AB-84 Public employment and retirement. (2019-2020)

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Assembly Bill No. 84

CHAPTER 16

An act to amend Sections 22950.6 and 22955.1 of the Education Code, to amend Sections 19827, 19849, 19851, 20825.1, and 20825.2 of, and to add Section 20825.12 to, the Government Code, and to amend Section 11873 of the Insurance Code, relating to public employment and retirement, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 29, 2020. Filed with Secretary of State June 29, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

AB 84, Committee on Budget. Public employment and retirement.

(1) Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program. The Defined Benefit Program is funded by employer and employee contributions, investment returns, and state appropriations, which are deposited or credited to the Teachers' Retirement Fund, which is continuously appropriated. Existing law appropriates $2,246,000,000 from the General Fund for the 2018–19 fiscal year to the Teachers' Retirement Fund for the Defined Benefit Program, to be apportioned in specified amounts to the credit of required employer contributions for the 2019–20 and 2020–21 fiscal years, pursuant to the direction of the Department of Finance. For the 2020–21 fiscal year, the apportioned payment to the Teachers' Retirement Fund is an amount to pay in advance a part of the contributions required of the employers for the 2020–21 fiscal year that results in a reduction of employer contributions of 0.70 percentage point for that fiscal year from the percentage set by another specified provision. Existing law requires the uncommitted remainder of the payment to be allocated to reducing the employers' unfunded actuarial obligations, as specified.

This bill would revise the application of the 2018–19 fiscal year General Fund appropriation described above. For the 2020–21 fiscal year, the apportioned payment amount would be revised to an amount to pay in advance on behalf of employers a part of the employer contributions for the 2020–21 fiscal year that results in employers having to contribute 2.95 percentage points less in the 2020–21 fiscal year than the percentage set by another specified provision. The bill would authorize an additional apportionment for the 2021–22 fiscal year that would result in employers having to contribute 2.18 percentage points less in the 2021–22 fiscal year than the percentage set by the board pursuant to another specified provision. The bill would make a conforming change regarding the uncommitted remainder of the payment to reflect the additional allocation for the 2021–22 fiscal year. By authorizing the application of an appropriation for a new purpose, this bill would make an appropriation.

This bill, for the 2020–21 fiscal year, would require that the percentage set by the Teachers' Retirement Board for the 2019–20 fiscal year govern the state appropriation to the Teachers' Retirement Fund to eliminate the unfunded actuarial obligation, as described above. The bill would prohibit the board from increasing or decreasing this percentage for the 2020–21 fiscal year. The bill would specify that its provisions do not prevent payments towards the unfunded actuarial obligation from being made from other sources.

The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS) for the purpose of providing pension and benefits to state employees and their beneficiaries and prescribes the rights and duties of employers participating in the system. Under PERL, benefits are funded generally by investment income and employer and employee contributions, which are deposited into the Public Employees' Retirement Fund, which is continuously appropriated. Existing law appropriates $904,000,000 from the General Fund for the 2018–19 fiscal year to the Public Employees' Retirement Fund, for payments relating to school employer contributions and unfunded liabilities, pursuant to the direction of the Department of Finance. In this regard, existing law apportions $100,000,000 for advance payments of required school employer contributions for the 2020–21 fiscal year and apportions $660,000,000 for the unfunded liabilities of school employers whose assets and liabilities are merged, as specified.

This bill would revise the application of the 2018–19 fiscal year General Fund appropriation described above. The bill would increase the apportionment for advance payments of required school employer contributions for the 2020–21 fiscal year to $430,000,000. The bill would repeal the apportionment of $660,000,000 for the unfunded liabilities of specified school employers. The bill would authorize $330,000,000 to be apportioned for advance payments of required school employer contributions for the 2021–22 fiscal year. By authorizing the application of an appropriation for a new purpose, this bill would make an appropriation.

(2) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS) for the purpose of providing pension and benefits to state employees and their beneficiaries and prescribes the rights and duties of employers participating in the system. Under PERL, benefits are funded by investment income and employer and employee contributions, which are deposited into the Public Employees' Retirement Fund, a continuously appropriated trust fund administered by the system's board of administration. PERL prescribes methods for the calculation and payment of the state employer contribution for its employees who are PERS members. PERL provides for an annual adjustment of the state's contribution in the budget and quarterly appropriations to the Public Employees' Retirement Fund from the General Fund and other funds that are responsible for payment of the employer contribution.

Existing law makes additional, supplemental General Fund appropriations to the Public Employees' Retirement Fund for the 2020–21, 2021–22, and 2022–23 fiscal years. In this regard, $243,000,000 of supplemental payments are made to the Public Employees' Retirement Fund for the 2020–21 fiscal year to be apportioned to the patrol member category, as directed by the Department of Finance, and a supplemental payment of $22,000,000 for that fiscal year is made to the fund to be apportioned to state employee member categories generally, as directed by the Department of Finance, as specified. Supplemental payments connected with appropriations for the 2021–22 and 2022–23 fiscal years are to be apportioned to the state employee member categories generally, as directed by the Department of Finance, as specified.

The California Constitution establishes the Budget Stabilization Account in the General Fund and requires the Controller, in each fiscal year, to transfer from the General Fund to the Budget Stabilization Account amounts that include a sum equal to 1.5% of the estimated amount of General Fund revenues for that fiscal year. These provisions further require, until the 2029–30 fiscal year, that the Legislature appropriate a percentage of these moneys, the amount of which is generated pursuant to specified calculations, for certain obligations and purposes, including addressing unfunded liabilities for state-level pension plans.

This bill would repeal the above-described supplemental General Fund appropriations to the Public Employees' Retirement Fund for the 2020–21, 2021–22, and 2022–23 fiscal years, and the associated requirements for apportionment. The bill would appropriate $243,000,000 from the General Fund, for the purposes identified in the constitutional provisions described above, to supplement the state's appropriation to the Public Employees' Retirement Fund and reduce unfunded liabilities for state-level pension plans. Specifically, the bill would require the appropriation to be applied to the unfunded liabilities of the patrol member category that are in excess of base amounts for the 2020–21 fiscal year. The bill would require the Department of Finance to provide to the Controller a schedule establishing the timing of specific transfers to be used for this purpose. The bill would also require the Controller to transfer, in aggregate, up to $2,500,000,000 to the General Fund over the 2020–21 and 2021–22 fiscal years from other funds and accounts that are required by law to fund the state's employer contribution to the Public Employees' Retirement Fund, in accordance with a schedule provided by the Department of Finance that specifies the timing and amounts of transfers to the General Fund.

(3) Existing law states that it is the policy of the state that the workweek of the state employee shall be 40 hours, and the workday of state employees 8 hours, except that workweeks and workdays of a different number of hours may be established in order to meet the varying needs of the different state agencies. Existing law, notwithstanding that policy, required a state employee, except as specified, during the period from July 1, 2012, to June 30, 2013, inclusive, either as required by an applicable memorandum of understanding or by the direction of the Department of Human Resources for excluded employees, to participate in the Personal Leave Program 2012 (PLP 2012 Program), under which each employee received a reduction in pay not greater than 5% in exchange for 8 hours of PLP 2012 Program leave credits per month.

This bill would require a state employee, except as specified, for the period from July 1, 2020, to June 30, 2021, inclusive, to participate in the Personal Leave Program 2020 (PLP 2020 Program), either as required by an applicable memorandum of understanding reached or by the direction of the department for excluded employees, under which each employee would receive a reduction in pay not greater than 10% in exchange for up to 16 hours of PLP 2020 Program leave credits per month.

(4) Existing law requires the department to adopt rules governing hours of work and overtime compensation and the keeping of related records, except that conflicting provisions of a memorandum of understanding are controlling, as specified. Existing law required the department, notwithstanding any conflicting provisions of a memorandum of understanding, to adopt a plan for the period from July 1, 2012, to June 30, 2013, inclusive, by which all state employees, except as specified, who were not subject to the PLP 2012 Program, as described above, were furloughed for one workday per calendar month, pursuant to rules adopted for the implementation, administration, and enforcement of this furlough plan.

This bill would require the department to adopt a plan for the period of July 1, 2020, to June 30, 2021, inclusive, by which all state employees who are not subject to the PLP 2020 Program, as described above, and except as specified, would be furloughed for 2 workdays per calendar month.

(5) Existing law provides that the State Compensation Insurance Fund shall not be subject to the provisions of the Government Code made applicable to state agencies generally or collectively, unless the provision specifically names the fund as an agency to which it applies. Existing law also provides that employee positions funded by the State Compensation Insurance Fund are exempt from any hiring freezes and staff cutbacks otherwise required by law. Existing law, notwithstanding that provision, made employees of the fund subject to any and all reductions in state employee compensation imposed by the Legislature on other state employees for the period from July 1, 2012, to June 30, 2013, inclusive, regardless of the means adopted to effect those reductions.

This bill would provide that employees of the fund shall, without limitation, be subject to any and all reductions in state employee compensation imposed by the Legislature on other state employees for the period from July 1, 2020, to June 30, 2021, inclusive, regardless of the means adopted to effect these reductions.

(6) Existing law requires the state, in order to recruit and retain the highest qualified employees, to pay sworn members of the California Highway Patrol who are rank-and-file members of State Bargaining Unit 5 the estimated average total compensation for each corresponding rank for the Los Angeles Police Department, Los Angeles County Sheriff's Office, San Diego Police Department, Oakland Police Department, and San Francisco Police Department, as specified.

This bill, notwithstanding those provisions, would require employees of the California Highway Patrol who are rank-and-file members of State Bargaining Unit 5, to be subject to any and all reductions in state employee compensation imposed by the Legislature on other state employees for the period from July 1, 2020, to June 30, 2021, inclusive, regardless of the means adopted to effect those reductions, which would include suspension of the duty to compensate sworn represented members of the California Highway Patrol in accordance with a specified formula, and regardless of the provisions in an existing memorandum of understanding.

(7) 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   Local Program: no

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

SECTION 1. Section 22950.6 of the Education Code is amended to read:

22950.6. The Legislature hereby appropriates two billion two hundred forty-six million dollars ($2,246,000,000) from the General Fund for the 2018–19 fiscal year to be transferred to the Teachers' Retirement Fund for the Defined Benefit Program, consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide the Controller a schedule establishing the timing of specific transfers to be used for these payments. The payment to the Teachers' Retirement Fund shall be apportioned as follows:

(a) A dollar amount to pay in advance, on behalf of employers, part of the contributions required by employers for the 2019–20 fiscal year, such that it will result in employers having to contribute 1.03 percentage points less in the 2019–20 fiscal year than the percentage set by paragraph (6) of subdivision (a) of Section 22950.5.

(b) A dollar amount to pay in advance, on behalf of employers, part of the contributions required by employers for the 2020–21 fiscal year, such that it will result in employers having to contribute 2.95 percentage points less in the 2020–21 fiscal year than the percentage set by paragraph (7) of subdivision (a) of Section 22950.5.

(c) A dollar amount to pay in advance, on behalf of employers, part of the contributions required by employers for the 2021–22 fiscal year, such that it will result in employers having to contribute 2.18 percentage points less in the 2021–22 fiscal year than the percentage set by the board pursuant to subdivision (b) of Section 22950.5.

(d) Any remainder of the payment that has not been committed to the purposes specified in subdivisions (a), (b), and (c) shall be allocated to reduce the employers' share of the unfunded actuarial obligation determined pursuant to Section 22950.5.

SEC. 2. Section 22955.1 of the Education Code is amended to read:

22955.1. (a) Notwithstanding Section 13340 of the Government Code, commencing July 1, 2003, a continuous appropriation is hereby annually made from the General Fund to the Controller, pursuant to this section, for transfer to the Teachers' Retirement Fund. The total amount of the appropriation for each year shall be equal to 2.017 percent of the total of the creditable compensation of the fiscal year ending in the immediately preceding calendar year upon which members' contributions are based, as reported annually to the Director of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Legislative Analyst pursuant to Section 22955.5, and shall be divided into four equal payments. The payments shall be made on, or the following business day after, July 1, October 1, December 15, and April 15 of each fiscal year.

(b) (1) Commencing July 1, 2014, the amount of the appropriation required under subdivision (a) shall increase by the following percentages of the creditable compensation upon which that appropriation is based:

(A) On July 1, 2014, by 1.437 percent.

(B) On July 1, 2015, by 2.874 percent.

(C) On July 1, 2016, by 4.311 percent.

(2) Except as provided in paragraph (3), for the 2017–18 fiscal year and each fiscal year thereafter, the board shall increase or decrease the percentage specified in this subdivision from the percentage paid during the prior fiscal year to reflect the contribution required to eliminate the remaining unfunded actuarial obligation, as determined by the board based upon a recommendation from its actuary. If a rate increase is required, the adjustment may be for no more than 0.50 percent per year of the total of the creditable compensation of the fiscal year ending in the immediately preceding calendar year upon which members' contributions are based. At any time when there is not an unfunded actuarial obligation as determined by the board, the percentage specified in this subdivision shall be reduced to zero.

(3) For the 2020–21 fiscal year, the percentage specified in this subdivision shall be the percentage set by the board pursuant to paragraph (2) for the 2019–20 fiscal year, and the board shall not increase or decrease the percentage specified in this paragraph for the 2020–21 fiscal year. This paragraph does not prevent payments towards the unfunded actuarial obligation from being made from other sources of funding, including, but not limited to, other sources in the General Fund.

(c) Pursuant to Section 22001 and case law, members are entitled to a financially sound retirement system. It is the intent of the Legislature that this section shall provide the retirement fund stable and full funding over the long term.

(d) This section continues in effect but in a somewhat different form, fully performs, and does not in any way unreasonably impair, the contractual obligations determined by the court in California Teachers Association v. Cory (1984) 155 Cal.App.3d 494.

(e) Subdivision (b) shall not be construed to be applicable to any unfunded actuarial obligation resulting from any benefit increase or change in contribution rate under this part that occurs after July 1, 1990, except that state contributions made pursuant to subdivision (b) shall be allocated to reduce the unfunded actuarial obligation resulting from the benefits and contribution rates in effect as of July 1, 1990.

(f) The provisions of this section shall be construed and implemented to be in conformity with the judicial intent expressed by the court in California Teachers Association v. Cory (1984) 155 Cal.App.3d 494.

(g) (1) Except as described in paragraph (2), this section shall become inoperative on July 1, 2046, and as of January 1, 2047, is repealed.

(2) Notwithstanding paragraph (1), on July 1 of the first fiscal year after a 30-day notice has been sent to the Joint Legislative Budget Committee and the Controller in compliance with subdivision (d) of Section 22957, this section shall become inoperative and, as of the following January 1, is repealed.

SEC. 3. Section 19827 of the Government Code is amended to read:

19827. (a) (1) Except as provided in paragraphs (2) and (6), for the period from July 1, 2020, to June 30, 2021, inclusive, and notwithstanding any other provision of law to the contrary, in order to recruit and retain the highest qualified employees, the state shall pay sworn members of the California Highway Patrol who are rank-and-file members of State Bargaining Unit 5 the estimated average total compensation for each corresponding rank for the Los Angeles Police Department, Los Angeles County Sheriff's Office, San Diego Police Department, Oakland Police Department, and San Francisco Police Department. Total compensation shall include base salary, educational incentive pay, physical performance pay, longevity pay, and retirement contributions made by the employer on behalf of the employee.

(2) Notwithstanding any other law, employees of the California Highway Patrol who are rank-and-file members of State Bargaining Unit 5, without limitation, shall be subject to any and all reductions in state employee compensation imposed by the Legislature on other state employees for the period of time from July 1, 2020, to June 30, 2021, inclusive, regardless of the means adopted to effect those reductions, which includes, but is not limited to, suspension of the duty to compensate sworn represented members of the California Highway Patrol in accordance with the formula set forth in this section.

(3) The state and the exclusive representative shall jointly survey annually and calculate the estimated average total compensation based on projected average total compensation for the above-named departments as of July 1 of the year in which the survey is conducted. The state and the exclusive representative shall utilize the survey methodology outlined in the "Description of Survey Process Pursuant to Government Code 19827 Regarding the Recruitment and Retention of California Highway Patrol Officers" dated July 1, 2001, and maintained as a permanent agreement between the state and the exclusive representative.

(4) Any increase in total compensation resulting from this section shall be implemented through a memorandum of understanding negotiated pursuant to the Ralph C. Dills Act (Chapter 10.3 (commencing with Section 3512) of Division 4 of Title 1). Notwithstanding the foregoing, failure of the parties to reach agreement for a memorandum of understanding pursuant to the Ralph C. Dills Act shall not relieve the state of the duty to compensate sworn represented members of the California Highway Patrol in accordance with the formula set forth in this section.

(5) The total compensation for represented sworn members of the California Highway Patrol may deviate from the survey results by mutual agreement between the exclusive representative and the state pursuant to the collective bargaining process.

(6) With the exception of the reductions authorized in paragraph (2), if the provisions of this subdivision are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5, the memorandum of understanding shall be controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

(b) Except as provided in paragraph (2) of subdivision (a) of this section and subdivision (c) of Section 19851, for the period of time from July 1, 2020, to June 30, 2021, inclusive, when determining compensation for state excluded sworn classifications of the California Highway Patrol, it is the policy of the state to consider total compensation for corresponding ranks within jurisdictions specified in subdivision (a), as well as other factors, including internal comparisons.

SEC. 4. Section 19849 of the Government Code is amended to read:

19849. (a) The department shall adopt rules governing hours of work and overtime compensation and the keeping of records related thereto, including time and attendance records. Each appointing power shall administer and enforce such rules.

(b) (1) Notwithstanding any other law, the department shall adopt a plan for the period from July 1, 2012, to June 30, 2013, inclusive, by which all state employees not subject to the Personal Leave Program 2012 (PLP 2012 Program), as described in paragraph (1) of subdivision (c) of Section 19851, shall be furloughed for one workday per calendar month. The department shall further adopt rules for the implementation, administration, and enforcement of this furlough plan. This subdivision shall not apply to retired annuitants or to employees of entities listed in Section 3.90 of the Budget Act of 2012.

(2) Notwithstanding any other law, the department shall adopt a plan for the period from July 1, 2020, to June 30, 2021, inclusive, by which all state employees not subject to the Personal Leave Program 2020 (PLP 2020 Program), as described in paragraph (2) of subdivision (c) of Section 19851, shall be furloughed for two workdays per calendar month. The department shall further adopt rules for the implementation, administration, and enforcement of this furlough plan. This subdivision shall not apply to retired annuitants or to employees or entities listed in Section 3.90 of the Budget Act of 2020.

(c) Except as provided in subdivision (b), if the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

SEC. 5. Section 19851 of the Government Code is amended to read:

19851. (a) It is the policy of the state, except during the operation of subdivision (c), that the workweek of the state employee shall be 40 hours, and the workday of state employees eight hours, except that workweeks and workdays of a different number of hours may be established in order to meet the varying needs of the different state agencies. It is the policy of the state to avoid the necessity for overtime work whenever possible. This policy does not restrict the extension of regular working-hour schedules on an overtime basis in those activities and agencies where it is necessary to carry on the state business properly during a manpower shortage.

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

(c) (1) Notwithstanding any other law, for the period from July 1, 2012, to June 30, 2013, inclusive, a state employee shall participate in the Personal Leave Program 2012 (PLP 2012 Program), either as required by an applicable memorandum of understanding reached pursuant to Section 3517.5 or by the direction of the department for excluded employees. Under the PLP 2012 Program, each employee shall receive a reduction in pay not greater than 5 percent. In exchange for this reduction in pay, each employee shall receive eight hours of PLP 2012 Program leave credits on the first day of each monthly pay period. This subdivision shall not apply to retired annuitants or to employees of entities listed in Section 3.90 of the Budget Act of 2012.

(2) Notwithstanding any other law, for the period from July 1, 2020, to June 30, 2021, inclusive, a state employee shall participate in the Personal Leave Program 2020 (PLP 2020 Program), either as required by an applicable memorandum of understanding reached pursuant to Section 3517.5 or by the direction of the department for excluded employees. Under the PLP 2020 Program, each employee shall receive a reduction in pay not greater than 10 percent. In exchange for this reduction in pay, each employee shall receive up to 16 hours of PLP 2020 Program leave credits on the first day of each monthly pay period. This subdivision shall not apply to retired annuitants or to employees of entities listed in Section 3.90 of the Budget Act of 2020.

SEC. 6. Section 20825.1 of the Government Code is amended to read:

20825.1. (a) (1) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates two billion five hundred million dollars ($2,500,000,000) from the General Fund for the 2018–19 fiscal year to be transferred to the Public Employees’ Retirement Fund, consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide the Controller a schedule establishing the timing of specific transfers to be used for these purposes.

(2) The supplemental payment to the Public Employees’ Retirement Fund described in paragraph (1) shall be apportioned to the following state employee member categories, as directed by the Department of Finance, not to exceed the following amounts:

(A) Eight hundred forty-eight million fifty-seven thousand dollars ($848,057,000) to the state miscellaneous member category.

(B) Eighty-two million nine hundred thirty thousand dollars ($82,930,000) to the state industrial member category.

(C) One hundred eighty-four million four hundred twenty-seven thousand dollars ($184,427,000) to the state safety member category.

(D) One billion three hundred eighty-four million five hundred eighty-six thousand dollars ($1,384,586,000) to the state peace officer/firefighter member category.

(b) The supplemental payments to the Public Employees’ Retirement Fund described in paragraph (1) of subdivision (a) shall be applied to the unfunded state liabilities for the state employee member categories described in paragraph (2) of subdivision (a).

(c) Notwithstanding any other law, in accordance with a schedule provided by the Department of Finance, the Controller shall transfer, in aggregate, up to two billion five hundred million dollars ($2,500,000,000) to the General Fund over the 2020–21 and 2021–22 fiscal years from other funds and accounts that are required by law to fund the state’s employer contribution to the Public Employees’ Retirement Fund. The schedule provided by the Department of Finance shall specify the timing and amounts of transfers to the General Fund, after evaluation of each fund’s share of costs and its fund availability.

SEC. 7. Section 20825.12 is added to the Government Code, to read:

20825.12. (a) In addition to the appropriation required pursuant to Section 20825, the Legislature hereby appropriates two hundred forty-three million dollars ($243,000,000) from the General Fund, for the purposes described in subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution, to supplement the state’s appropriation to the Public Employees’ Retirement Fund. The appropriation made by this section represents a portion of the amount identified in paragraph (3) of subdivision (d) of Section 35.50 of the Budget Act of 2020. The appropriation shall be consistent with the requirements of this section and the direction of the Department of Finance. The Department of Finance shall provide to the Controller a schedule establishing the timing of specific transfers to be used as described in subdivision (b).

(b) The appropriation made in subdivision (a) shall be apportioned to the patrol member category and shall be applied to the state patrol member category’s unfunded liabilities that are in excess of base amounts for the 2020–21 fiscal year.

SEC. 8. Section 20825.2 of the Government Code is amended to read:

20825.2. The Legislature hereby appropriates nine hundred four million dollars ($904,000,000) from the General Fund for the 2018–19 fiscal year to be transferred to the Public Employees’ Retirement Fund, consistent with the requirements of this section and at the direction of the Department of Finance. The Department of Finance shall provide the Controller a schedule establishing the timing of specific transfers to be used for these payments. The payment to the Public Employees’ Retirement Fund shall be apportioned as follows:

(a) One hundred forty four million dollars ($144,000,000) to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2019–20 fiscal year.

(b) Four hundred thirty million dollars ($430,000,000) to pay in advance, on behalf of school employers, part of the contributions required from school employers pursuant to this part for the 2020–21 fiscal year.

(c) Three hundred thirty million dollars ($330,000,000) to pay in advance, on behalf of school employers, part of the contributions required from school employers pursuant to this part for the 2021–22 fiscal year.

(d) Any payments made pursuant to this section shall not discharge the school employers for any remaining amounts due and payable pursuant to this part.

SEC. 9. Section 11873 of the Insurance Code is amended to read:

11873. (a) Except as provided by subdivision (b), the fund shall not be subject to the provisions of the Government Code made applicable to state agencies generally or collectively, unless the section specifically names the fund as an agency to which the provision applies.

(b) The fund shall be subject to the provisions of Chapter 10.3 (commencing with Section 3512) of Division 4 of Title 1 of, Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of, Chapter 6.5 (commencing with Section 8543) of Division 1 of Title 2 of, Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of, the Government Code, and Division 5 (commencing with Section 18000) of Title 2 of the Government Code, with the exception of all of the following provisions of that division:

(1) Article 1 (commencing with Section 19820) and Article 2 (commencing with Section 19823) of Chapter 2 of Part 2.6 of Division 5.

(2) Sections 19849.2, 19849.3, 19849.4, and 19849.5.

(3) Chapter 4.5 (commencing with Section 19993.1) of Part 2.6 of Division 5.

(c) Except as provided in subdivisions (d) and (e) for the period from July 1, 2012, to June 30, 2013, inclusive, and for the period from July 1, 2020, to June 30, 2021, inclusive, and notwithstanding any provision of the Government Code or any other provision of law, the positions funded by the State Compensation Insurance Fund are exempt from any hiring freezes and staff cutbacks otherwise required by law. This subdivision is declaratory of existing law.

(d) Notwithstanding any other law, employees of the fund shall, without limitation, be subject to any and all reductions in state employee compensation imposed by the Legislature on other state employees for the period from July 1, 2012, to June 30, 2013, inclusive, and for the period from July 1, 2020, to June 30, 2021, inclusive, regardless of the means adopted to effect those reductions.

(e) With the exception of the reductions authorized in subdivision (d), if any provision of this section, or any practice or procedure adopted pursuant to this section, is in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5 of the Government Code, the memorandum of understanding shall be controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

SEC. 10. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.