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AB-119 State employment: State Bargaining Units. (2019-2020)

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Assembly Bill No. 119

CHAPTER 23

An act to amend Sections 19829.9848, 19829.9849, 19829.9850, 20683.6, 20683.61, 20683.62, and 22944.5 of, and to add Sections 20683.77 and 20683.78 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 June 29, 2020. Filed with Secretary of State June 29, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

AB 119, Ting. State employment: State Bargaining Units.

(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 or addenda, or both, entered into between the state employer and State Bargaining Unit 1-Professional, Administrative, Financial, and Staff Services, State Bargaining Unit 3-Professional Educators and Librarians, State Bargaining Unit 4-Office and Allied, State Bargaining Unit 6-Corrections, State Bargaining Unit 9-Professional Engineers, State Bargaining Unit 11-Engineering and Scientific Technicians, State Bargaining Unit 14-Printing and Allied Trades, State Bargaining Unit 15-Allied Services, State Bargaining Unit 17-Registered Nurses, State Bargaining Unit 18-Psychiatric Technicians, State Bargaining Unit 20-Medical and Social Services, and State Bargaining Unit 21-Educational Consultants and Library. The bill would provide that provisions of the memoranda of understanding or addenda, or both, 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 or these state bargaining units to reopen negotiations if funds for those provisions are not specifically appropriated by the Legislature.

This bill would also ratify and approve provisions requiring the expenditure of funds in the memoranda of understanding or addenda, or both, entered into between the state employer and other state bargaining units no later than June 30, 2020, if the memoranda of understanding or addenda includes savings measures that contribute to meeting the budgeted reductions as specified in the Budget Act of 2020. The bill would provide that provisions of these approved memoranda of understanding or addenda, or both, that require the expenditure of funds will take effect and are deemed to be appropriated by the Legislature.

This bill would require the provisions of these memoranda of understanding or addenda, or both, 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 specified memoranda of understanding, if the Budget Act is not enacted by July 1, 2020.

(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.

Existing law adjusts the normal rate of contribution for specified employees of State Bargaining Unit 9 (BU 9) to 50% of the normal cost rate rounded to the nearest quarter 1%, as specified, if certain conditions occur. After June 30, 2020, the normal rate of contribution returns to the normal contribution rate established in specified provisions of existing law.

This bill, on July 1, 2022, or a later date as determined by the provisions of the memorandum of understanding for BU 9, would require the normal rate of contribution to return to the normal contribution rate that was in place on July 1, 2019, for a period of one year.

This bill would adjust the normal rates of pension contributions for specified employees of State Bargaining Unit 18 (BU 18). The bill would require, effective July 1, 2021, the state miscellaneous members or state industrial members contribution rate, or the rate for state safety members, be adjusted when both (a) the normal cost rate for the category in effect for the 2016–17 fiscal year has increased by 1%, and (b) 50% of that normal cost rate, rounded as specified, exceeds the normal established contribution rate, as specified. The bill would provide for adjustments each year thereafter, subject to certain limitations, including that the increase to the employee contribution in any given fiscal year not exceed 1%, and 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) 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. Existing law specifies the contribution rates that employees in BU 18 are required to make, subject to the state making a matching contribution, based on a specified schedule.

This bill would provide, after July 1, 2019, that the employer and employee contribution percentages would be adjusted based on actuarially determined total normal costs, in accordance with certain limits.

(4) PEMHCA requires the state and employees in specified State Bargaining Units to prefund retiree health care and other postemployment benefits and provides that if those provisions are in conflict with the provisions of a memorandum of understanding reached pursuant to an agreement with the Governor, as provided, the memorandum of understanding is controlling without further legislative action, except if the provisions of the memorandum of understanding require the expenditure of funds.

This bill would also provide that addenda to the memorandum of understanding also control as to those conflicting provisions, except if the conflicting provisions of the memorandum of understanding or addenda require the expenditure of funds.

(5) PEMHCA requires the state and employees in specified State Bargaining Units to prefund retiree health care, with the goal of reaching a 50% cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2020.

This bill would include employees in State Bargaining Unit 5 - Highway Patrol, in that cost-sharing requirement.

(6) PEMHCA requires the employees in state bargaining unit 1, 3, 4, 11, 14, 15, 17, 20, or 21 to make contributions to prefund retiree health care based on the specified schedule, and requires the state to make a matching contribution. Effective July 1, 2020, PEMHCA requires an additional 1.2% for a total employee contribution of 3.5% of pensionable compensation.

This bill, for employees in those state bargaining units, would suspend the additional 1.2% required for the employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 and 2021–22 fiscal years while continuing to require the employer's monthly contribution for prefunding those postemployment benefits during those fiscal years.

(7) PEMHCA requires the employees in State Bargaining Unit 6 (BU 6) to make contributions to prefund retiree health care based on the specified schedule, and requires the state to make a matching contribution. Effective July 1, 2018, PEMHCA requires an additional 1.4% for a total employee contribution of 4% of pensionable compensation.

This bill, for employees in BU 6, would suspend the additional 1.4% required for the employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 and 2021–22 fiscal years while continuing to require the employer's monthly contribution for prefunding those postemployment benefits during those fiscal years.

(8) PEMHCA requires the employees in BU 9 to make contributions to prefund retiree health care based on the specified schedule, and requires the state to make a matching contribution. Effective July 1, 2019, PEMHCA requires an additional 1.0% for a total employee contribution of 2% of pensionable compensation

This bill, for employees in BU 9, would suspend the additional 1.0% required for the employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 and 2021–22 fiscal years while continuing to require the employer's monthly contribution for prefunding those postemployment benefits during those fiscal years.

(9) The bill would appropriate the sum of \$270,917,000 for BU 18 for expenditure in augmentation of, and for the purpose of, state employee compensation, in accordance with a specified schedule.

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

Vote: majority Appropriation: yes Fiscal Committee: yes 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 agreement entered into by the state employer and State Bargaining Units 1, 3, 4, 6, 9, 11, 14, 15, 17, 18, 20, and 21 pursuant to Section 3517.5 of the Government Code.

SEC. 2. Notwithstanding Section 19829.5, the provisions of the memoranda of understanding or addenda, or both, prepared pursuant to Section 3517.5 of the Government Code and entered into by the state employer and State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21, dated June 19, 2020, State Bargaining Unit 6, dated June 11, 2020, State Bargaining Unit 9, dated June 18, 2020, and State Bargaining Unit 18, dated December 13, 2019, and that require the expenditure of funds, are hereby approved for the purposes of Sections 3517.6 and 3517.61 of the Government Code.

SEC. 3. Notwithstanding Section 19829.5 of the Government Code, the provisions of the memoranda of understanding or addenda, or both, prepared pursuant to Section 3517.5 of the Government Code and entered into by the state employer and a state bargaining unit no later than June 30, 2020, and that require the expenditure of funds, are hereby ratified if the memoranda of understanding or addenda include savings measures that contribute to meeting the budgeted reductions in Section 3.90 of the Budget Act of 2020 and are hereby approved for purposes of Section 3517.6 of the Government Code.

SEC. 4. The provisions of the memoranda of understanding or addenda, or both, 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 Units 1, 3, 4, 6, 9, 11, 14, 15, 17, 18, 20, and 21 may reopen negotiations on all or part of the memoranda of understanding or addenda, or both. The provisions of the memoranda of understanding or addenda, or both, approved in Section 3 of this act that require the expenditure of funds shall take effect and funds for these provisions shall be deemed to be appropriated by the Legislature.

SEC. 5. Notwithstanding Sections 3517.6 and 3517.61 of the Government Code, the provisions of the memoranda of understanding or addenda, or both, included in Section 2 or 3 of this act that require the expenditure of funds shall become effective even if the provisions of the memoranda of understanding or addenda, or both, are approved by the Legislature in legislation other than the annual Budget Act.

SEC. 6. 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 9 (effective July 1, 2020, to July 1,

2022, 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 18 (effective July 2, 2019, to July 1, 2022, 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 9 (effective July 1, 2020, to July 1, 2022, 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 18 (effective July 2, 2019, to July 1, 2022, 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, unless otherwise provided for by the Budget Act or other legislative enactment.

(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 9 (effective July 1, 2020, to July 1, 2022, 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 18 (effective July 2, 2019, to July 1, 2022, 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 9 expires on July 1, 2022, 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 18 expires on July 1, 2022, 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 19829.9849 of the Government Code is amended 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 6 (effective July 3, 2020, to July 2, 2022, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, 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 18 (effective July 2, 2019, to July 1, 2022, 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 6 (effective July 3, 2020, to July 2, 2022, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, 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 18 (effective July 2, 2019, to July 1, 2022, 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, unless otherwise provided for by the Budget Act or other legislative enactment.

(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 6 (effective July 3, 2020, to July 2, 2022, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, 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 18 (effective July 2, 2019, to July 1, 2022, 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 6 expires on July 2, 2022, the memorandum of understanding for State Bargaining Unit 7 expires on July 1, 2023, the memorandum of understanding for State Bargaining Unit 9 expires on July 1, 2022, 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 18 expires on July 1, 2022, 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 19829.9850 of the Government Code is amended 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 6 (effective July 3, 2020, to July 2, 2022, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, 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 6 (effective July 3, 2020, to July 2, 2022, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, 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, unless otherwise provided for by the Budget Act or other legislative enactment.

(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 6 (effective July 3, 2020, to July 2, 2022, inclusive), State Bargaining Unit 7 (effective July 2, 2019, to July 1, 2023, inclusive), State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, 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 6 expires on July 2, 2022, the memorandum of understanding for State Bargaining Unit 7 expires on July 1, 2023, the memorandum of understanding for State Bargaining Unit 9 expires on July 1, 2022, 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. 9. Section 20683.6 of the Government Code is amended to read:

20683.6. (a) Notwithstanding Sections 20677.4 and 20677.71, effective July 1, 2019, the normal rate of contribution for state miscellaneous members who are represented by State Bargaining Unit 9 shall be adjusted in accordance with this section when both of the following occur:

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

(2) Fifty percent of the new normal cost rate, rounded to the nearest one-quarter of 1 percent, is greater than the normal contribution rate established in Section 20677.71.

(b) If on July 1, 2019, the board determines that the requirements of paragraphs (1) and (2) of subdivision (a) have been met, the normal rate of contribution for state miscellaneous members who are represented by State Bargaining Unit 9 shall be adjusted to 50 percent of the normal cost rate rounded to the nearest one-quarter of 1 percent, but not to increase by more than 0.5 percent.

(c) 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.

(d) After June 30, 2020, the normal rate of contribution shall return to the normal contribution rate established in Section 20677.71.

(e) On July 1, 2022, or a later date as determined by the provisions of the memorandum of understanding for State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, inclusive), the normal rate of contribution shall return to the normal contribution rate that was in place on July 1, 2019, for a period of one year.

(f) Consistent with the normal rate of contribution for all members identified in this subdivision, 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.

(g) 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. 10. Section 20683.61 of the Government Code is amended to read:

20683.61. (a) Notwithstanding Sections 20677.4, 20677.71, and 20683.2, effective July 1, 2019, the normal rate of contribution for state industrial members who are represented by State Bargaining Unit 9 shall be adjusted in accordance with this section when both of the following occur:

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

(2) Fifty percent of the new normal cost rate, rounded to the nearest one-quarter of 1 percent, is greater than the normal contribution rate established in Section 20683.2.

(b) If on the July 1, 2019, the board determines that the requirements of paragraphs (1) and (2) of subdivision (a) have been met, the normal rate of contribution for state industrial members who are represented by State Bargaining Unit 9 shall be adjusted to 50 percent of the normal cost rate rounded to the nearest one-quarter of 1 percent, but not to increase by more than 0.5 percent.

(c) 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.

(d) After June 30, 2020, the normal rate of contribution shall return to the normal contribution rate established in Section 20683.2.

(e) On July 1, 2022, or a later date as determined by the provisions of the memorandum of understanding for State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, inclusive), the normal rate of contribution shall return to the normal contribution rate that was in place on July 1, 2019, for a period of one year.

(f) Consistent with the normal rate of contribution for all members identified in this subdivision, 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.

(g) 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. 11. Section 20683.62 of the Government Code is amended to read:

20683.62. (a) Notwithstanding Sections 20683, 20677.91, and 20683.2, the normal rate of contribution for state safety members who are represented by State Bargaining Unit 9 shall be adjusted in accordance with this section when both of the following occur:

- (1) The total normal cost rate for the category in effect for the 2016–17 fiscal year has increased by at least 1 percent.
- (2) Fifty percent of the new normal cost rate, rounded to the nearest one-quarter of 1 percent, is greater than the normal contribution rate established in Section 20683.2.

(b) If on July 1, 2019, the board determines that the requirements of paragraphs (1) and (2) of subdivision (a) have been met, the normal rate of contribution for state safety members who are represented by State Bargaining Unit 9 shall be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of 1 percent, but not to increase by more than 0.5 percent.

(c) 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.

(d) After June 30, 2020, the normal rate of contribution shall return to the normal contribution rate established in Section 20683.2.

(e) On July 1, 2022, or a later date as determined by the provisions of the memorandum of understanding for State Bargaining Unit 9 (effective July 1, 2020, to July 1, 2022, inclusive), the normal rate of contribution shall return to the normal contribution rate that was in place on July 1, 2019, for a period of one year.

(f) Consistent with the normal rate of contribution for all members identified in this subdivision, 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.

(g) 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. 12. Section 20683.77 is added to the Government Code, to read:

20683.77. (a) Notwithstanding Sections 20677.4 and 20677.6, effective July 1, 2021, the normal contribution rates for state miscellaneous or state industrial members who are represented by State Bargaining Unit 18 shall be adjusted in accordance with this section when both of the following occur:

- (1) The total normal cost rate for the category in effect for the 2016–17 fiscal year has increased by 1 percent.
- (2) Fifty percent of that normal cost rate, rounded to the nearest one-quarter of 1 percent, is greater than the normal contribution rate established in Section 20677.6.

(b) On July 1 of the fiscal year after the board determines that the requirements of paragraphs (1) and (2) of subdivision (a) have been met, the normal rate of contribution for state miscellaneous or state industrial members who are represented by State Bargaining Unit 18 shall be adjusted to 50 percent of the normal cost rate rounded to the nearest one-quarter of 1 percent, but not to increase by more than 1 percent.

(c) Each year thereafter, the rate shall only be adjusted if the board determines the total normal cost rate increases 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 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 Human Resources may exercise their discretion to establish the normal rate of contributions for a 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. The normal rate of contribution shall be the same for all members identified in this subdivision. The contribution rate shall be effective at the beginning of the pay period indicated by the Director of the

Department of Human Resources but shall be no earlier than the beginning of the pay period following the date the board receives notification.

(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. 13. Section 20683.78 is added to the Government Code, to read:

20683.78. (a) Notwithstanding Sections 20677.9 and 20683, effective July 1, 2021, the normal contribution rates for state safety members who are represented by State Bargaining Unit 18 shall be adjusted in accordance with this section when both of the following occur:

(1) The total normal cost rate for the category in effect for the 2016–17 fiscal year has increased by 1 percent.

(2) Fifty percent of that normal cost rate, rounded to the nearest one-quarter of 1 percent, is greater than the normal contribution rate established in Section 20677.9.

(b) On July 1 of the fiscal year that the board determines that the requirements of paragraphs (1) and (2) of subdivision (a) have been met, the normal rate of contribution for state safety members who are represented by State Bargaining Unit 18 shall be adjusted to 50 percent of the normal cost rate rounded to the nearest one-quarter of 1 percent, but not to increase by more than 1 percent.

(c) Each year thereafter, the rate shall only be adjusted if the board determines the total normal cost rate increases 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 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.

(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 contributions for a 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. The normal rate of contribution shall be the same for all members identified in this subdivision. The contribution rate shall be effective at the beginning of the pay period indicated by the Director of the Department of Human Resources but shall be no earlier than the beginning of the pay period following the date the board receives notification.

(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. 14. 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, 5, 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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 and 2021–22 fiscal years, as described in subparagraph (C), is suspended and shall not be withheld from employees' salaries beginning on the first day of the pay period following ratification and ending on June 30, 2022. The employer's monthly contribution for prefunding other post employment benefits will continue in the 2020–21 and 2021–22 fiscal years, as described in subparagraph (C).

(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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 and 2021–22 fiscal years, as described in subparagraph (C), is suspended and shall not be withheld from employees' salaries beginning on July 1, 2020, and ending on June 30, 2022. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 and 2021–22 fiscal years, as described in subparagraph (C).

(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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 and 2021–22 fiscal years, as described in subparagraph (C), is suspended and shall not be withheld from employees' salaries beginning on July 1, 2020, and ending on June 30, 2022. The employer's monthly contribution for prefunding other post employment benefits will continue in the 2020–21 and 2021–22 fiscal years, as described in subparagraph (C).

(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.

(D) After July 1, 2019, 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 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 to maintain a 50-percent cost sharing of actuarially determined total normal costs. The increase to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(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 or addenda, or both, reached pursuant to Section 3517.5, that memorandum of understanding or addenda, or both, shall be controlling without further legislative action, except that if those provisions of the memorandum of understanding or addenda 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. 15. The sum of two hundred seventy million nine hundred seventeen thousand dollars (\$270,917,000) is hereby appropriated for State Bargaining Unit 18 for expenditure in the 2020–21 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 2020, in accordance with the following schedule:

(a) One hundred thirty-one million nine hundred thirty-nine thousand dollars (\$131,939,000) from the General Fund in augmentation of Item 9800-001-0001 of Section 2.00 of the Budget Act of 2020.

(b) Ninety-three million one hundred fifteen thousand dollars (\$93,115,000) from unallocated special funds in augmentation of Item 9800-001-0494 of Section 2.00 of the Budget Act of 2020.

(c) Forty-five million eight hundred sixty-three thousand dollars (\$45,863,000) from other unallocated nongovernmental cost funds in augmentation of Item 9800-001-0988 of Section 2.00 of the Budget Act of 2020.

SEC. 16. 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.