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SB-139 State Bargaining Unit 9 and State Bargaining Unit 12. (2025-2026)

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Senate Bill No. 139

CHAPTER 25

An act to amend Sections 19829.9853, 19829.9854, 19829.9855, 19851, and 22944.5 of 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 30, 2025. Filed with Secretary of State June 30, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 139, Committee on Budget and Fiscal Review. State Bargaining Unit 9 and State Bargaining Unit 12.

(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.

Existing law requires the Department of Human Resources to provide a memorandum of understanding to the Legislative Analyst, who then has 10 calendar days from the date the tentative agreement is received to issue a fiscal analysis to the Legislature. Existing law prohibits the memorandum of understanding from being subject to legislative determination until either the Legislative Analyst has presented a fiscal analysis of the memorandum of understanding or until 10 calendar days have elapsed since the memorandum was received by the Legislative Analyst.

This bill, notwithstanding the above-described statutory provisions, would approve provisions of the agreement entered into by the state employer and State Bargaining Unit 9 and State Bargaining Unit 12. The bill would provide that the provisions of the agreement that require the expenditure of funds will not take effect unless funds for these provisions are specifically appropriated by the Legislature. The bill would authorize the state employer or State Bargaining Unit 9 or State Bargaining Unit 12 to reopen negotiations if funds for these provisions are not specifically appropriated by the Legislature. The bill would require the provisions of the agreement that require the expenditure of funds to become effective even if the provisions are approved by the Legislature in legislation other than the annual Budget Act.

(2) Existing law, for the 2025–26 fiscal year, continuously appropriates 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 of 2025 is not enacted by July 1, 2025. Existing law includes within these continuous appropriation provisions a memorandum of understanding for State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2026, inclusive).

This bill would, instead, include the memorandum of understanding for State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive) and would additionally include the memorandum of understanding for State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive).

Existing law, for the 2026–27 fiscal year, continuously appropriates 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 and compensation and employee benefits to state employees covered by specified memoranda of understanding if the Budget Act of 2026 is not enacted by July 1, 2026. Existing law includes within these continuous appropriation provisions a memorandum of understanding for State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2026, inclusive).

This bill would, instead, include the memorandum of understanding for State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive) and would additionally include the memorandum of understanding for State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive). The bill would also make technical changes by deleting provisions regarding specified memoranda of understanding from these provisions that expire before the commencement of the 2026–27 fiscal year.

Existing law, for the 2027–28 fiscal year, continuously appropriates 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 and compensation and employee benefits to state employees covered by specified memoranda of understanding if the Budget Act of 2027 is not enacted by July 1, 2027.

This bill would additionally include the memoranda of understanding for State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), and for State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive).

(3) Existing law states that it is the policy of the state that the workweek of the state employee shall be 40 hours, and the workday of state employees 8 hours, except that workweeks and workdays of a different number of hours may be established in order to meet the varying needs of the different state agencies. Notwithstanding that policy, existing law required a state employee, except as specified, to participate in the Personal Leave Program 2020 (PLP 2020 Program), either as required by an applicable memorandum of understanding reached or by the direction of the department for excluded employees, under which each employee would receive a reduction in pay not greater than 10% in exchange for up to 16 hours of PLP 2020 Program leave credits per month.

This bill would require a state employee in Bargaining Unit 9 or 12, for the period from July 1, 2025, to June 30, 2027, to participate in the Personal Leave Program 2025 (PLP 2025), as required by an applicable memorandum of understanding reached, under which each employee in Bargaining Unit 9 or 12 would receive a 3% reduction in pay in exchange for 5 hours of PLP 2025 leave credits on the first day of each monthly pay period, except as provided.

(4) Existing law, 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.

This bill would suspend the employer's monthly contribution for prefunding other postemployment benefits for the 2025–26 and 2026–27 fiscal years, as specified. For the 2027–28 fiscal years, the bill would require employees to contribute a specified percentage of pensionable compensation. For the 2028–29, 2029–30, and 2030–31 fiscal years, the bill would establish prescribed percentages pertaining to the total employee contribution of pensionable compensation, as provided.

(5) The Budget Act of 2025 makes various appropriations for the purpose of employee compensation.

This bill would provide for the reduction of specified Budget Act item appropriations pursuant to agreements reached between the state employer and State Bargaining Units 9 and 12 in accordance with a specified schedule.

This bill would provide that the provisions of the memoranda of understanding or addenda, or both, prepared pursuant to a specified provision of law and entered into by the state employer and a state bargaining unit no later than June 30, 2025, and that may require the expenditure of funds, are ratified if the memoranda of understanding or addenda include savings measures that contribute to meeting the budgeted reductions in a specified provision of the Budget Act of 2025, and are approved.

(6) This bill would incorporate additional changes to Sections 19829.9853, 19829.9854, 19829.9855, 19851, and 22944.5 of the Government Code, proposed by AB 140, SB 140, or both, to be operative only if this bill and AB 140, SB 140, or both, are enacted and this bill is enacted last.

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

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

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

SECTION 1. 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 Unit 9 and State Bargaining Unit 12 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 and addenda prepared pursuant to Section 3517.5 of the Government Code and entered into by the state employer and State Bargaining Unit 9, dated June 19, 2025, and State Bargaining Unit 12, dated June 20, 2025, which require the expenditure of funds, are hereby approved for the purposes of Section 3517.6 of the Government Code.

SEC. 3. The provisions of the memoranda of understanding and addenda 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 9 or State Bargaining Unit 12 may reopen negotiations on all or part of the memoranda of understanding or addenda, or both.

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

SEC. 5. Section 19829.9853 of the Government Code is amended to read:

19829.9853. (a) Notwithstanding Section 13340, for the 2025–26 fiscal year, if the Budget Act of 2025 is not enacted by July 1, 2025, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 3 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 4 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2023, to July 2, 2025, inclusive), State Bargaining Unit 7 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 8 (effective July 1, 2024, to June 30, 2026, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), State Bargaining Unit 11 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive), State Bargaining Unit 14 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 15 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 16 (effective July 1, 2023, to July 1, 2025, inclusive), State Bargaining Unit 17 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 18 (effective July 1, 2022, to July 1, 2025, inclusive), State Bargaining Unit 20 (effective July 1, 2023, to June 30, 2026, inclusive), and State Bargaining Unit 21 (effective July 1, 2023, to June 30, 2026, 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 2025 is enacted. The Controller may expend an amount no greater than necessary to enable the Controller to compensate state employees covered by the above memorandum of understanding for work performed between July 1, 2025, of the 2025–26 fiscal year and the enactment of the Budget Act of 2025.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 3 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 4 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2023, to July 2, 2025, inclusive), State Bargaining Unit 7 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 8 (effective July 1, 2024, to June 30, 2026, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), State Bargaining Unit 11 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive), State Bargaining Unit 14 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 15 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 16 (effective July 1, 2023, to July 1, 2025, inclusive), State Bargaining Unit 17 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 18 (effective July 1, 2022, to July 1, 2025, inclusive), State Bargaining Unit 20 (effective July 1, 2023, to June 30, 2026, inclusive), and State Bargaining Unit 21 (effective July 1, 2023, to June 30, 2026, 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 2025, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2025 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 1 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 3 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 4 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2023, to July 2, 2025, inclusive), State Bargaining Unit 7 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 8 (effective July 1, 2024, to June 30, 2026, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), State Bargaining Unit 11 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive), State Bargaining Unit 14 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 15 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 16 (effective July 1, 2023, to July 1, 2025, inclusive), State Bargaining Unit 17 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 18 (effective July 1, 2022, to July 1, 2025, inclusive), State Bargaining Unit 20 (effective July 1, 2023, to June 30, 2026, inclusive), and State Bargaining Unit 21 (effective July 1, 2023, to June 30, 2026, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term 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, 2026, the memorandum of understanding for State Bargaining Unit 3 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 4 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 5 expires on June 30, 2027, the memorandum of understanding for State Bargaining Unit 6 expires on July 2, 2025, the memorandum of understanding for State Bargaining Unit 7 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 8 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 9 expires on June 30, 2028, the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2027, the memorandum of understanding for State Bargaining Unit 11 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 12 expires on June 30, 2027, the memorandum of understanding for State Bargaining Unit 14 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 15 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 16 expires on July 1, 2025, the memorandum of understanding for State Bargaining Unit 17 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 18 expires on July 1, 2025, the memorandum of understanding for State Bargaining Unit 20 expires on June 30, 2026, and the memorandum of understanding for State Bargaining Unit 21 expires on June 30, 2026.

SEC. 5.5. Section 19829.9853 of the Government Code is amended to read:

19829.9853. (a) Notwithstanding Section 13340, for the 2025–26 fiscal year, if the Budget Act of 2025 is not enacted by July 1, 2025, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 3 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 4 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 7 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 8 (effective July 1, 2024, to June 30, 2026, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), State Bargaining Unit 11 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive), State Bargaining Unit 14 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 15 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 16 (effective July 1, 2023, to July 1, 2025, inclusive), State Bargaining Unit 17 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 18 (effective July 1, 2022, to July 1, 2025, inclusive), State Bargaining Unit 20 (effective July 1, 2023, to June 30, 2026, inclusive), and State Bargaining Unit 21 (effective July 1, 2023, to June 30, 2026, 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 2025 is enacted. The Controller may expend an amount no greater than necessary to enable the Controller to compensate state employees covered by the above memorandum of understanding for work performed between July 1, 2025, of the 2025–26 fiscal year and the enactment of the Budget Act of 2025.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 1 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 3 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 4 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 7 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 8 (effective July 1, 2024, to June 30, 2026, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), State Bargaining Unit 11 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive), State Bargaining Unit 14 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 15 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 16 (effective July 1, 2023, to July 1, 2025, inclusive), State Bargaining Unit 17 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 18 (effective July 1, 2022, to July 1, 2025, inclusive), State Bargaining Unit 20 (effective July 1, 2023, to June 30, 2026, inclusive), and State

Bargaining Unit 21 (effective July 1, 2023, to June 30, 2026, 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 2025, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2025 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 1 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 3 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 4 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 7 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 8 (effective July 1, 2024, to June 30, 2026, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), State Bargaining Unit 11 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive), State Bargaining Unit 14 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 15 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 16 (effective July 1, 2023, to July 1, 2025, inclusive), State Bargaining Unit 17 (effective July 1, 2023, to June 30, 2026, inclusive), State Bargaining Unit 18 (effective July 1, 2022, to July 1, 2025, inclusive), State Bargaining Unit 20 (effective July 1, 2023, to June 30, 2026, inclusive), and State Bargaining Unit 21 (effective July 1, 2023, to June 30, 2026, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term 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, 2026, the memorandum of understanding for State Bargaining Unit 3 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 4 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 5 expires on June 30, 2027, the memorandum of understanding for State Bargaining Unit 6 expires on July 2, 2028, the memorandum of understanding for State Bargaining Unit 7 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 8 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 9 expires on June 30, 2028, the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2027, the memorandum of understanding for State Bargaining Unit 11 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 12 expires on June 30, 2027, the memorandum of understanding for State Bargaining Unit 14 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 15 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 16 expires on July 1, 2025, the memorandum of understanding for State Bargaining Unit 17 expires on June 30, 2026, the memorandum of understanding for State Bargaining Unit 18 expires on July 1, 2025, the memorandum of understanding for State Bargaining Unit 20 expires on June 30, 2026, and the memorandum of understanding for State Bargaining Unit 21 expires on June 30, 2026.

SEC. 6. Section 19829.9854 of the Government Code is amended to read:

19829.9854. (a) Notwithstanding Section 13340, for the 2026–27 fiscal year, if the Budget Act of 2026 is not enacted by July 1, 2026, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), and State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, 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 2026 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, 2026, of the 2026–27 fiscal year and the enactment of the Budget Act of 2026.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), and State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, 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 2026, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2026 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10

(effective July 1, 2024, to July 1, 2027, inclusive), and State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term of the memoranda of understanding has expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 5 expires on June 30, 2027, the memorandum for State Bargaining Unit 9 expires on June 30, 2028, the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2027, and the memorandum of understanding for State Bargaining Unit 12 expires on June 30, 2027.

SEC. 6.5. Section 19829.9854 of the Government Code is amended to read:

19829.9854. (a) Notwithstanding Section 13340, for the 2026–27 fiscal year, if the Budget Act of 2026 is not enacted by July 1, 2026, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), and State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, 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 2026 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, 2026, of the 2026–27 fiscal year and the enactment of the Budget Act of 2026.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), and State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, 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 2026, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2026 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 5 (effective July 1, 2024, to June 30, 2027, inclusive), State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), and State Bargaining Unit 12 (effective July 1, 2023, to June 30, 2027, inclusive), memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term of the memoranda of understanding has expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 5 expires on June 30, 2027, the memorandum of understanding for State Bargaining Unit 6 expires on July 2, 2028, the memorandum for State Bargaining Unit 9 expires on June 30, 2028, the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2027, and the memorandum of understanding for State Bargaining Unit 12 expires on June 30, 2027.

SEC. 7. Section 19829.9855 of the Government Code is amended to read:

19829.9855. (a) Notwithstanding Section 13340, for the 2027–28 fiscal year, if the Budget Act of 2027 is not enacted by July 1, 2027, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), and State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, 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 2027 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, 2027, of the 2027–28 fiscal year and the enactment of the Budget Act of 2027.

(b) If the memoranda of understanding entered into between the state employer, State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), and State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, 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 applicable memorandum 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 2027, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2027 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), and State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive), memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term of the applicable memorandum of understanding has expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 5 expires on June 30, 2027, and the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2027.

SEC. 7.5. Section 19829.9855 of the Government Code is amended to read:

19829.9855. (a) Notwithstanding Section 13340, for the 2027–28 fiscal year, if the Budget Act of 2027 is not enacted by July 1, 2027, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), and State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, 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 2027 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, 2027, of the 2027–28 fiscal year and the enactment of the Budget Act of 2027.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), and State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, 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 applicable memorandum 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 2027, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2027 for each affected department.

(d) This section shall only apply to an employee covered by the terms of the State Bargaining Unit 6 (effective July 3, 2025, to July 2, 2028, inclusive), State Bargaining Unit 9 (effective July 1, 2025, to June 30, 2028, inclusive), and State Bargaining Unit 10 (effective July 1, 2024, to July 1, 2027, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term of the applicable memorandum of understanding has expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 6 expires on July 2, 2028, the memorandum of understanding for State Bargaining Unit 9 expires on June 30, 2028, and the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2027.

SEC. 8. Section 19851 of the Government Code is amended to read:

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

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

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

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

(3) Notwithstanding any other law, for the period from July 1, 2025, to June 30, 2027, inclusive, a state employee in Bargaining Unit 9 or Bargaining Unit 12 shall participate in the Personal Leave Program 2025 (PLP 2025), as required by an applicable memorandum of understanding reached pursuant to Section 3517.5 or by the direction of the department for excluded employees. Under PLP 2025, each employee in Bargaining Unit 9 or 12 shall receive a reduction in pay not greater than 3 percent. In exchange for this reduction in pay, on the first day of each monthly pay period, each employee shall receive up to five hours of PLP 2025 leave credits. This subdivision shall not apply to retired annuitants or employees of entities listed in Section 3.90 of the Budget Act of 2025.

SEC. 8.5. Section 19851 of the Government Code is amended to read:

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

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

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

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

(3) Notwithstanding any other law, for the period from July 1, 2025, to June 30, 2027, inclusive, a state employee in Bargaining Unit 6 shall participate in the Personal Leave Program 2025 (PLP 2025), as required by an applicable memorandum of understanding reached pursuant to Section 3517.5 or by the direction of the department for excluded employees. Under PLP 2025, each employee in Bargaining Unit 6 shall receive a reduction in pay not greater than 3 percent. In exchange for this reduction in pay, on the first day of each monthly pay period, each employee shall receive up to five hours of PLP 2025 leave credits, except that an employee with the class title Fire Captain (Class Code 9001) and Ranges L or M (192-hour schedule) or Ranges N or P (216-hour schedule) shall receive up to seven hours of PLP 2025 leave credits. This subdivision shall not apply to retired annuitants or employees of entities listed in Section 3.90 of the Budget Act of 2025.

(4) Notwithstanding any other law, for the period from July 1, 2025, to June 30, 2027, inclusive, a state employee in Bargaining Unit 9 or Bargaining Unit 12 shall participate in the Personal Leave Program 2025 (PLP 2025), as required by an applicable memorandum of understanding reached pursuant to Section 3517.5. Under PLP 2025, each employee in Bargaining Unit 9 or 12 shall receive a reduction in pay not greater than 3 percent. In exchange for this reduction in pay, on the first day of each monthly pay period, each employee shall receive up to five hours of PLP 2025 leave credits. This subdivision shall not apply to retired annuitants or employees of entities listed in Section 3.90 of the Budget Act of 2025.

SEC. 9. 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 fiscal year, as described in subparagraph (C), is suspended and shall not be withheld from employees' salaries beginning with the July 2020 pay period and ending on June 30, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (C).

(E) The employer's monthly contribution for prefunding other postemployment benefits for the 2025–26 and 2026–27 fiscal years, as described in subparagraph (C), is suspended and shall not be withheld from employees' salaries or contributed by the employer.

(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) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraph (D), 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (D).

(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 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, 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.

(E) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraph (D), 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (D).

(F) Effective the first day of the pay period following ratification by both parties, but no sooner than July 1, 2021, the employer and employee contribution percentages shall 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 at the time. The increase or decrease to the employer or employee contribution shall not exceed 0.5 percent per year.

(G) The employees' and employer's monthly contribution for prefunding other postemployment benefits for the 2025–26 and 2026–27 fiscal years, as described in subparagraphs (D) and (F), is suspended and shall not be withheld from employees' salaries or contributed by the employer.

(H) Effective July 1, 2027, employees shall contribute 1.40 percent of pensionable compensation.

(I) Effective July 1, 2028, an additional 1.3 percent for a total employee contribution of 2.7 percent of pensionable compensation.

(J) Effective July 1, 2029, an additional 1.4 percent for a total employee contribution of 4.1 percent of pensionable compensation.

(K) Effective July 1, 2030, the employer and employee contribution percentages shall 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 shall occur if the actuarially determined total normal costs increase or decrease by more than one-half of one percent from the total normal contribution percentages in effect at the time. The increase or decrease to the employer or employee contribution shall not exceed 0.5 percent per year.

(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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (C).

(E) Effective the first day of the pay period following ratification by both parties, the employer and State Bargaining Unit 2 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 the first day of the pay period following ratification, and on July 1 of each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (C).

(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) Effective the first day of the pay period following ratification, the contribution percentage in subparagraph (C) shall be reduced by 0.5 percent for a total employee contribution of 3.0 percent of pensionable compensation.

(E) Effective July 1, 2024, and each July thereafter, State Bargaining Unit 1, 3, 4, 11, 14, 15, 17, 20, or 21 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. The employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(F) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, 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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (C).

(E) Effective the first day of the pay period following ratification by both parties, but no sooner than November 1, 2022, the employer and employee contribution will be decreased by 1 percent from 4.4 percent to 3.4 percent.

(F) Effective July 1, 2023, the contribution percentages will be adjusted based on the actuarially determined total normal cost. 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" or "one-half of 1 percent" from the normal total cost contribution percentages in effect at the time. If it is determined that an adjustment to the contribution rate is necessary, commencing no sooner than July 1, 2023, and July 1 of each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(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.

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

(E) Effective the first day of the pay period following ratification by both parties, 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, 2022, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(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.

(E) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraphs (C) and (D), 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraphs (C) and (D).

(F) Effective the first day of the pay period following ratification by both parties, 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 the first day of the pay period following ratification, and on July 1 of each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease 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.

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

(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.

(C) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraph (B), 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (B).

(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) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraphs (B) and (C), is suspended and shall not be withheld from employees' salaries beginning with the July 2020 pay period and ending on June 30, 2021. The employer's monthly contribution for prefunding other postemployment benefits will also be suspended during the 2020–21 fiscal year, as described in subparagraphs (B) and (C), beginning with the July 2020 pay period and ending on June 30, 2021.

(E) 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.

(F) Effective the first day of the pay period following ratification by both parties, but no sooner than July 1, 2021, the parties shall incorporate the 3.4 percent employee share of pensionable compensation into the salary survey conducted pursuant to Section 19827 of Government Code.

(G) Effective the first day of the pay period following ratification by both parties, but no sooner than July 1, 2021, the employees in State Bargaining Unit 5 and the state shall make contributions to prefund retiree health care based on the following schedule:

(i) Effective the first day of the pay period following ratification by both parties, but no sooner than July 1, 2021, employees shall contribute 0.9 percent of pensionable compensation and the employer shall contribute 5.9 percent of pensionable compensation, for a total of 6.8 percent pensionable compensation.

(ii) Effective July 1, 2022, or July 1, 2024, employees shall contribute 1.7 percent of pensionable compensation and the employer shall contribute 5.1 percent of pensionable compensation, for a total of 6.8 percent pensionable compensation.

(iii) Effective July 1, 2023, or July 1, 2025, employees shall contribute 2.6 percent of pensionable compensation and the employer shall contribute 4.2 percent of pensionable compensation, for a total of 6.8 percent pensionable compensation.

(iv) Effective July 1, 2024, employees shall contribute 3.4 percent of pensionable compensation and the employer shall contribute 3.4 percent of pensionable compensation, for a total of 6.8 percent of pensionable compensation.

(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 Annuity's 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, and 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.

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

(E) The employer's monthly contribution for prefunding other postemployment benefits for the 2025–26 and 2026–27 fiscal years, as described in subparagraph (C), is suspended and shall not be withheld from employees' salaries or contributed by the employer.

(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) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraph (D), 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (D).

(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 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (C).

(E) The employer's monthly contribution for prefunding other postemployment benefits for the 2025–26 and 2026–2027 fiscal years, as described in subparagraph (C), is suspended and shall not be contributed by the employer. The employees' monthly contribution of 4.0 percent for prefunding other postemployment benefits will continue uninterrupted.

(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.

(E) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraph (D), 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (D).

(F) Effective the first day of the pay period following ratification by both parties, but no sooner than July 1, 2021, the employer and employee contribution percentages shall 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 at the time. The increase or decrease to the employer or employee contribution shall not exceed 0.5 percent per year.

(G) The employees' and employer's monthly contribution for prefunding other postemployment benefits for the 2025–26 and 2026–27 fiscal years, as described in subparagraphs (D) and (F), is suspended and shall not be withheld from employees' salaries or contributed by the employer.

(H) Effective July 1, 2027, employees shall contribute 1.40 percent of pensionable compensation.

(I) Effective July 1, 2028, an additional 1.3 percent for a total employee contribution of 2.7 percent of pensionable compensation.

(J) Effective July 1, 2029, an additional 1.4 percent for a total employee contribution of 4.1 percent of pensionable compensation.

(K) Effective July 1, 2030, the employer and employee contribution percentages shall 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 shall occur if the actuarially determined total normal costs increase or decrease by more

than one-half of one percent from the total normal contribution percentages in effect at the time. The increase or decrease to the employer or employee contribution shall not exceed 0.5 percent per year.

(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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (C).

(E) Effective the first day of the pay period following ratification by both parties, the employer and State Bargaining Unit 2 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 the first day of the pay period following ratification, and on July 1 of each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (C).

(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) Effective the first day of the pay period following ratification, the contribution percentage in subparagraph (C) shall be reduced by 0.5 percent for a total employee contribution of 3.0 percent of pensionable compensation.

(E) Effective July 1, 2024, and each July thereafter, State Bargaining Unit 1, 3, 4, 11, 14, 15, 17, 20, or 21 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. The employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(F) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, 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.

(D) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (C).

(E) Effective the first day of the pay period following ratification by both parties, but no sooner than November 1, 2022, the employer and employee contribution will be decreased by 1 percent from 4.4 percent to 3.4 percent.

(F) Effective July 1, 2023, the contribution percentages will be adjusted based on the actuarially determined total normal cost. 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" or "one-half of 1 percent" from the normal total cost contribution percentages in effect at the time. If it is determined that an adjustment to the contribution rate is necessary, commencing no sooner than July 1, 2023, and July 1 of each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(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.

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

(E) Effective the first day of the pay period following ratification by both parties, 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, 2022, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

(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.

(E) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraphs (C) and (D), 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraphs (C) and (D).

(F) Effective the first day of the pay period following ratification by both parties, 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 the first day of the pay period following ratification, and on July 1 of each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease 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.

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

(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.

(C) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraph (B), 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, 2021. The employer's monthly contribution for prefunding other postemployment benefits will continue in the 2020–21 fiscal year, as described in subparagraph (B).

(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) The employees' monthly contribution for prefunding other postemployment benefits for the 2020–21 fiscal year, as described in subparagraphs (B) and (C), is suspended and shall not be withheld from employees' salaries beginning with the July 2020 pay period and ending on June 30, 2021. The employer's monthly contribution for prefunding other postemployment benefits will also be suspended during the 2020–21 fiscal year, as described in subparagraphs (B) and (C), beginning with the July 2020 pay period and ending on June 30, 2021.

(E) 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.

(F) Effective the first day of the pay period following ratification by both parties, but no sooner than July 1, 2021, the parties shall incorporate the 3.4 percent employee share of pensionable compensation into the salary survey conducted pursuant to Section 19827 of Government Code.

(G) Effective the first day of the pay period following ratification by both parties, but no sooner than July 1, 2021, the employees in State Bargaining Unit 5 and the state shall make contributions to prefund retiree health care based on the following schedule:

(i) Effective the first day of the pay period following ratification by both parties, but no sooner than July 1, 2021, employees shall contribute 0.9 percent of pensionable compensation and the employer shall contribute 5.9 percent of pensionable compensation, for a total of 6.8 percent pensionable compensation.

(ii) Effective July 1, 2022, or July 1, 2024, employees shall contribute 1.7 percent of pensionable compensation and the employer shall contribute 5.1 percent of pensionable compensation, for a total of 6.8 percent pensionable compensation.

(iii) Effective July 1, 2023, or July 1, 2025, employees shall contribute 2.6 percent of pensionable compensation and the employer shall contribute 4.2 percent of pensionable compensation, for a total of 6.8 percent pensionable compensation.

(iv) Effective July 1, 2024, employees shall contribute 3.4 percent of pensionable compensation and the employer shall contribute 3.4 percent of pensionable compensation, for a total of 6.8 percent of pensionable compensation.

(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 Annuity's 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, and 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.

(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. 10. Pursuant to the agreements reached between the state employer and State Bargaining Units 9 and 12, Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget Act of 2025 shall be reduced for a total of eighty-eight million seven hundred seventy-three thousand dollars (\$88,773,000) in accordance with the following schedule:

(a) Eighteen million two hundred nineteen thousand dollars (\$18,219,000) from the General Fund is reduced from Item 9800-001-0001 of Section 2.00 of the Budget Act of 2025.

(b) Forty-seven million two hundred seventy-one thousand dollars (\$47,271,000) from unallocated special funds is reduced from Item 9800-001-0494 of Section 2.00 of the Budget Act of 2025.

(c) Twenty-three million two hundred eighty-three thousand dollars (\$23,283,000) from other unallocated nongovernmental cost funds is reduced from Item 9800-001-0988 of Section 2.00 of the Budget Act of 2025.

SEC. 11. Notwithstanding Section 19829.5 and any provision of Chapter 10.3 (commencing with Section 3524) of Division 4 of Title 1 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 between June 21, 2025, no later than June 30, 2025, and that may 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 2025, and are hereby approved for purposes of Section 3517.6 of the Government Code.

SEC. 12. (a) Section 5.5 of this bill incorporates amendments to Section 19829.9853 of the Government Code proposed by this bill, Assembly Bill 140, and Senate Bill 140. That section of this bill shall only become operative if (1) both this bill and either Assembly Bill 140 or Senate Bill 140, or both, are enacted and become effective on or before January 1, 2026, (2) this bill and either Assembly Bill 140 or Senate Bill 140, or both, amend Section 19829.9853 of the Government Code, and (3) this bill is enacted after Assembly Bill 140, Senate Bill 140, or both, in which case Section 5 of this bill shall not become operative.

(b) Section 6.5 of this bill incorporates amendments to Section 19829.9854 of the Government Code proposed by this bill, Assembly Bill 140, and Senate Bill 140. That section of this bill shall only become operative if (1) both this bill and either Assembly Bill 140 or Senate Bill 140, or both, are enacted and become effective on or before January 1, 2026, (2) this bill and either Assembly Bill 140 or Senate Bill 140, or both, amend Section 19829.9854 of the Government Code, and (3) this bill is enacted after Assembly Bill 140, Senate Bill 140, or both, in which case Section 6 of this bill shall not become operative.

(c) Section 7.5 of this bill incorporates amendments to Section 19829.9855 of the Government Code proposed by this bill, Assembly Bill 140, and Senate Bill 140. That section of this bill shall only become operative if (1) both this bill and either Assembly Bill 140 or Senate Bill 140, or both, are enacted and become effective on or before January 1, 2026, (2) this bill and either Assembly Bill 140 or Senate Bill 140, or both, amend Section 19829.9855 of the Government Code, and (3) this bill is enacted after Assembly Bill 140, Senate Bill 140, or both, in which case Section 7 of this bill shall not become operative.

(d) Section 8.5 of this bill incorporates amendments to Section 19851 of the Government Code proposed by this bill, Assembly Bill 140, and Senate Bill 140. That section of this bill shall only become operative if (1) both this bill and either Assembly Bill 140 or Senate Bill 140, or both, are enacted and become effective on or before January 1, 2026, (2) this bill and either Assembly Bill 140 or Senate Bill 140, or both, amend Section 19851 of the Government Code, and (3) this bill is enacted after Assembly Bill 140, Senate Bill 140, or both, in which case Section 8 of this bill shall not become operative.

(e) Section 9.5 of this bill incorporates amendments to Section 22944.5 of the Government Code proposed by this bill, Assembly Bill 140, and Senate Bill 140. That section of this bill shall only become operative if (1) both this bill and either Assembly Bill 140 or Senate Bill 140, or both, are enacted and become effective on or before January 1, 2026, (2) this bill and either Assembly Bill 140 or Senate Bill 140, or both, amend Section 22944.5 of the Government Code, and (3) this bill is enacted after Assembly Bill 140, Senate Bill 140, or both, in which case Section 9 of this bill shall not become operative.

SEC. 13. 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.