17 fiscal year.
 - (2) Any costs resulting from the addendum are included in the 2016–17 Governor's Budget or another piece of legislation.

- (c) An addendum to a properly ratified memorandum of understanding that results in any expenditure of funds requires legislative action before implementation if any of the following apply:
 - (1) The agreement results in total net costs greater than \$1,000,000 (all funds) during the 2016–17 fiscal year.
 - (2) The agreement results in costs that cannot be absorbed within the 2016–17 fiscal year appropriation authority of impacted departments.
 - (3) The addendum presents substantial additions that are not reasonably within the parameters of the original memorandum of understanding.
- 10. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, any addendum to a properly ratified memorandum of understanding that is implemented in the 2016–17 fiscal year, pursuant to subdivision (a) of Provision 9, and requires the expenditure of funds beyond the 2016–17 fiscal year that was not approved as part of the Budget Act of 2016, shall be approved by the Legislature as part of the Budget Act of 2017 or through another piece of legislation.
- 11. The Department of Human Resources shall promptly post on its public Internet Web site all addenda. Each addendum shall be posted in its entirety, including any attachments or schedules that are part of the agreement, along with the fiscal summary documents of the agreement.

SEC. 4. Section 39.00 of the Budget Act of 2016 is amended to read:

SEC. 39.00. The Legislature hereby finds and declares that the following bills are other bills providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution: AB 1600, AB 1601, AB 1602, AB 1603, AB 1604, AB 1605, AB 1606, AB 1607, AB 1608, AB 1609, AB 1610, AB 1611, AB 1612, AB 1614, AB 1615, AB 1616, AB 1617, AB 1618, AB 1619, AB 1620, AB 1621, AB 1624, AB 1625, AB 1626, AB 1627, AB 1628, AB 1629, AB 1630, AB 1632, AB 1633, AB 1634, AB 1635, AB 1636, SB 828, SB 829, SB 831, SB 832, SB 833, SB 834, SB 835, SB 836, SB 837, SB 838, SB 839, SB 840, SB 841, SB 842, SB 843, SB 844, SB 845, SB 846, SB 847, SB 848, SB 849, SB 850, SB 851, SB 852, SB 854, SB 855, SB 856, SB 857, SB 858, SB 859, SB 860, SB 861, SB 862, SB 863, SB 864, and SB 865 of the 2015–16 Regular Session and SB 28, SB 48, SB 49, SB 50, and SB 51 of the 2017–18 Regular Session.

SEC. 5. This act is a Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution and shall take effect immediately.