

AMENDED IN ASSEMBLY AUGUST 27, 2014

AMENDED IN ASSEMBLY AUGUST 26, 2014

AMENDED IN ASSEMBLY AUGUST 22, 2014

**SENATE BILL**

**No. 879**

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**Introduced by Committee on Budget and Fiscal Review**

January 9, 2014

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An act to add Sections 12440.6 and 12440.7 to the Government Code, relating to state employees, making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 879, as amended, Committee on Budget and Fiscal Review. State employees: memoranda of understanding.

Existing law provides that a provision of a memorandum of understanding reached between the state employer and a recognized employee organization representing state civil service employees that requires the expenditure of funds does not become effective unless approved by the Legislature in the annual Budget Act.

This bill would approve provisions of memoranda of understanding entered into between the state employer and State Bargaining Unit 2, the California Attorneys, Administrative Law Judges, and Hearing Officers in State Employment, on August 14, 2014, State Bargaining Unit 10, the California Association of Professional Scientists, on August 12, 2014, and State Bargaining Unit 13, the International Union of Operating Engineers, Stationary Engineers, on August 21, 2014, that require the expenditure of funds, and would provide that these provisions will become effective even if these provisions are approved by the Legislature in legislation other than the annual Budget Act.

The bill would prohibit provisions of the memorandum of understanding approved by this bill that authorize the expenditure of funds from taking effect unless funds for those provisions are specifically appropriated by the Legislature, and would authorize the state employer and the affected employee organization to reopen negotiations on all or part of the memorandum of understanding if those provisions are not approved or fully funded by the Legislature.

The bill would appropriate funds for expenditure in the 2014–15 fiscal year in augmentation of, and for the purpose of, state employee compensation, as provided in the Budget Act of 2014, in accordance with a specified schedule, from the General Fund, unallocated special funds, and other unallocated nongovernmental cost funds. The bill would also appropriate 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, in the amount necessary for the payment of compensation and employee benefits to state employees for work performed between July 1 and the enactment of the Budget Act in the 2015–16 and 2016–17 fiscal years if the Budget Act is not enacted on or before July 1 in those fiscal years.

*Existing law requires the Department of Human Resources to provide to the Joint Legislative Budget Committee any side letter, appendix, or other addendum to a properly ratified memorandum of understanding that requires the expenditure of \$250,000 or more related to salary and benefits and that is not already contained in the original memorandum of understanding or the Budget Act. Existing law requires the Joint Legislative Budget Committee, within 30 days after receiving the side letter, appendix, or other addendum, to determine if the addendum presents substantial additions that are not reasonably within the parameters of the original memorandum of understanding and thereby requires legislative action to ratify the addendum.*

*This bill would approve the addenda to memoranda of understanding entered into by the state employer and State Bargaining Unit 8, the California Department of Forestry Firefighters on August 26, 2014. The bill would also appropriate \$10,236,000 from the General Fund and other unallocated special and nongovernmental cost funds for those purposes. The bill would prohibit provisions of the addenda to the memorandum of understanding approved by this bill that authorize the expenditure of funds from taking effect unless funds for those provisions already exist within other available appropriations or are specifically*

*appropriated by the Legislature, and would require the state employer and the affected employee organization to meet and confer to renegotiate the affected provisions if funds for these purposes are not specifically appropriated by the Legislature.*

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.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares that the  
2 purpose of this act is to approve three agreements pursuant to  
3 Section 3517.5 of the Government Code entered into by the state  
4 employer and State Bargaining Units 2, 10, and 13, *and to approve*  
5 *addenda to a memorandum of understanding entered into by the*  
6 *state employer and State Bargaining Unit 8.*

7 SEC. 2. Notwithstanding the Budget Act of 2014 (Chapter 25  
8 of the Statutes of 2014), Provision 7 of Item 9800-001-0001 and  
9 Provision 8 of Items 9800-001-0494 and 9800-001-0988, the  
10 provisions of the memoranda of understanding prepared pursuant  
11 to Section 3517.5 of the Government Code and entered into by the  
12 state employer and State Bargaining Unit 2 dated August 14, 2014,  
13 State Bargaining Unit 10 dated August 12, 2014, and State  
14 Bargaining Unit 13 dated August 21, 2014, and that require the  
15 expenditure of funds are hereby approved for the purposes of  
16 subdivision (b) of Section 3517.6 of the Government Code.

17 SEC. 3. The provisions of the memoranda of understanding  
18 approved in Section 2 of this act that are scheduled to take effect  
19 on or after July 1, 2014, and that require the expenditure of funds,  
20 shall not take effect unless funds for those provisions are  
21 specifically appropriated by the Legislature. If the Legislature does  
22 not approve or fully fund any provision of a memorandum of  
23 understanding approved in Section 2 of this act that requires the  
24 expenditure of funds, either party to the memorandum may reopen  
25 negotiations on all or part of the memorandum of understanding.

26 SEC. 4. Notwithstanding Section 3517.6 of the Government  
27 Code, the provisions of the memoranda of understanding approved  
28 in Section 2 that require the expenditure of funds shall become  
29 effective even if the provisions of the memoranda of understanding

1 are approved by the Legislature in legislation other than the annual  
2 Budget Act.

3 SEC. 5. (a) The sum of twelve million six hundred twenty-nine  
4 thousand dollars (\$12,629,000) is hereby appropriated for State  
5 Bargaining Unit 2 for expenditure in the 2014–15 fiscal year in  
6 augmentation of, and for the purpose of, state employee  
7 compensation, as provided in Items 9800-001-0001,  
8 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget  
9 Act of 2014 (Chapter 25 of the Statutes of 2014), in accordance  
10 with the following schedule:

11 (1) Three million three hundred forty thousand dollars  
12 (\$3,340,000) from the General Fund in augmentation of Item  
13 9800-001-0001.

14 (2) Six million two hundred twenty-four thousand dollars  
15 (\$6,224,000) from unallocated special funds in augmentation of  
16 Item 9800-001-0494.

17 (3) Three million sixty-five thousand dollars (\$3,065,000) from  
18 other unallocated nongovernmental cost funds in augmentation of  
19 Item 9800-001-0988.

20 (b) The sum of three million one hundred twenty-four thousand  
21 dollars (\$3,124,000) is hereby appropriated for State Bargaining  
22 Unit 10 for expenditure in the 2014–15 fiscal year in augmentation  
23 of, and for the purpose of, state employee compensation, as  
24 provided in Items 9800-001-0001, 9800-001-0494, and  
25 9800-001-0988 of Section 2.0 of the Budget Act of 2014 (Chapter  
26 25 of the Statutes of 2014), in accordance with the following  
27 schedule:

28 (1) Five hundred sixty-one thousand dollars (\$561,000) from  
29 the General Fund in augmentation of Item 9800-001-0001.

30 (2) One million seven hundred seventeen thousand dollars  
31 (\$1,717,000) from unallocated special funds in augmentation of  
32 Item 9800-001-0494.

33 (3) Eight hundred forty-six thousand dollars (\$846,000) from  
34 other unallocated nongovernmental cost funds in augmentation of  
35 Item 9800-001-0988.

36 (c) The sum of two million three hundred fifty-six thousand  
37 dollars (\$2,356,000) is hereby appropriated for State Bargaining  
38 Unit 13 for the expenditure in the 2014–15 fiscal year in  
39 augmentation of, and for the purpose of, state employee  
40 compensation, as provided in Items 9800-001-0001,

1 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget  
2 Act of 2014 (Chapter 25 of the Statutes of 2014), in accordance  
3 with the following schedule:

4 (1) One million six hundred thirty-four thousand dollars  
5 (\$1,634,000) from the General Fund in augmentation of Item  
6 9800-001-0001.

7 (2) Four hundred eighty-four thousand dollars (\$484,000) from  
8 unallocated special funds in augmentation of Item 9800-001-0494.

9 (3) Two hundred thirty-eight thousand dollars (\$238,000) from  
10 other unallocated, nongovernmental cost funds in augmentation  
11 of Item 9800-001-0988.

12 SEC. 6. Section 12440.6 is added to the Government Code, to  
13 read:

14 12440.6. (a) Notwithstanding Section 13340, for the 2015–16  
15 fiscal year, if the Budget Act of 2015 is not enacted on or before  
16 July 1, 2015, for the memoranda of understanding entered into  
17 between the state employer and State Bargaining Unit 2 (effective  
18 July 2, 2013, to July 1, 2016, inclusive), State Bargaining Unit 10  
19 (effective July 2, 2013, to July 1, 2015, inclusive), and State  
20 Bargaining Unit 13 (effective July 2, 2013, to July 1, 2016,  
21 inclusive), there is hereby continuously appropriated to the  
22 Controller from the General Fund, unallocated special funds,  
23 including, but not limited to, federal funds and unallocated  
24 nongovernmental cost funds, and any other fund from which state  
25 employees are compensated, the amount necessary for the payment  
26 of compensation and employee benefits to state employees covered  
27 by the above memoranda of understanding until the Budget Act  
28 of 2015 is enacted. The Controller may expend an amount no  
29 greater than necessary to enable the Controller to compensate state  
30 employees covered by the above memoranda of understanding for  
31 work performed between July 1, 2015, of the 2015–16 fiscal year,  
32 and the enactment of the Budget Act of 2015.

33 (b) If the memoranda of understanding entered into between  
34 the state employer and State Bargaining Unit 2 (effective July 2,  
35 2013, to July 1, 2016, inclusive), State Bargaining Unit 10  
36 (effective July 2, 2013, to July 1, 2015, inclusive), and State  
37 Bargaining Unit 13 (effective July 2, 2013, to July 1, 2016,  
38 inclusive) are in effect and approved by the Legislature, the  
39 compensation and contribution for employee benefits for state  
40 employees represented by these bargaining units shall be at a rate

1 consistent with the applicable memorandum of understanding  
2 referenced above.

3 (c) Expenditures related to any warrant drawn pursuant to  
4 subdivision (a) are not augmentations to the expenditure authority  
5 of a department. Upon the enactment of the Budget Act of 2015,  
6 these expenditures shall be subsumed by the expenditure authority  
7 approved in the Budget Act of 2015 for each affected department.

8 (d) This section shall only apply to an employee covered by the  
9 terms of State Bargaining Unit 2 (effective July 2, 2013, to July  
10 1, 2016, inclusive), State Bargaining Unit 10 (effective July 2,  
11 2013, to July 1, 2015, inclusive), and State Bargaining Unit 13  
12 (effective July 2, 2013, to July 1, 2016, inclusive) memoranda of  
13 understanding. Notwithstanding Section 3517.8, this section shall  
14 not apply after the terms of the memoranda of understanding have  
15 expired. For purposes of this section, the memorandum of  
16 understanding for State Bargaining Unit 2 expires on July 1, 2016,  
17 the memorandum of understanding for State Bargaining Unit 10  
18 expires on July 1, 2015, and the memorandum of understanding  
19 for State Bargaining Unit 13 expires on July 1, 2016.

20 SEC. 7. Section 12440.7 is added to the Government Code, to  
21 read:

22 12440.7. (a) Notwithstanding Section 13340, for the 2016–17  
23 fiscal year, if the Budget Act of 2016 is not enacted on or before  
24 July 1, 2016, for the memoranda of understanding entered into  
25 between the state employer and State Bargaining Unit 2 (effective  
26 July 2, 2013, to July 1, 2016, inclusive) and State Bargaining Unit  
27 13 (effective July 2, 2013, to July 1, 2016, inclusive), there is  
28 hereby continuously appropriated to the Controller from the  
29 General Fund, unallocated special funds, including, but not limited  
30 to, federal funds and unallocated nongovernmental cost funds, and  
31 any other fund from which state employees are compensated, the  
32 amount necessary for the payment of compensation and employee  
33 benefits to state employees covered by the above memoranda of  
34 understanding until the Budget Act of 2016 is enacted. The  
35 Controller may expend an amount no greater than necessary to  
36 enable the Controller to compensate state employees covered by  
37 the above memoranda of understanding for work performed before  
38 July 1, 2016, of the 2016–17 fiscal year.

39 (b) If the memoranda of understanding entered into between  
40 the state employer and State Bargaining Unit 2 (effective July 2,

1 2013, to July 1, 2016, inclusive) and State Bargaining Unit 13  
2 (effective July 2, 2013, to July 1, 2016, inclusive) are in effect and  
3 approved by the Legislature, the compensation and contribution  
4 for employee benefits for state employees represented by these  
5 bargaining units shall be at a rate consistent with the applicable  
6 memorandum of understanding referenced above.

7 (c) Expenditures related to any warrant drawn pursuant to  
8 subdivision (a) are not augmentations to the expenditure authority  
9 of a department. Upon the enactment of the Budget Act of 2016,  
10 these expenditures shall be subsumed by the expenditure authority  
11 approved in the Budget Act of 2016 for each affected department.

12 (d) This section shall only apply to an employee covered by the  
13 terms of the State Bargaining Unit 2 (effective July 2, 2013, to  
14 July 1, 2016, inclusive) and State Bargaining Unit 13 (effective  
15 July 2, 2013, to July 1, 2016, inclusive) memoranda of  
16 understanding. Notwithstanding Section 3517.8, this section shall  
17 not apply after the terms of the memoranda of understanding have  
18 expired. For purposes of this section, the memorandum of  
19 understanding for State Bargaining Unit 2 expires on July 1, 2016,  
20 and the memorandum of understanding for State Bargaining Unit  
21 13 expires on July 1, 2016.

22 *SEC. 8. (a) The provisions of the following addenda to the*  
23 *memorandum of understanding entered into by the state employer*  
24 *and State Bargaining Unit 8 that require the expenditure of funds,*  
25 *are hereby approved for the purposes of Section 3517.63 of the*  
26 *Government Code:*

27 (1) *The addendum dated August 26, 2014, effective July 1, 2014,*  
28 *related to minimum wage increase compaction issues.*

29 (2) *The addendum dated August 26, 2014, effective January 1,*  
30 *2015, related to a general salary increase requiring an*  
31 *appropriation.*

32 (b) *The sum of ten million two hundred thirty-six thousand*  
33 *dollars (\$10,236,000) is appropriated, relative to the addendum*  
34 *described in paragraph (2) of subdivision (a), for State Bargaining*  
35 *Unit 8 for expenditures in the 2014–15 fiscal year in augmentation*  
36 *of, and for the purpose of state employee compensation as provided*  
37 *in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of*  
38 *Section 2.0 of the Budget Act of 2014 (Chapter 25 of the Statutes*  
39 *of 2014), in accordance with the following schedule:*

1 (1) Six million four hundred thirty-eight thousand dollars  
2 (\$6,438,000) from the General Fund in augmentation of Item  
3 9800-001-0001.

4 (2) Two million five hundred forty-five thousand dollars  
5 (\$2,545,000) from unallocated special funds in augmentation of  
6 Item 9800-001-0494.

7 (3) One million two hundred fifty-three thousand dollars  
8 (\$1,253,000) from other unallocated nongovernmental cost funds  
9 in augmentation of Item 9800-001-0988.

10 SEC. 9. The provisions of the addenda to the memorandum of  
11 understanding approved by Section 8 of this act that require the  
12 expenditure of funds shall not take effect unless funds for these  
13 provisions already exist within available appropriations or are  
14 specifically appropriated by the Legislature. If funds for these  
15 provisions are not specifically appropriated by the Legislature,  
16 the state employer and the affected employee organization shall  
17 meet and confer to renegotiate the affected provisions.

18 ~~SEC. 8.~~

19 SEC. 10. This act is a bill providing for appropriations related  
20 to the Budget Bill within the meaning of subdivision (e) of Section  
21 12 of Article IV of the California Constitution, has been identified  
22 as related to the budget in the Budget Bill, and shall take effect  
23 immediately.