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AB-118 State employment: State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21. (2019-2020)

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Date Published: 10/14/2019 09:00 PM

Assembly Bill No. 118

CHAPTER 859

An act to amend Sections 19829.9848, 20825.1, 22871.3, 22879, and 22944.5 of, and to add Sections 19829.9849, 19829.9850, 20683.75, 20683.8, 20683.81, 20683.81.1, 20683.81.2, 20683.82, 20683.83, 20683.9, 20683.91, 20825.15, and 22874.9 to, the Government Code, relating to state employment, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor October 13, 2019. Filed with Secretary of State October 13, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 118, Committee on Budget. State employment: State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21.

(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 requiring the expenditure of funds in the memoranda of understanding entered into between the state employer and State Bargaining Unit 1, Professional, Administrative, Financial, and Staff Services, State Bargaining Unit 2, Attorneys and Hearing Officers, State Bargaining Unit 3, Professional Educators and Librarians, State Bargaining Unit 4, Office and Allied, State Bargaining Unit 5, Highway Patrol, State Bargaining Unit 7, Protective Services and Public Safety, State Bargaining Unit 11, Engineering and Scientific Technicians, State Bargaining Unit 13, Stationary Engineers, State Bargaining Unit 14, Printing and Allied Trades, State Bargaining Unit 15, Allied Services, State Bargaining Unit 17, Registered Nurses, State Bargaining Unit 20, Medical and Social Services, and State Bargaining Unit 21, Educational Consultants and Library.

This bill would provide that provisions of the memoranda of understanding described above and approved by this bill that require the expenditure of funds will not take effect unless funds for those provisions are specifically appropriated by the Legislature. The bill would authorize the state employer and State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21 to reopen negotiations if funds for those provisions are not specifically appropriated by the Legislature. The bill would require the provisions of these memoranda of understanding that require the expenditure of funds to become effective even if these provisions are approved by the Legislature in legislation other than the annual Budget Act.

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 2020–21, 2021–22, or 2022–23 fiscal year, as specified. The bill would prescribe qualifications on the application of these moneys, provide that they are not augmentations to the expenditure authority of affected departments, as specified, and would prohibit these provisions from applying beyond the term of the memorandum of understanding.

(2) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System for the purpose of providing public employees pension and other benefits, which are funded by employee and employer contributions and investment returns. Contributions and investment returns are deposited in the Public Employees Retirement Fund, which is continuously appropriated for the payment of benefits and administration of the system. PERL and labor agreements prescribe different normal rates of contribution for employees depending on bargaining unit, employer, and inclusion of service in the federal Social Security system, among other factors.

This bill would adjust normal rates of pension contribution for specified employees of State Bargaining Unit 1 (BU 1), State Bargaining Unit 3 (BU 3), State Bargaining Unit 4 (BU 4), State Bargaining Unit 11 (BU 11), State Bargaining Unit 14 (BU 14), State Bargaining Unit 15 (BU 15), State Bargaining Unit 17 (BU 17), State Bargaining Unit 20 (BU 20), and State Bargaining Unit 21 (BU 21). The bill would require, effective July 1, 2023, that state miscellaneous members of BU 1, BU 3, BU 4, BU 11, BU 14, BU 15, BU 17, BU 20, and BU 21 contribute 8.5% and 9.5% of compensation, as specified, respectively, depending on the member's inclusion in the federal Social Security system. The bill would require that state industrial members of BU 1, BU 3, BU 4, BU 11, BU 14, BU 15, BU 17, and BU 20 contribute 9.5% and 10.5% of compensation, as specified, respectively, depending on the member's inclusion in the federal Social Security system. The bill would require, effective July 1, 2023, that state industrial members of BU 21 contribute 8.5% and 9.5% of compensation, as specified, respectively, depending on the member's inclusion in the federal Social Security system. The bill would require, effective July 1, 2023, that state safety members represented by BU 1, BU 3, BU 4, BU 11, BU 14, BU 15, BU 17, BU 20, and BU 21 contribute 11.5% of compensation, applicable at different compensation thresholds, depending on the member's inclusion in the federal Social Security system.

The bill would adjust normal rates of pension contribution for specified employees of State Bargaining Unit 2 (BU 2). The bill would require, effective July 1, 2020, that state safety members of BU 2 contribute 11.5% of compensation, applicable at different compensation thresholds, depending on the member's inclusion in the federal Social Security system.

The bill would adjust normal rates of pension contribution for specified employees of State Bargaining Unit 5 (BU 5). The bill would require, effective July 1, 2020, that patrol members of BU 5 contribute as provided, subject to specified conditions, and applicable to compensation above a certain threshold. The bill would require, effective July 1, 2020, that state miscellaneous members of BU 5 contribute at a rate as provided, subject to specified conditions, and applicable at different compensation thresholds, depending on the member's inclusion in the federal Social Security system.

The bill would adjust normal rates of pension contribution for specified employees of State Bargaining Unit 7 (BU 7). The bill would require, effective July 1, 2023, that state miscellaneous or state industrial members of BU 7 contribute 8.5% and 9.5% of compensation, as specified, respectively, depending on the member's inclusion in the federal Social Security system. Effective July 1, 2022, the bill would require, that state peace officer/firefighter members of BU 7 contribute 14% of compensation, as specified, and effective July 1, 2023, this would increase to 15% of compensation, as specified. Effective July 1, 2023, the bill would require that state safety members of BU 7 contribute 11.5% of compensation, as specified.

The bill would adjust normal rates of pension contribution for specified employees of State Bargaining Unit 13 (BU 13). The bill would require, effective July 1, 2022, that state safety members of BU 13 contribute 11.5% of compensation, applicable at different compensation thresholds, depending on the member's inclusion in the federal Social Security system.

By increasing employee contributions into a continuously appropriated fund, this bill would make an appropriation. The bill would grant the Director of the Department of Human Resources the discretion to establish the normal rate of contribution for a related state employee or an officer or employee of the executive branch who is not a member of the civil service, consistent with other members identified in these provisions.

(3) 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. PERL appropriates \$265,000,000 from the General Fund for the 2020–21 fiscal year, \$200,000,000 in General Fund moneys in the 2021–22 fiscal year, and \$35,000,000 in General Fund moneys in the 2022–23 fiscal year to be transferred to the Public Employees' Retirement Fund, consistent with a schedule of payments that the Department of Finance is required to provide to the Controller to establish the timing of specific transfers. Existing law requires those supplemental payments to be apportioned among the state employee member categories, as directed by the Department of Finance, in proportion to the amount of estimated General Fund moneys appropriated to make required contributions to each state employee member category for the fiscal year that the supplemental payment is transferred.

This bill would require \$243,000,000 of the supplemental payment for the 2020–21 fiscal year to be apportioned to the state patrol member category, as directed by the Department of Finance. The bill would require \$22,000,000 of the supplemental payment to the Public Employees' Retirement Fund for the 2020–21 fiscal year to be apportioned among the state employee member categories, as directed by the Department of Finance, in proportion to the amount of estimated General Fund moneys appropriated to make required contributions to each state employee member category for the 2020–21 fiscal year.

The bill would appropriate \$25,000,000 from the Motor Vehicle Account for each of the 2019–20, 2020–21, 2021–22, and 2022–23 fiscal years to be transferred to the Public Employees' Retirement Fund, consistent with a schedule of payments that the Department of Finance would be required to provide to the Controller to establish the timing of specific transfers. The bill would subject payments in the 2021–22 and 2022–23 fiscal years to certain conditions. The bill would require this supplemental payment to be apportioned to the state patrol member plan, and applied to the unfunded liabilities for the state patrol member plan.

(4) This bill would appropriate the sum of \$142,900,000 for State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21 for expenditure in the 2019–20 fiscal year, in augmentation of, and for the purpose of, state employee compensation, in accordance with a specified schedule.

(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 establishes the Annuitants' Health Care Coverage Fund, which is continuously appropriated, for the purpose of prefunding health care coverage for annuitants, including administrative costs.

PEMHCA requires the employer contribution for each annuitant enrolled in a basic plan for health benefits to equal 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. Existing law similarly provides that the employer contribution for an enrolled family member of an annuitant is an amount equal 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 and provides the same limit on employer contributions for annuitants enrolled in Medicare health benefit plans. Under existing law, these provisions apply to state employees represented by various bargaining units and judicial branch employees, as specified. Under existing law, if these provisions conflict with the provisions of a memorandum of understanding, the memorandum of understanding is controlling without further legislative action, except that if those provisions require the expenditure of funds, the provisions do not become effective unless approved by the Legislature.

This bill would extend these provisions to a state employee represented by BU 5 who is first employed by the state and becomes a state member of the system on or after January 1, 2020, and to certain other state employees related to State Bargaining Unit 5 who are first employed by the state and become a state member of the system on or after January 1, 2020.

The bill would prohibit state employees who are first employed and become members of the retirement system on or after January 1, 2020, and are represented by, or related to, BU 5, 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 these employees 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.

(6) PEMHCA generally 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 the employee's or annuitant's family members are enrolled. Existing law excepts from this requirement state employees who are first employed and become members of the retirement system on or after specified dates and are represented by, or related to, specified state bargaining units.

This bill would also except from the requirement described above state employees who are first employed and become members of the retirement system on or after January 1, 2020, as specified, and are represented by, or related to, BU 5.

(7) 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 health care coverage for annuitants, including administrative costs. PEMHCA defines "prefunding" for these purposes.

This bill would require the state and employees in BU 5 to prefund retiree health care, with the goal of reaching a 50% cost sharing of normal costs by July 1, 2020, and establish contribution percentages in this regard.

(8) 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. The Legislature finds and declares that the purpose of this act is to approve the agreements entered into by the state employer and State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21 pursuant to Section 3517.5 of the Government Code.

SEC. 2. Notwithstanding Section 19829.5 of the Government Code, the provisions of the memoranda of understanding prepared pursuant to Section 3517.5 of the Government Code and entered into by the state employer and State Bargaining Unit 5, dated August 1, 2019, State Bargaining Unit 7, dated July 2, 2019, State Bargaining Unit 13, dated August 9, 2019, State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21, dated August 28, 2019, and State Bargaining Unit 2, dated September 4, 2019, that require the expenditure of funds, are hereby approved for the purposes of subdivision (b) of Section 3517.6 of the Government Code.

SEC. 3. The provisions of the memoranda of understanding approved in Section 2 of this act that require the expenditure of funds shall not take effect unless funds for these provisions are specifically appropriated by the Legislature. If funds for these provisions are not specifically appropriated by the Legislature, either the state employer or State Bargaining Unit 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, or 21 may reopen negotiations on all or part of the memorandum of understanding.

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

SEC. 5. Section 19829.9848 of the Government Code is amended to read:

19829.9848. (a) Notwithstanding Section 13340, for the 2020–21 fiscal year, if the Budget Act of 2020 is not enacted by July 1, 2020, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 2 (effective July 2, 2019, to July 1, 2020, inclusive), State Bargaining Unit 3 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023, inclusive), State Bargaining Unit 6 (effective July 3, 2019, to July 2, 2020, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 8 (effective January 1, 2017, to July 1, 2021, inclusive), State Bargaining Unit 10 (effective July 1, 2018, to July 1, 2020, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 13 (effective July 1, 2019, to June 30, 2022, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive), there is hereby continuously appropriated to the Controller from the General Fund, unallocated special funds, including, but not limited to, federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the above memoranda of understanding until the Budget Act of 2020 is enacted. The Controller may expend an amount no greater than necessary to enable the Controller to compensate state employees covered by the above memoranda of understanding for work performed between July 1, 2020, of the 2020–21 fiscal year and the enactment of the Budget Act of 2020.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 2 (effective July 2, 2019, to July 1, 2020, inclusive), State Bargaining Unit 3 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023, inclusive), State Bargaining Unit 6 (effective July 3, 2019, to July 2, 2020, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 8 (effective January 1, 2017, to July 1, 2021, inclusive), State Bargaining Unit 10 (effective July 1, 2018, to July 1, 2020, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 13 (effective July 1, 2019, to June 30, 2022, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive) are in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by these bargaining units shall be at a rate consistent with the memoranda of understanding referenced above.

(c) Expenditures related to any warrant drawn pursuant to subdivision (a) are not augmentations to the expenditure authority of a department. Upon the enactment of the Budget Act of 2020, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2020 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 2 (effective July 2, 2019, to July 1, 2020, inclusive), State Bargaining Unit 3

(effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023, inclusive), State Bargaining Unit 6 (effective July 3, 2019, to July 2, 2020, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 8 (effective January 1, 2017, to July 1, 2021, inclusive), State Bargaining Unit 10 (effective July 1, 2018, to July 1, 2020, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 13 (effective July 1, 2019, to June 30, 2022, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the terms of the memoranda of understanding have expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 1 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 2 expires on July 1, 2020, the memorandum of understanding for State Bargaining Unit 3 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 4 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 5 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 6 expires on July 2, 2020, the memorandum of understanding for State Bargaining Unit 7 expires on July 1, 2023, the memorandum of understanding for State Bargaining Unit 8 expires on July 1, 2021, the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2020, the memorandum of understanding for State Bargaining Unit 11 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 13 expires on June 30, 2022, the memorandum of understanding for State Bargaining Unit 14 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 15 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 17 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 20 expires on June 30, 2023, and the memorandum of understanding for State Bargaining Unit 21 expires on June 30, 2023.

SEC. 6. Section 19829.9849 is added to the Government Code, to read:

19829.9849. (a) Notwithstanding Section 13340, for the 2021–22 fiscal year, if the Budget Act of 2021 is not enacted by July 1, 2021, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 3 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 13 (effective July 1, 2019, to June 30, 2022, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive), there is hereby continuously appropriated to the Controller from the General Fund, unallocated special funds, including, but not limited to, federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the above memoranda of understanding until the Budget Act of 2021 is enacted. The Controller may expend an amount no greater than necessary to enable the Controller to compensate state employees covered by the above memoranda of understanding for work performed between July 1, 2021, of the 2021–22 fiscal year and the enactment of the Budget Act of 2021.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 3 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 13 (effective July 1, 2019, to June 30, 2022, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive) is in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by these bargaining units shall be at a rate consistent with the memoranda of understanding referenced above.

(c) Expenditures related to any warrant drawn pursuant to subdivision (a) are not augmentations to the expenditure authority of a department. Upon the enactment of the Budget Act of 2021, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2021 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 3 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023,

inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 13 (effective July 1, 2019, to June 30, 2022, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term of the memorandum of understanding has expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 1 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 3 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 4 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 5 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 7 expires on July 1, 2023, the memorandum of understanding for State Bargaining Unit 11 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 13 expires on June 30, 2022, the memorandum of understanding for State Bargaining Unit 14 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 15 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 17 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 20 expires on June 30, 2023, and the memorandum of understanding for State Bargaining Unit 21 expires on June 30, 2023.

SEC. 7. Section 19829.9850 is added to the Government Code, to read:

19829.9850. (a) Notwithstanding Section 13340, for the 2022–23 fiscal year, if the Budget Act of 2022 is not enacted by July 1, 2022, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 3 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive), there is hereby continuously appropriated to the Controller from the General Fund, unallocated special funds, including, but not limited to, federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the above memoranda of understanding until the Budget Act of 2022 is enacted. The Controller may expend an amount no greater than necessary to enable the Controller to compensate state employees covered by the above memoranda of understanding for work performed between July 1, 2022, of the 2022–23 fiscal year and the enactment of the Budget Act of 2022.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 3 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive) are in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by these bargaining units shall be at a rate consistent with the memoranda of understanding referenced above.

(c) Expenditures related to any warrant drawn pursuant to subdivision (a) are not augmentations to the expenditure authority of a department. Upon the enactment of the Budget Act of 2022, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2022 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 1 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 3 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 4 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 5 (effective July 1, 2019, to June 30, 2023, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 11 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 14 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 15 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 17 (effective January 2, 2020, to June 30, 2023, inclusive), State Bargaining Unit 20 (effective January 2, 2020, to June 30, 2023, inclusive), and State Bargaining Unit 21 (effective January 2, 2020, to June 30, 2023, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term of the memorandum of understanding has expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 1 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 3 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 4 expires on June

30, 2023, the memorandum of understanding for State Bargaining Unit 5 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 7 expires on July 1, 2023, the memorandum of understanding for State Bargaining Unit 11 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 14 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 15 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 17 expires on June 30, 2023, the memorandum of understanding for State Bargaining Unit 20 expires on June 30, 2023, and the memorandum of understanding for State Bargaining Unit 21 expires on June 30, 2023.

SEC. 8. Section 20683.75 is added to the Government Code, to read:

20683.75. (a) Notwithstanding Sections 20677.4 and 20677.71, effective July 1, 2023, the normal contribution rates for state miscellaneous members who are represented by State Bargaining Unit 1, State Bargaining Unit 3, State Bargaining Unit 4, State Bargaining Unit 11, State Bargaining Unit 14, State Bargaining Unit 15, State Bargaining Unit 17, State Bargaining Unit 20, and State Bargaining Unit 21 shall be:

(1) Eight and one-half percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to that member whose service has been included in the federal system.

(2) Nine and one-half percent of compensation in excess of three hundred seventeen dollars (\$317) per month paid to that member whose service is not included in the federal system.

(b) Notwithstanding Sections 20677.4 and 20677.71, effective July 1, 2023, the normal contribution rates for state industrial members who are represented by State Bargaining Unit 1, State Bargaining Unit 3, State Bargaining Unit 4, State Bargaining Unit 11, State Bargaining Unit 14, State Bargaining Unit 15, State Bargaining Unit 17, and State Bargaining Unit 20, shall be:

(1) Nine and one-half percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to that member whose service has been included in the federal system.

(2) Ten and one-half percent of compensation in excess of three hundred seventeen dollars (\$317) per month paid to that member whose service is not included in the federal system.

(c) Notwithstanding Sections 20677.4 and 20677.71, effective July 1, 2023, the normal contribution rates for state industrial members who are represented by State Bargaining Unit 21 shall be:

(1) Eight and one-half percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to that member whose service has been included in the federal system.

(2) Nine and one-half percent of compensation in excess of three hundred seventeen dollars (\$317) per month paid to that member whose service is not included in the federal system.

(d) 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 and until approved by the Legislature in the annual Budget Act.

(e) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

SEC. 9. Section 20683.8 is added to the Government Code, to read:

20683.8. (a) Notwithstanding Sections 20677.4 and 20677.71, effective July 1, 2023, the normal contribution rates for state miscellaneous or state industrial members who are represented by State Bargaining Unit 7 shall be:

(1) Eight and one-half percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to that member whose service has been included in the federal system.

(2) Nine and one-half percent of compensation in excess of three hundred seventeen dollars (\$317) per month paid to that member whose service is not included in the federal system.

(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 and until approved by the Legislature in the annual Budget Act.

(c) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

SEC. 10. Section 20683.81 is added to the Government Code, to read:

20683.81. (a) Notwithstanding Sections 20677.95, 20683.2, and 20687, the normal rate of contribution rates for state peace officer/firefighter members who are represented by State Bargaining Unit 7 shall be:

- (1) Effective July 1, 2022, 14 percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to those members.
- (2) Effective July 1, 2023, 15 percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to those members.

(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 and until approved by the Legislature in the annual Budget Act.

(c) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

SEC. 11. Section 20683.81.1 is added to the Government Code, to read:

20683.81.1. (a) Notwithstanding Sections 20677.91, 20683, and 20683.2, effective July 1, 2023, the normal contribution rates for state safety members who are represented by State Bargaining Unit 1, State Bargaining Unit 3, State Bargaining Unit 4, State Bargaining Unit 11, State Bargaining Unit 14, State Bargaining Unit 15, State Bargaining Unit 17, State Bargaining Unit 20, and State Bargaining Unit 21, shall be:

- (1) Eleven and one-half percent of compensation in excess of three hundred seventeen dollars (\$317) per month paid to a member whose service is not included in the federal system.
- (2) Eleven and one-half percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to a member whose service is included in the federal system.

(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 and until approved by the Legislature in the annual Budget Act.

(c) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

SEC. 12. Section 20683.81.2 is added to the Government Code, to read:

20683.81.2. (a) Notwithstanding Sections 20683.1 and 20683.2, effective July 1, 2020, the normal contribution rates for state safety members who are represented by State Bargaining Unit 2, shall be:

- (1) Eleven and one-half percent of compensation in excess of three hundred seventeen dollars (\$317) per month paid to a member whose service is not included in the federal system.
- (2) Eleven and one-half percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to a member whose service is included in the federal system.

(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 and until approved by the Legislature in the annual Budget Act.

(c) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

SEC. 13. Section 20683.82 is added to the Government Code, to read:

20683.82. (a) Notwithstanding Sections 20677.91, 20683, and 20683.2, effective July 1, 2023, the normal contribution rates for state safety members who are represented by State Bargaining Unit 7 shall be:

- (1) Eleven and one-half percent of compensation in excess of three hundred seventeen dollars (\$317) per month paid to a member whose service is not included in the federal system.
- (2) Eleven and one-half percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to a member whose service is included in the federal system.

(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 and until approved by the Legislature in the annual Budget Act.

(c) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

SEC. 14. Section 20683.83 is added to the Government Code, to read:

20683.83. (a) Notwithstanding Sections 20677.9, 20683, and 20683.2, effective July 1, 2022, the normal contribution rates for state safety members who are represented by State Bargaining Unit 13 shall be:

- (1) Eleven and one-half percent of compensation in excess of three hundred seventeen dollars (\$317) per month paid to a member whose service is not included in the federal system.
- (2) Eleven and one-half percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to a member whose service is included in the federal system.

(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 and until approved by the Legislature in the annual Budget Act.

(c) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

SEC. 15. Section 20683.9 is added to the Government Code, to read:

20683.9. (a) Notwithstanding Sections 20677.8, 20681, 20683.2, and 20694, effective July 1, 2020, the normal rate of contribution for patrol members who are represented by Bargaining Unit 5 shall be adjusted in accordance with this section when both of the following occur:

- (1) The total normal cost rate for the 2016–17 fiscal year has increased or decreased by at least 1 percent.
- (2) Fifty percent of that normal cost rate, rounded to the nearest one-quarter of 1 percent, is greater or less than the current employee contribution rate.

(b) On July 1 of the fiscal year after the board determines that the requirement of paragraphs (1) and (2) of subdivision (a) above have been met, the normal rate of contribution for patrol members who are represented by Bargaining Unit 5 shall be adjusted to 50 percent of the normal cost rate rounded to the nearest one-quarter of 1 percent.

(c) Each year thereafter, the rate shall only be adjusted if the board determines the total normal cost rate increases or decreases by more than 1 percent of payroll above the total normal cost rate in effect at the time the employee contribution rate was last

adjusted. The increase or decrease to the employee contribution in any given fiscal year shall not exceed 1 percent per year.

(d) The normal rate of contribution established pursuant to this section shall be applied to the compensation in excess of eight hundred sixty-three dollars (\$863) per month.

(e) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

(f) 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 and until approved by the Legislature in the annual Budget Act.

SEC. 16. Section 20683.91 is added to the Government Code, to read:

20683.91. (a) Notwithstanding Sections 20677.4 and 20677.7, effective July 1, 2020, the normal rate of contribution for state miscellaneous members who are represented by Bargaining Unit 5 shall be adjusted in accordance with this section when both of the following occur:

(1) The total normal cost rate for the 2016–17 fiscal year has increased or decreased by at least 1 percent.

(2) Fifty percent of that normal cost rate, rounded to the nearest one-quarter of 1 percent, is greater or less than the current employee contribution rate.

(b) On July 1 of the fiscal year after the board determines that the requirement of paragraphs (1) and (2) of subdivision (a) above have been met, the normal rate of contribution for state miscellaneous members who are represented by Bargaining Unit 5 shall be adjusted to 50 percent of the normal cost rate rounded to the nearest one-quarter of 1 percent.

(c) Each year thereafter, the rate shall only be adjusted if the board determines the total normal cost rate increases or decreases by more than 1 percent of payroll above the total normal cost rate in effect at the time the employee contribution rate was last adjusted. The increase or decrease to the employee contribution in any given fiscal year shall not exceed 1 percent per year.

(d) The normal rate of contribution established pursuant to this section shall be applied to the compensation in excess of three hundred seventeen dollars (\$317) per month paid to a member whose service is not included in the federal system or in excess of five hundred thirteen dollars (\$513) for one whose service is included in the federal system.

(e) Consistent with the normal rate of contribution for all members identified in this section, the Director of the Department of Human Resources may exercise their discretion to establish the normal rate of contribution for a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513, and an officer or employee of the executive branch of state government who is not a member of the civil service.

(f) 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 and until approved by the Legislature in the annual Budget Act.

SEC. 17. 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 fiscal year 2018–19 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) (1) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates two hundred sixty-five million dollars (\$265,000,000) in General Fund moneys for fiscal year 2020–21, two hundred million dollars (\$200,000,000) in General Fund moneys for fiscal year 2021–22, and thirty-five million dollars (\$35,000,000) in General Fund moneys for fiscal year 2022–23 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) Two hundred forty-three million dollars (\$243,000,000) of supplemental payments to the Public Employees' Retirement Fund for the 2020–21 fiscal year described in paragraph (1) shall be apportioned to the state patrol member category, as directed by the Department of Finance.

(3) Twenty-two million dollars (\$22,000,000) of the supplemental payment to the Public Employees' Retirement Fund for the 2020–21 fiscal year described in paragraph (1) shall be apportioned among the state employee member categories, as directed by the Department of Finance, in proportion to the amount of estimated General Fund moneys appropriated to make required contributions to each state employee member category for the 2020–21 fiscal year.

(4) The supplemental payments to the Public Employees' Retirement Fund for the 2021–22 and 2022–23 fiscal years described in paragraph (1) shall be apportioned among the state employee member categories, as directed by the Department of Finance, in proportion to the amount of estimated General Fund moneys appropriated to make required contributions to each state employee member category for the fiscal year that the supplemental payment is transferred.

(c) The supplemental payments to the Public Employees' Retirement Fund described in subdivisions (a) and (b) shall be applied to the unfunded state liabilities for the state employee member categories described in paragraph (2) of subdivision (a) and paragraphs (2), (3), and (4) of subdivision (b).

SEC. 18. Section 20825.15 is added to the Government Code, to read:

20825.15. (a) In addition to the appropriation required pursuant to Section 20814, the Legislature hereby appropriates twenty-five million dollars (\$25,000,000) from the Motor Vehicle Account for each of the 2019–20, 2020–21, 2021–22, and 2022–23 fiscal years 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. However, the payments in the 2021–22 and 2022–23 fiscal years shall be subject to the following conditions:

(1) If the projected state revenues at the 2021–22 May Revision to the Governor's Budget are insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing the aforementioned supplemental pension payments, as specified above, in the sole discretion of the Director of the Department of Finance, the twenty-five-million-dollar (\$25,000,000) supplemental payment for the 2021–22 and 2022–23 fiscal years shall be deferred to the respective next fiscal years.

(2) If the twenty-five-million-dollar (\$25,000,000) supplemental payment in the 2021–22 fiscal year is made and projected state revenues at the 2022–23 May Revision to the Governor's Budget are insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing the aforementioned supplemental pension payments, as specified above, in the sole discretion of the Director of the Department of Finance, the twenty-five-million-dollar (\$25,000,000) supplemental payment for the 2022–23 fiscal year shall be deferred to the next fiscal year.

(b) The Department of Finance shall provide the Controller a schedule establishing the timing of specific transfers to be used for these purposes.

(c) The supplemental payment to the Public Employees' Retirement Fund described in subdivision (a) shall be apportioned to the state patrol member plan, and applied to the unfunded liabilities for the state patrol member plan.

SEC. 19. Section 22871.3 of the Government Code is amended to read:

22871.3. (a) The employer contribution for each annuitant enrolled in a basic plan shall be an amount equal to 80 percent of the weighted average of the health benefit plan premiums for an employee or annuitant enrolled for self-alone, during the benefit year to which the formula is applied, for the four health benefit plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer contribution

shall be an amount equal to 80 percent 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, in the four health benefit plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year.

(b) The employer contribution for each annuitant enrolled in a Medicare health benefit plan in accordance with Section 22844 shall be an amount equal to 80 percent of the weighted average of the health benefit plan premiums for an annuitant enrolled in a Medicare health benefit plan for self-alone, during the benefit year to which the formula is applied, for the four Medicare health benefit plans that had the largest state annuitant enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer contribution shall be an amount equal to 80 percent 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, in the four Medicare health benefit plans that had the largest state annuitant enrollment, excluding family members, during the previous benefit year. If the annuitant is eligible for Medicare Part A, with or without cost, and Medicare Part B, regardless of whether the annuitant is actually enrolled in Medicare Part A or Part B, the employer contribution shall not exceed the amount calculated under this subdivision.

(c) This section applies to:

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

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

(3) A state employee represented by State Bargaining Unit 1, 2, 3, 4, 6, 7, 8, 11, 12, 13, 14, 15, 17, 18, 19, 20, or 21 who is first employed by the state and becomes a state member of the system on or after January 1, 2017.

(4) A state employee related to State Bargaining Unit 1, 2, 3, 4, 6, 7, 8, 11, 12, 13, 14, 15, 17, 18, 19, 20, or 21 who is excepted from the definition of "state employee" in subdivision (c) of Section 3513 and first employed by the state and becomes a state member of the system on or after January 1, 2017.

(5) A judicial branch employee who is first employed by the state and becomes a state member of the system on or after January 1, 2017. This paragraph does not apply to a judge who is subject to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

(6) A state employee represented by State Bargaining Unit 16 who is first employed by the state and becomes a state member of the system on or after April 1, 2017.

(7) A state employee related to State Bargaining Unit 16 who is excepted from the definition of "state employee" in subdivision (c) of Section 3513 and first employed by the state and becomes a state member of the system on or after April 1, 2017.

(8) A state employee that is not related to any state bargaining unit, who is excepted from the definition of "state employee" in subdivision (c) of Section 3513 and is first employed by the state and becomes a state member of the system on or after July 1, 2019.

(9) An officer or employee of the executive branch of state government who is not a member of the civil service and first employed by the state and becomes a state member of the system on or after July 1, 2019.

(10) A state employee represented by State Bargaining Unit 5 who is first employed by the state and becomes a state member of the system on or after January 1, 2020.

(11) A state employee related to State Bargaining Unit 5 who is excepted from the definition of "state employee" in subdivision (c) of Section 3513 and first employed by the state and becomes a state member of the system on or after January 1, 2020.

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

SEC. 20. Section 22874.9 is added to the Government Code, to read:

22874.9. (a) Notwithstanding Sections 22870, 22871, 22873, and 22874, a state employee, defined by subdivision (c) of Section 3513, who is first employed by the state and becomes a state member of the system on or after January 1, 2020, and who is represented by State Bargaining Unit 5, shall not receive any portion of the employer contribution payable for annuitants unless the person is credited with 15 years of state service at the time of retirement.

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

Credited Years of Service	Percentage of Employer Contribution
15	50
16.	55
17	60
18	65
19	70
20	75
21	80
22	85
23	90
24	95
25 or more	100

(c) This section shall apply only to state employees who retire from service. For purposes of this section, "state service" means service rendered as an employee of the state or an appointed or elected officer of the state for compensation.

(d) This section does not apply to:

- (1) Former state employees previously employed before January 1, 2020, who return to state employment on or after January 1, 2020.
- (2) State employees hired prior to January 1, 2020, who become subject to representation by State Bargaining Unit 5 on or after January 1, 2020.
- (3) State employees on an approved leave of absence employed before January 1, 2020, who return to active employment on or after January 1, 2020.
- (4) State employees hired after January 1, 2020, who are first represented by a state bargaining unit other than Bargaining Unit 5, who later become represented by State Bargaining Unit 5.

(e) Notwithstanding Section 22875, this section shall also apply to a related state employee who is excepted from the definition of "state employee" in subdivision (c) of Section 3513 and is first employed by the state and becomes a state member of the system on or after January 1, 2020.

SEC. 21. Section 22879 of the Government Code is amended to read:

22879. (a) The board shall pay monthly to an employee or annuitant who is enrolled in, or whose family member is enrolled in, a Medicare health benefit plan under this part the amount of the Medicare Part B premiums, exclusive of penalties, except as provided in Section 22831. This payment may not exceed 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 the employee's or annuitant's family members are enrolled. No payment may be made in any month if the difference is less than one dollar (\$1).

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

(c) With respect to an annuitant, the board shall pay to the annuitant the amount required by this section from the same source from which the annuitant's allowance is paid. Those amounts are hereby appropriated monthly from the General Fund to reimburse the board for those payments.

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

(e) This section does not apply to:

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

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

(3) A state employee who is first employed by the state and becomes a state member of the system on or after January 1, 2017, and who is represented by State Bargaining Unit 1, 2, 3, 4, 6, 7, 8, 11, 12, 13, 14, 15, 17, 18, 19, 20, or 21.

(4) A state employee related to State Bargaining Unit 1, 2, 3, 4, 6, 7, 8, 11, 12, 13, 14, 15, 17, 18, 19, 20, or 21 who is excepted from the definition of "state employee" in subdivision (c) of Section 3513 and is first employed by the state and becomes a state member of the system on or after January 1, 2017.

(5) A judicial branch employee who is first employed by the state and becomes a state member of the system on or after January 1, 2017. This paragraph does not apply to a judge who is subject to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

(6) A state employee who is first employed by the state and becomes a state member of the system on or after April 1, 2017, and who is represented by State Bargaining Unit 16.

(7) A state employee related to State Bargaining Unit 16 who is excepted from the definition of "state employee" in subdivision (c) of Section 3513 and is first employed by the state and becomes a state member of the system on or after April 1, 2017.

(8) A state employee who is first employed by the state and becomes a state member of the system on or after January 1, 2020, and who is represented by State Bargaining Unit 5.

(9) A state employee related to State Bargaining Unit 5 who is excepted from the definition of "state employee" in subdivision (c) of Section 3513 and is first employed by the state and becomes a state member of the system on or after January 1, 2020.

SEC. 22. Section 22944.5 of the Government Code is amended to read:

22944.5. (a) (1) The state and employees in State Bargaining Unit 2, 7, 8, 9, 10, 13, 18, or 19 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2019.

(2) The state and employees in State Bargaining Units 6 and 16 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2018.

(3) The state and employees in the judicial branch shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2017.

(4) The state and employees in State Bargaining Unit 1, 3, 4, 11, 12, 14, 15, 17, 20, or 21 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2020.

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

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

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

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

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

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

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

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

(D) Effective July 1, 2020, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of the actuarially determined total normal costs. Adjustments to both the employer and employee contribution percentages will occur if the actuarially determined total normal costs increase or decrease by more than one-half of 1 percent from the total normal cost contribution percentages in effect on July 1, 2019. The increase or decrease to the employer or employee contribution shall not exceed 0.5 percent per year.

(E) Effective July 1, 2021, 2.8 percent of pensionable compensation.

(3) The employees in State Bargaining Unit 6 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2016, 1.3 percent of pensionable compensation.

(B) Effective July 1, 2017, an additional 1.3 percent for a total employee contribution of 2.6 percent of pensionable compensation.

(C) Effective July 1, 2018, an additional 1.4 percent for a total employee contribution of 4.0 percent of pensionable compensation.

(4) The state employees in the judicial branch shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2016, 1.5 percent of pensionable compensation.

(B) Effective July 1, 2017, up to an additional 1.5 percent for a total employee contribution of up to 3.0 percent of pensionable compensation. The additional amount shall be determined by the Director of Finance no later than April 1, 2017, based on the actuarially determined normal costs identified in the state valuation.

(C) This paragraph does not apply to a judge who is subject to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

(5) The employees in State Bargaining Unit 12 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 1.5 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 1.0 percent for a total employee contribution of 2.5 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.0 percent for a total employee contribution of 3.5 percent of pensionable compensation.

(D) Effective July 1, 2020, an additional 1.1 percent for a total employee contribution of 4.6 percent of pensionable compensation.

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

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

(B) Effective July 1, 2018, an additional 0.6 percent for a total employee contribution of 1.3 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 0.7 percent for a total employee contribution of 2.0 percent of pensionable compensation.

(7) The employees in State Bargaining Unit 7 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 1.3 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 1.4 percent for a total employee contribution of 2.7 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.3 percent for a total employee contribution of 4.0 percent of pensionable compensation.

(8) The employees in State Bargaining Unit 1, 3, 4, 11, 14, 15, 17, 20, or 21 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2018, 1.2 percent of pensionable compensation.

(B) Effective July 1, 2019, an additional 1.1 percent for a total employee contribution of 2.3 percent of pensionable compensation.

(C) Effective July 1, 2020, an additional 1.2 percent for a total employee contribution of 3.5 percent of pensionable compensation.

(9) The employees in State Bargaining Unit 8 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 1.5 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 1.5 percent for a total employee contribution of 3.0 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.4 percent for a total employee contribution of 4.4 percent of pensionable compensation.

(10) The employees in State Bargaining Unit 13 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 1.3 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 1.3 percent for a total employee contribution of 2.6 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.3 percent for a total employee contribution of 3.9 percent of pensionable compensation.

(11) The employees in State Bargaining Unit 18 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 1.3 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 1.3 percent for a total employee contribution of 2.6 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.4 percent for a total employee contribution of 4.0 percent of pensionable compensation.

(12) The employees in State Bargaining Unit 19 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 1.0 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 1.0 percent for a total employee contribution of 2.0 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.0 percent for a total employee contribution of 3.0 percent of pensionable compensation.

(13) The employees in State Bargaining Unit 16 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

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

(B) Effective July 1, 2018, an additional 0.4 percent for a total employee contribution of 1.4 percent of pensionable compensation.

(14) Notwithstanding Section 22944.3 of the Government Code, the state and employees in State Bargaining Unit 5 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined total normal costs for both employer and employees by July 1, 2020.

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

(B) Effective July 1, 2020, 0.0 percent of pensionable compensation for employees and 3.4 percent of pensionable statutory salary increases redirected to prefund OPEB paid for by the employer.

(C) After July 1, 2020, the employer and employee contribution percentages will be adjusted based on actuarially determined total normal costs. Adjustments to both the employer and employee contribution percentages will occur if the actuarially determined total normal costs increase or decrease by more than 0.5 percent from the total normal cost contribution percentages in effect at the time. Commencing no sooner than July 1, 2021, and on July 1 of each fiscal year thereafter, if it is determined that an adjustment to the contribution rate is necessary, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. The increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(D) Effective July 1, 2020, the statutory increase redirected as a result of subdivision (a) of Section 19827 shall count towards the employee contribution percentage when determining the 50-percent cost sharing of actuarially determined total normal costs.

(c) This section only applies to employees who are eligible for health benefits, including permanent intermittent employees.

(d) Contributions paid pursuant to this section shall be deposited in the Annuitants' Health Care Coverage Fund and shall not be refundable under any circumstances to an employee or the employee's beneficiary or survivor.

(e) 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 those 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.

(f) This section shall also apply to a state employee related to a bargaining unit described in subdivision (a) who is excepted from the definition of "state employee" in subdivision (c) of Section 3513.

(g) (1) With the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2020, the Director of the Department of Human Resources may establish the total employee contribution to prefund retiree health care as a percentage of pensionable compensation for the following:

(A) A state employee who is not related to a bargaining unit described in subdivision (a) and who is excepted from the definition of "state employee" in subdivision (c) of Section 3513.

(B) An officer or employee of the executive branch of state government who is not a member of the civil service.

(2) An employee or officer to whom this subdivision applies shall make contributions to prefund retiree health care based on the percentages established in paragraph (1), and the state shall match the contributions.

SEC. 23. The sum of one hundred forty-two million nine hundred thousand dollars (\$142,900,000) is hereby appropriated for State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21 for expenditure in the 2019–20 fiscal year in augmentation of, and for the purpose of, state employee compensation, as provided in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget Act of 2019, in accordance with the following schedule:

(a) Fifty million eighteen thousand dollars (\$50,018,000) from the General Fund in augmentation of Item 9800-001-0001 of Section 2.00 of the Budget Act of 2019.

(b) Sixty-two million two hundred thirty-one thousand dollars (\$62,231,000) from unallocated special funds in augmentation of Item 9800-001-0494 of Section 2.00 of the Budget Act of 2019.

(c) Thirty million six hundred fifty-one thousand dollars (\$30,651,000) from other unallocated nongovernmental cost funds in augmentation of Item 9800-001-0988 of Section 2.00 of the Budget Act of 2019.

SEC. 24. 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.