

Assembly Bill No. 977

CHAPTER 616

An act to add Sections 20035.10 and 22825.10 to the Government Code, relating to state employees.

[Approved by Governor September 29, 2003. Filed with Secretary of State September 29, 2003.]

LEGISLATIVE COUNSEL'S DIGEST

AB 977, Diaz. State employees: memoranda of understanding: State Bargaining Unit 9.

(1) Existing law provides that if any provision of a memorandum of understanding reached between the state employer and a recognized employee organization representing state civil service employees requires the expenditure of funds, those provisions of the memorandum of understanding shall not become effective unless approved by the Legislature in the annual Budget Act.

This bill would approve provisions of a memorandum of understanding entered into between the state employer and State Bargaining Unit 9 (professional engineers) that require the expenditure of funds except for specified provisions related to an increase of salary or compensation, and would provide that the provisions of any memorandum of understanding that require the expenditure of funds shall become effective even if the provisions of the memorandum of understanding are approved by the Legislature in legislation other than the annual Budget Act. The bill would declare the intent of the Legislature that the approval of the provisions of the memorandum of understanding that require the expenditure of funds for State Bargaining Unit 9 that are not approved by this bill be submitted to the Legislature for consideration at a future date, as described.

This bill would provide that provisions of the memorandum of understanding approved by this bill that require the expenditure of funds shall not take effect unless funds for these provisions are specifically appropriated by the Legislature, and would provide that if funds for these provisions are not specifically appropriated by the Legislature, the state employer, and the affected employee organization shall meet and confer to renegotiate the affected provisions.

(2) The Public Employees' Retirement Law defines "final compensation," for purposes of calculating retirement benefits, as the highest annual average compensation earnable by the member during a designated 12-month period.

Under this bill, the calculation of “final compensation” for a member in State Bargaining Unit 9 would include the compensation the member would have earned effective July 1, 2003, if a specified 5% reduction had not occurred.

(3) The Public Employees’ Hospital and Medical Care Act provides that the employer’s contribution for health benefits for represented state employees shall be determined through the collective bargaining process subject to funding in the annual Budget Act.

Under this bill, effective January 1, 2004, the employer’s contribution for health benefits for employees in State Bargaining Unit 9 would be 80% of the weighted average for health benefits plan premiums for active state civil service employees enrolled for self-alone plus 80% of the weighted average for additional premiums for family members.

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 an agreement pursuant to Section 3517 of the Government Code entered into by the state employer and a recognized employee organization.

SEC. 2. (a) Except as otherwise specified in subdivisions (b) and (c), the provisions of the memorandum of understanding prepared pursuant to Section 3517.5 of the Government Code and entered into by the state employer and the following employee organization, and that require the expenditure of funds, are hereby approved for the purposes of Section 3517.6 of the Government Code:

State Bargaining Unit 9, the Professional Engineers in California Government.

(b) (1) The Legislature hereby approves the provisions of the memorandum of understanding for State Bargaining Unit 9 that requires the expenditure of funds, except for that portion of that memorandum of understanding that authorizes the increase of salary or compensation for parity reasons, as based in part upon the results of the salary survey of professional engineering benchmarks performed by the Department of Personnel Administration, as described in that memorandum of understanding.

(2) It is the intent of the Legislature that the Legislature’s approval of the provisions of the memorandum of understanding for State Bargaining Unit 9 that are not approved by this act, as described in this subdivision, be considered at such time as the salary survey described in that subdivision has been completed and submitted to the Legislature for its consideration.



SEC. 3. The provisions of the memorandum of understanding approved by Section 2 of this act that are scheduled to take effect on or after July 1, 2003, and 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, the state employer and the affected employee organization shall meet and confer to renegotiate the affected provisions.

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

SEC. 5. Section 20035.10 is added to the Government Code, to read:

20035.10. (a) Notwithstanding Sections 20035 and 20037, “final compensation” for the purpose of determining any pension or benefit with respect to a state miscellaneous member (1) who retires or dies on or after July 1, 2003, (2) who was a member of the state bargaining unit listed in subdivision (b), and (3) whose monthly salary range that was to be effective July 1, 2003, was reduced by 5 percent pursuant to a memorandum of understanding entered into during the 2003–04 fiscal year, means the highest annual compensation the member would have earned as of July 1, 2003, if that 5 percent reduction had not occurred. This section shall apply only if the period during which the member’s salary was reduced would have otherwise been included in determining his or her final compensation. The increased costs, if any, that may result from the application of the definition of “final compensation” provided in this section shall be paid by the employer in the same manner as other retirement benefits are funded.

(b) The section shall apply with respect to members in State Bargaining Unit 9.

SEC. 6. Section 22825.10 is added to the Government Code, to read:

22825.10. (a) Notwithstanding Section 22825.1, subdivision (b) of Section 22825.15, or any other provision of this article, the employer’s contribution with respect to employees in the following state bargaining unit shall be as described in subdivision (b): State Bargaining Unit 9. To be eligible for this contribution, the employee must be enrolled in an approved health benefits plan.

(b) Effective January 1, 2004, the employer’s contribution for each employee shall be an amount equal to 80 percent of the weighted average of the basic health benefits plan premium for an active state civil service employee enrolled for self-alone, during the benefit year to which the formula is applied, for the four basic health benefits plans that had the



largest active state civil service enrollment, excluding family members, during the previous benefit year. For each employee with enrolled family members, the employer shall contribute an additional 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four basic health benefits plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year.

(c) The employer is not obligated to make a contribution under this section for any employee unless and until the effective date of the employee's enrollment in an approved health benefits plan.

(d) The contribution of each employee and annuitant under this section shall be the total cost per month of the benefit coverage afforded him or her under the plan or plans less the portion thereof to be contributed by the employer.

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

