

AMENDED IN SENATE SEPTEMBER 8, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 131**

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**Introduced by Committee on Budget (Weber (Chair), Bloom, Bonta, Campos, Chiu, Cooper, Gordon, Jones-Sawyer, McCarty, Mullin, Nazarian, O'Donnell, Rodriguez, Thurmond, Ting, and Williams)**

January 9, 2015

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*An act relating to the Budget Act of 2015: to amend Sections 18546, 18990, 18991, 18992, 18993, 19057.1, 19057.3, 19889, 19889.2, 19889.3, and 22879 of, to add Sections 19829.9840, 19829.9841, 19889.4, 22871.3, 22874.2, and 22944.5 to, and to repeal Sections 19057, 19057.2, and 19057.4 of, the Government Code, relating to state public employment, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

AB 131, as amended, Committee on Budget. ~~Budget Act of 2015.~~  
*State public employment.*

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

*This bill would approve provisions of memoranda of understanding entered into between the state employer and Professional Engineers in California Government, State Bargaining Unit 9, and the California Association of Professional Scientists, State Bargaining Unit 10, 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 memoranda of understanding approved by the bill that require the expenditure of funds from taking effect unless funds for those provisions are specifically appropriated by the Legislature. The bill would require the state employer and the affected employee organization to meet and confer to renegotiate the affected provisions if funds for those provisions are not specifically appropriated by the Legislature. The bill would appropriate to the Controller from the General Fund, unallocated special funds, including federal funds and unallocated nongovernmental cost funds, and any other fund from which state employees are compensated, the amount necessary for the payment of compensation and employee benefits to state employees covered by the memoranda of understanding described above if the Budget Act is not enacted on or before July 1 in the 2016–17 or 2017–18 fiscal years, as specified.*

*(2) The California Constitution provides that the civil service includes every officer and employee in the state except as otherwise provided in the Constitution, and existing statutory law, the State Civil Service Act, prescribes a comprehensive civil service personnel system for the state. The act grants eligibility for promotional civil service examinations and career executive assignment examinations to persons who meet certain requirements and minimum qualifications and who are employed by the Legislature, persons who are retired from the United States armed forces, honorably discharged from active military duty with a service-connected disability, or honorably discharged from active duty, or persons who were employees of the executive branch in exempt positions.*

*This bill would revise eligibility standards applicable to people who were employed by the Legislature, people who retired or were discharged from the armed forces, and people who were formerly employed in exempt, executive branch positions, as described above, to permit them, upon request, to obtain civil service appointment list eligibility by taking promotional exams or career executive exams for which they meet minimum qualifications, as specified. The bill would eliminate the requirement that an employee or veteran, in this context, select only one promotional examination in which to compete when multiple examinations are given. Among other things, the bill would also remove a time limit on this eligibility granted to specified former employees of the Legislature and employees of the executive branch in exempt positions.*

*(3) Existing law generally requires that appointments to vacant positions be made by lists. Existing law requires, with specified exceptions, that an appointing power receive the names and addresses of the three persons highest on a promotional employment list for the class in which a position belongs, and if there are fewer than three names, as specified, additional names are provided from the various lists next lower in order of preference. Existing law prescribes requirements for providing names to an appointing power for positions designated as management and specifies a method of ranking eligible candidates in this context. Existing law prescribes requirements for providing names to an appointing power for positions designated as supervisory and not professional, scientific, or administrative, and that are not examined for on an open basis, and specifies a method of ranking eligible candidates in this context. Existing law requires an appointing power to fill a position from the names of the persons provided.*

*This bill would repeal these provisions and make conforming changes.*

*(4) Existing law provides for career executive assignments to encourage the development for well-qualified executives and requires the State Personnel Board to establish, by a rule, a system of merit personnel administration specifically suited to the selection and placement of executive personnel. The State Civil Service Act defines career executive. Existing law requires the State Personnel Board, by rule, to provide that employees whose appointments to career executive assignments are terminated to be reinstated to civil service positions, as specified, at their option.*

*This bill would revise the definition of career executive to eliminate the requirement that the person have permanent status in the civil service. This bill would provide that various provisions relating to personnel examinations don't apply to career executive assignments unless provided for by rule, as specified. The bill would grant reinstatement rights to employees who at the time of appointment to a career executive assignment were not employed by the state but who had previously worked for it and had gained permanent civil service status. The bill would grant an employee who, at the time of his or her appointment to a career executive assignment, was from outside civil service the right to defer examination for any open eligible list, as specified, in existence at the time of the termination of the career executive assignment for which he or she meets the minimum qualifications of the class to which appointment is sought. The bill would require, in this regard, that related experience gained in a career*

*executive assignment be considered state civil service experience in a comparable class, as specified.*

*(5) The Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System, prescribes methods for calculating the state employer contribution for postemployment health care benefits for eligible retired public employees and their families and for the vesting of these benefits. PEMHCA requires the employer contribution for an employee or annuitant who is in employment or retired from state service, to be adjusted by the Legislature in the annual Budget Act, as specified. PEMHCA prescribes different ways of calculating the employer contributions for employees and annuitants depending on date of hire, years of service, and bargaining unit.*

*This bill, for state employees who are first employed and become members of the retirement system on or after January 1, 2016, and are represented by State Bargaining Unit 9 or 10, as specified, would limit the employer contribution for annuitants to 80% of the weighted average of the health benefit plan premiums for an active employee enrolled for self-alone, during the benefit year to which the formula is applied, for the 4 health benefit plans with the largest state civil service enrollment, as specified. The bill would similarly limit the employer contribution for an enrolled family member of an annuitant to 80% of the weighted average of the additional premiums required for enrollment of those family members during the benefit year to which the formula is applied. The bill would similarly limit employer contributions for annuitants enrolled in Medicare health benefit plans.*

*(6) PEMHCA requires state employees to have a specified number of years of state service, depending on hiring date and other factors, before they may receive any portion of the employer contribution payable for annuitants for postretirement health benefits and increases the percentage they may receive based upon additional years of service.*

*This bill would prohibit state employees who are first employed and become members of the retirement system on or after January 1, 2016, and are represented by State Bargaining Unit 9 or 10, as specified, from receiving any portion of the employer contribution payable for annuitants unless the person is credited with at least 15 years of state service at the time of retirement. The bill would prescribe the percentage of the employer contribution payable for postretirement health benefits for an employee based on the number of completed years of credited*

state service at retirement, with 50% after 15 credited years of service, and 100% after 25 or more years of service.

(7) PEMHCA requires that an employee or annuitant who is enrolled in, or whose family member is enrolled in, a Medicare health benefit plan be paid the amount of the Medicare Part B premiums, as specified, and prohibits this payment from exceeding the difference between the maximum employer contribution and the amount contributed by the employer toward the cost of premiums for the health benefit plan in which the employee or annuitant and his or her family members are enrolled.

This bill would prohibit application of this requirement to state employees who are first employed and become members of the retirement system on or after January 1, 2016, and are represented by State Bargaining Unit 9 or 10, as specified.

(8) PEMHCA establishes the Public Employees' Contingency Reserve Fund for the purpose of funding health benefits and funding administrative expenses. PEMHCA establishes the Annuitants' Health Care Coverage Fund, which is continuously appropriated, for the purpose of prefunding of health care coverage for annuitants, including administrative costs. PEMHCA defines "prefunding" for these purposes.

This bill would require the state and employees of State Bargaining Unit 9 or 10 to prefund retiree health care with the goal of reaching a 50% cost sharing of normal costs by July 1, 2019. The bill would prescribe schedules of contribution percentages in this regard for state and these employees, based upon bargaining unit, with the moneys to be deposited in the Annuitants' Health Care Coverage Fund. By depositing new revenue in a continuously appropriated fund, this bill would make an appropriation.

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

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2015.~~

Vote: majority. Appropriation: ~~no~~yes. Fiscal committee: ~~no~~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 one of
- 2 the purposes of this act is to approve two agreements entered into

1 by the state employer and State Bargaining Unit 9 and 10 pursuant  
2 to Section 3517.5 of the Government Code.

3 SEC. 2. The provisions of the memoranda of understanding  
4 prepared pursuant to Section 3517.5 of the Government Code and  
5 entered into by the state employer and State Bargaining Unit 9,  
6 dated August 31, 2015, and State Bargaining Unit 10, dated  
7 September 4, 2015, and that require the expenditure of funds, are  
8 hereby approved for the purposes of subdivision (b) of Section  
9 3517.6 of the Government Code.

10 SEC. 3. The provisions of the memoranda of understanding  
11 approved in Section 2 of this act that require the expenditure of  
12 funds shall not take effect unless funds for these provisions are  
13 specifically appropriated by the Legislature. If funds for these  
14 provisions are not specifically appropriated by the Legislature,  
15 either the state employer or the affected employee organization  
16 may reopen negotiations on all or part of the memorandum of  
17 understanding.

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

24 SEC. 5. Section 18546 of the Government Code is amended to  
25 read:

26 18546. (a) “Career executive” means an employee appointed  
27 from an employment list established for the express purpose of  
28 providing a list of persons with permanent status in the civil service  
29 who are available who are eligible for career executive  
30 assignments, as specified in Article 5 (commencing with Section  
31 18990) of Chapter 4 and Article 9 (commencing with Section  
32 19889) of Chapter 2.5 of Part 2.6, in which examination, for career  
33 executive assignments, in which selection, classification, salary,  
34 tenure, and other conditions of employment may be varied from  
35 those prevailing under Chapter 3 (commencing with Section 18800)  
36 to Chapter 7 (commencing with Section 19570), inclusive, for  
37 other employees in the state civil service.

38 (b) ~~This section shall become operative on January 1, 2013.~~

39 SEC. 6. Section 18990 of the Government Code is amended to  
40 read:

1 18990. (a) Notwithstanding any other provision of law or rule,  
2 persons employed by the Legislature for two or more consecutive  
3 years shall be ~~eligible to apply for given an opportunity, upon~~  
4 ~~request, to obtain civil service appointment list eligibility by taking~~  
5 ~~any promotional civil service examinations, including examinations~~  
6 ~~for examination or career executive assignments, assignment~~  
7 ~~examinations for which they meet the minimum qualifications as~~  
8 ~~prescribed by of the class specification. for which they seek~~  
9 ~~appointment.~~ Persons receiving passing scores shall ~~have their~~  
10 ~~names placed on promotional lists resulting from these~~  
11 ~~examinations or otherwise gain eligibility for appointment. gain~~  
12 ~~list eligibility for appointment.~~ In evaluating minimum  
13 qualifications, ~~related a person's~~ legislative experience shall be  
14 considered state civil service experience in a comparable class,  
15 ~~based on the class that has the same or substantially similar duties~~  
16 ~~and responsibilities assigned. as the person's legislative position.~~

17 (b) ~~In cases where promotional examinations are given by more~~  
18 ~~than one department for the same classification, the employee shall~~  
19 ~~select one department in which to compete. Once this selection is~~  
20 ~~made, it cannot be changed for the duration of the promotional list~~  
21 ~~established from the examination in which the employee~~  
22 ~~participated. Employees may transfer list eligibility between~~  
23 ~~departments in the same manner as provided for civil service~~  
24 ~~employees.~~

25 (c) ~~Employees who meet the requirements of this section, are~~  
26 ~~employed by the Legislature, and who resign or are released from~~  
27 ~~service, shall be eligible to take promotional civil service~~  
28 ~~examinations, including examinations for career executive~~  
29 ~~assignments, for one year following their resignation or release in~~  
30 ~~accordance with subdivisions (a) and (b).~~

31 (d) ~~Employees~~

32 (b) ~~Persons who meet the requirements of this section, are~~  
33 ~~employed by the office of the Auditor General or the office of the~~  
34 ~~Legislative Analyst as of January 1, 1992, and who resign or are~~  
35 ~~but who resigned or were released from service due to a force~~  
36 ~~reduction of the Legislature before January 1, 1994, with the~~  
37 ~~Legislature, shall be eligible to take promotional civil service~~  
38 ~~examinations, including examinations and career executive~~  
39 ~~assignments, for three years following their resignation or release~~

1 *assignment examinations* in accordance with subdivisions (a) and  
 2 ~~(b): subdivision (a).~~

3 ~~(e) An employee who establishes eligibility on a promotional~~  
 4 ~~civil service list, either pursuant to subdivision (e) or (d) or prior~~  
 5 ~~to having resigned or having been released in a manner to which~~  
 6 ~~subdivision (e) or (d) would apply, shall maintain that eligibility~~  
 7 ~~for the duration of that particular list.~~

8 ~~(f) This section shall become operative on January 1, 2013.~~

9 *SEC. 7. Section 18991 of the Government Code is amended to*  
 10 *read:*

11 18991. ~~(a) Notwithstanding any other provision of law, persons~~  
 12 ~~retired from the United States military, honorably discharged from~~  
 13 ~~active military duty with a service-connected disability, or~~  
 14 ~~honorably discharged from active duty, shall be eligible to apply~~  
 15 ~~for promotional civil service examinations, including examinations~~  
 16 ~~for and career executive assignments; assignment examinations~~  
 17 ~~for which they meet the minimum qualifications as prescribed by~~  
 18 ~~of the class specification to which they seek appointment. Persons~~  
 19 ~~receiving passing scores shall have their names placed on~~  
 20 ~~promotional lists resulting from these examinations or otherwise~~  
 21 ~~gain list eligibility for appointment. In evaluating minimum~~  
 22 ~~qualifications, related the person's military experience shall be~~  
 23 ~~considered state civil service experience in a comparable class,~~  
 24 ~~based on the class that has the same or substantially similar duties~~  
 25 ~~and responsibilities assigned as the person's position in the~~  
 26 ~~military.~~

27 ~~(b) In cases where promotional examinations are given by more~~  
 28 ~~than one department for the same classification, the employee shall~~  
 29 ~~select one department in which to compete. Once this selection is~~  
 30 ~~made, it cannot be changed for the duration of the promotional list~~  
 31 ~~established from the examination in which the employee~~  
 32 ~~participated. Employees may transfer list eligibility between~~  
 33 ~~departments in the same manner as provided for civil service~~  
 34 ~~employees.~~

35 *SEC. 8. Section 18992 of the Government Code is amended to*  
 36 *read:*

37 18992. (a) Notwithstanding any other provision of law or rule,  
 38 persons holding, for two or more consecutive years, nonelected  
 39 exempt positions in the executive branch of government as defined  
 40 in subdivisions (c), (e), (f), (g), (i), and (m) of Section 4 of Article

1 VII of the Constitution and excluding those positions for which  
2 the salaries are set by statute, shall be ~~eligible to apply for given~~  
3 ~~the opportunity, upon request, to obtain civil service appointment~~  
4 ~~list eligibility by taking any promotional civil service examinations,~~  
5 ~~including, but not limited to, examinations for examination or~~  
6 ~~career executive assignments assignment examination for which~~  
7 they meet the minimum qualifications ~~as prescribed by~~ of the class  
8 ~~specification: to which they seek appointment.~~ Persons receiving  
9 passing scores shall have their names placed on promotional lists  
10 resulting from these examinations or otherwise gain list eligibility  
11 for appointment. In evaluating minimum qualifications, ~~related~~  
12 ~~exempt experience the person's experience in the exempt position~~  
13 shall be considered state civil service experience in a comparable  
14 ~~class: class that has the same or substantially similar duties and~~  
15 ~~responsibilities as the person's exempt position.~~

16 (b) ~~In cases where promotional examinations are given by more~~  
17 ~~than one appointing authority for the same classification, the~~  
18 ~~employee shall select one appointing authority in which to compete.~~  
19 ~~Once this selection is made, it cannot be changed for the duration~~  
20 ~~of the promotional list established from the examination in which~~  
21 ~~the employee participated. Employees may transfer list eligibility~~  
22 ~~between appointing authorities in the same manner as provided~~  
23 ~~for civil service employees.~~

24 (e) ~~Employees~~

25 (b) ~~Persons who meet the requirements of this section and who~~  
26 ~~resign or are section, but who resigned or were released from~~  
27 ~~exempt employment of the executive branch of government~~  
28 ~~government, shall be eligible to take promotional civil service~~  
29 ~~examinations, including examinations for and career executive~~  
30 ~~assignments, for one year following their resignation or release~~  
31 ~~assignment examinations in accordance with subdivisions (a) and~~  
32 ~~(b): subdivision (a).~~

33 (d) ~~An employee who establishes eligibility on a promotional~~  
34 ~~civil service list, either pursuant to subdivision (e) or prior to~~  
35 ~~having resigned or having been released in a manner to which~~  
36 ~~subdivision (e) would apply, shall maintain that eligibility for the~~  
37 ~~duration of that particular list.~~

38 (e) ~~This section shall become operative on January 1, 2013.~~

39 *SEC. 9. Section 18993 of the Government Code is amended to*  
40 *read:*

1 18993. (a) Notwithstanding any other provision of law, a  
2 legislative or nonelected exempt executive branch employee who  
3 is appointed to a career executive assignment pursuant to Section  
4 18990 or 18992, shall be eligible to compete in his or her  
5 department's appointing power's promotional examinations for  
6 which he or she meets the minimum-~~qualifications~~: *qualifications*  
7 *of the class to which he or she seeks appointment*. When such an  
8 employee's career executive assignment is terminated by the  
9 appointing power, he or she shall have the right to request a  
10 deferred examination for any promotional eligible list ~~for that his~~  
11 ~~or her department appointing power has~~ in existence at the time  
12 of the ~~appointment~~ *termination* ~~if of the career executive~~  
13 ~~assignment and for which he or she meets the minimum~~  
14 ~~qualifications specified for the promotional examination~~: *of the*  
15 *class to which he or she seeks appointment*.

16 (b) A request for a deferred examination pursuant to subdivision  
17 (a) shall be made no later than 10 days after the effective date of  
18 the termination of the career executive assignment. The department  
19 shall administer the deferred examination within 30 days of the  
20 date of the request.

21 *SEC. 10. Section 19057 of the Government Code is repealed.*

22 ~~19057. Except as provided in Section 19056, there shall be~~  
23 ~~certified to the appointing power the names and addresses of the~~  
24 ~~three persons standing highest on the promotional employment~~  
25 ~~list for the class in which the position belongs and who have~~  
26 ~~indicated their willingness to accept appointment under the~~  
27 ~~conditions of employment specified. If fewer than three names of~~  
28 ~~persons willing to accept appointment are on the list from which~~  
29 ~~certification is to be made, then additional eligibles shall be~~  
30 ~~certified from the various lists next lower in order of preference~~  
31 ~~until three names are certified. If there are fewer than three names~~  
32 ~~on such lists, there shall be certified the number thereon. In such~~  
33 ~~case the appointing power may demand certification of three names~~  
34 ~~and examinations shall be conducted until three names may be~~  
35 ~~certified. The appointing power shall fill the position by the~~  
36 ~~appointment of one of the persons certified.~~

37 *SEC. 11. Section 19057.1 of the Government Code is amended*  
38 *to read:*

39 ~~19057.1. Notwithstanding Section 19057, for positions in~~  
40 ~~classes designated as professional, scientific, or administrative, or~~

1 ~~for any open employment list.~~ *Except for reemployment lists, State*  
2 *Restriction of Appointment lists, and Limited Examination and*  
3 *Appointment Program referral lists,* there shall be certified to the  
4 appointing power the names and addresses of all those eligibles  
5 whose scores, *at the time of certification,* represent the three highest  
6 ranks on the employment list for the class, and who have indicated  
7 their willingness to accept appointment under the conditions of  
8 employment specified.

9 For purposes of ranking, scores of eligibles on employment lists  
10 ~~for these classes covered by this section~~ shall be rounded to the  
11 nearest whole percent. A rank shall consist of one or more eligibles  
12 with the same whole percentage score.

13 If the names on the list from which certification is being made  
14 represent fewer than three ranks, ~~then then,~~ *consistent with board*  
15 *rules,* additional eligibles ~~shall~~ *may* be certified from the various  
16 lists next lower in order of preference until names from three ranks  
17 appear. If there are fewer than three names available for  
18 certification, and the appointing authority does not choose to  
19 appoint from among these, the appointing authority may demand  
20 certification of three names. In that case, examinations shall be  
21 conducted until at least three names may be certified by the  
22 procedure described in this section, and the appointing authority  
23 shall fill the position by appointment of one of the persons certified.

24 Fractional examination scores shall be provided to, and used by,  
25 the Department of the California Highway Patrol for its peace  
26 officer classes.

27 The department ~~may~~ *may, consistent with board rules,* provide  
28 for certifying less than three ranks where the size of the certified  
29 group is disproportionate to the number of vacancies.

30 *SEC. 12. Section 19057.2 of the Government Code is repealed.*

31 ~~19057.2. Notwithstanding the provisions of Section 19057, for~~  
32 ~~positions in classes designated as management, there shall be~~  
33 ~~certified to the appointing power the names and addresses of all~~  
34 ~~those applicants whose scores, at the time of certification, represent~~  
35 ~~the three highest ranks on the employment list for the class, and~~  
36 ~~who have indicated their willingness to accept appointment under~~  
37 ~~the conditions of employment specified.~~

38 For purposes of ranking, scores of eligibles on employment lists  
39 for such classes shall be divided into six ranks. The first rank shall  
40 consist of eligibles who receive a score of 95 percent or higher.

1 ~~The second rank shall consist of eligibles who receive a score of~~  
 2 ~~90 to 94 percent, inclusive. The third rank shall consist of eligibles~~  
 3 ~~who receive a score of 85 to 89 percent, inclusive. The fourth rank~~  
 4 ~~shall consist of eligibles who receive a score of 80 to 84 percent,~~  
 5 ~~inclusive. The fifth rank shall consist of eligibles who receive a~~  
 6 ~~score of 75 to 79 percent, inclusive. The sixth rank shall consist~~  
 7 ~~of eligibles who receive a score of 70 to 74 percent, inclusive. All~~  
 8 ~~examination scores for positions in these classes shall be rounded~~  
 9 ~~to the nearest whole percent.~~

10 ~~If the names on the list from which certification is being made~~  
 11 ~~represent fewer than three ranks, then additional eligibles shall be~~  
 12 ~~certified from the various lists next lower in order of preference~~  
 13 ~~until names from three ranks appear. If there are fewer than three~~  
 14 ~~names available for certification, and the appointing authority does~~  
 15 ~~not choose to appoint from among these, the appointing authority~~  
 16 ~~may demand certification of three names. In such case,~~  
 17 ~~examinations shall be conducted until at least three names may be~~  
 18 ~~certified by the procedure described in this section, and the~~  
 19 ~~appointing authority shall fill the position by appointment of one~~  
 20 ~~of the persons certified.~~

21 ~~The department may certify less than three ranks where the size~~  
 22 ~~of the certified group is disproportionate to the number of~~  
 23 ~~vacancies.~~

24 *SEC. 13. Section 19057.3 of the Government Code is amended*  
 25 *to read:*

26 19057.3. (a) ~~Notwithstanding Section 19057, for~~For a position  
 27 in the Department of Corrections and Rehabilitation, there shall  
 28 be certified to the appointing power the names and addresses of  
 29 all those eligibles for peace officer and closely allied classes whose  
 30 scores, at the time of certification, represent the three highest ranks  
 31 on the employment list for the class in which the position belongs  
 32 and who have indicated their willingness to accept appointment  
 33 under the conditions of employment specified.

34 (b) For purposes of ranking, scores of eligibles on employment  
 35 lists for the classes shall be rounded to the nearest whole percent.  
 36 A rank consists of one or more eligibles with the same whole  
 37 percentage score.

38 (c) If fewer than three ranks of persons willing to accept  
 39 appointment are on the list from which certification is to be made,  
 40 then additional eligibles shall be certified from the various lists

1 next lower in order of preference until names from three ranks are  
2 certified. If there are fewer than three names on those lists, and  
3 the appointing power does not choose to appoint from among these,  
4 the appointing power may demand certification of three names  
5 and examinations shall be conducted until at least three names  
6 may be certified. The appointing power shall fill the position by  
7 the appointment of one of the persons certified.

8 (d) The department may, consistent with board rules, provide  
9 for certifying less than three ranks where the size of the certified  
10 group is disproportionate to the number of vacancies.

11 (e) The department may, consistent with board rules, allow for  
12 the names of eligibles to be transferred from lists for the same  
13 class or comparable classes where names from one list were  
14 certified under the rule of three ranks, and names from the other  
15 list were certified under the rule of three names.

16 *SEC. 14. Section 19057.4 of the Government Code is repealed.*

17 ~~19057.4. Notwithstanding Section 19057, for positions in~~  
18 ~~classes which are designated by the board as supervisory and not~~  
19 ~~professional, scientific, or administrative, and are not examined~~  
20 ~~for on an open basis, there shall be certified to the appointing power~~  
21 ~~the names and addresses of all those eligible whose scores, at the~~  
22 ~~time of certification, represent the highest rank on the employment~~  
23 ~~list for the class, and who have indicated their willingness to accept~~  
24 ~~appointment under the conditions of employment specified.~~

25 ~~For purposes of ranking, scores of eligible on employment lists~~  
26 ~~for these classes shall be rounded to the nearest whole percent. A~~  
27 ~~rank shall consist of one or more eligibles with the same whole~~  
28 ~~percentage score.~~

29 ~~If the highest rank contains fewer than three eligibles, then the~~  
30 ~~next highest rank shall be certified until a minimum of three~~  
31 ~~eligibles willing to accept appointment under the conditions~~  
32 ~~specified are certified. If fewer than three names of persons willing~~  
33 ~~to accept appointment are on the list from which certification is~~  
34 ~~to be made, then additional eligibles shall be certified from the~~  
35 ~~various lists next lower in order of preference until three names~~  
36 ~~are certified. If there are fewer than three names available for~~  
37 ~~certification, and the appointing authority does not choose to~~  
38 ~~appoint from among these, the appointing authority may demand~~  
39 ~~certification of three names. In that case, examinations shall be~~  
40 ~~conducted until at least three names may be certified by the~~

1 ~~procedure described in this section, and the appointing authority~~  
2 ~~shall fill the position by appointment of one of the persons certified.~~  
3 ~~Fractional examination scores shall be provided to, and utilized~~  
4 ~~by, the California Highway Patrol for its peace officer classes.~~

5 *SEC. 15. Section 19829.9840 is added to the Government Code,*  
6 *to read:*

7 *19829.9840. (a) Notwithstanding Section 13340, for the*  
8 *2016–17 fiscal year, if the Budget Act of 2016 is not enacted by*  
9 *July 1, 2016, for the memoranda of understanding entered into*  
10 *between the state employer and State Bargaining Unit 9 (effective*  
11 *July 2, 2015, to June 30, 2018 inclusive) and State Bargaining*  
12 *Unit 10 (effective July 2, 2015, to July 1, 2018 inclusive), there is*  
13 *hereby continuously appropriated to the Controller from the*  
14 *General Fund, unallocated special funds, including, but not limited*  
15 *to, federal funds and unallocated nongovernmental cost funds,*  
16 *and any other fund from which state employees are compensated,*  
17 *the amount necessary for the payment of compensation and*  
18 *employee benefits to state employees covered by the above*  
19 *memoranda of understanding until the Budget Act of 2016 is*  
20 *enacted. The Controller may expend an amount no greater than*  
21 *necessary to enable the Controller to compensate state employees*  
22 *covered by the above memoranda of understanding for work*  
23 *performed between July 1, 2016, of the 2016–17 fiscal year, and*  
24 *the enactment of the Budget Act of 2016.*

25 *(b) If the memoranda of understanding entered into between*  
26 *the state employer and State Bargaining Unit 9 (effective July 2,*  
27 *2015, to June 30, 2018, inclusive) and State Bargaining Unit 10*  
28 *(effective July 2, 2015, to July 1, 2018 inclusive) are in effect and*  
29 *approved by the Legislature, the compensation and contribution*  
30 *for employee benefits for state employees represented by these*  
31 *bargaining units shall be at a rate consistent with the applicable*  
32 *memorandum of understanding referenced above.*

33 *(c) Expenditures related to any warrant drawn pursuant to*  
34 *subdivision (a) are not augmentations to the expenditure authority*  
35 *of a department. Upon the enactment of the Budget Act of 2016,*  
36 *these expenditures shall be subsumed by the expenditure authority*  
37 *approved in the Budget Act of 2016 for each affected department.*

38 *(d) This section shall only apply to an employee covered by the*  
39 *terms of the State Bargaining Unit 9 (effective July 2, 2015, to*  
40 *June 30, 2018, inclusive) and State Bargaining Unit 10 (effective*

1 July 2, 2015, to July 1, 2018 inclusive) memoranda of  
2 understanding. Notwithstanding Section 3517.8, this section shall  
3 not apply after the term of the memorandum of understanding has  
4 expired. For purposes of this section, the memorandum of  
5 understanding for State Bargaining Unit 9 expires on June 30,  
6 2018, and the memoranda of understanding for State Bargaining  
7 Unit 10 expires on July 1, 2018.

8 SEC. 16. Section 19829.9841 is added to the Government Code,  
9 to read:

10 19829.9841. (a) Notwithstanding Section 13340, for the  
11 2017–18 fiscal year, if the Budget Act of 2017 is not enacted by  
12 July 1, 2017, for the memoranda of understanding entered into  
13 between the state employer and State Bargaining Unit 9 (effective  
14 July 2, 2015, to June 30, 2018 inclusive) and State Bargaining  
15 Unit 10 (effective July 2, 2015, to July 1, 2018 inclusive), there is  
16 hereby continuously appropriated to the Controller from the  
17 General Fund, unallocated special funds, including, but not limited  
18 to, federal funds and unallocated nongovernmental cost funds,  
19 and any other fund from which state employees are compensated,  
20 the amount necessary for the payment of compensation and  
21 employee benefits to state employees covered by the above  
22 memoranda of understanding until the Budget Act of 2017 is  
23 enacted. The Controller may expend an amount no greater than  
24 necessary to enable the Controller to compensate state employees  
25 covered by the above memoranda of understanding for work  
26 performed between July 1, 2017, of the 2017–18 fiscal year, and  
27 the enactment of the Budget Act of 2017.

28 (b) If the memoranda of understanding entered into between  
29 the state employer and State Bargaining Unit 9 (effective July 2,  
30 2015, to June 30, 2018, inclusive) and State Bargaining Unit 10  
31 (effective July 2, 2015, to July 1, 2018 inclusive) is in effect and  
32 approved by the Legislature, the compensation and contribution  
33 for employee benefits for state employees represented by these  
34 bargaining units shall be at a rate consistent with the applicable  
35 memorandum of understanding referenced above.

36 (c) Expenditures related to any warrant drawn pursuant to  
37 subdivision (a) are not augmentations to the expenditure authority  
38 of a department. Upon the enactment of the Budget Act of 2017,  
39 these expenditures shall be subsumed by the expenditure authority  
40 approved in the Budget Act of 2017 for each affected department.

1 (d) This section shall only apply to an employee covered by the  
 2 terms of the State Bargaining Unit 9 (effective July 2, 2015, to  
 3 June 30, 2018, inclusive) and State Bargaining Unit 10 (effective  
 4 July 2, 2015, to July 1, 2018 inclusive) memoranda of  
 5 understanding. Notwithstanding Section 3517.8, this section shall  
 6 not apply after the terms of the memoranda of understanding have  
 7 expired. For purposes of this section, the memorandum of  
 8 understanding for State Bargaining Unit 9 expires on June 30,  
 9 2018, and the memorandum of understanding for State Bargaining  
 10 Unit 10 expires on July 1, 2018.

11 SEC. 17. Section 19889 of the Government Code is amended  
 12 to read:

13 19889. It is the purpose of this article to encourage the  
 14 development and effective use in the civil service of well-qualified  
 15 and carefully selected executives. In order to carry out this purpose  
 16 purpose, the State Personnel Board shall establish by rule a system  
 17 of merit personnel administration system specifically suited to the  
 18 selection and placement of executive personnel. The department  
 19 shall be responsible for salary administration, position  
 20 classification, and for the motivation and training of executive  
 21 personnel. For the purpose of administering this system there is  
 22 established herewith a category of civil service appointment called  
 23 “career executive assignments.” The department shall designate  
 24 positions of a high administrative and policy influencing character  
 25 for inclusion in or removal from this category subject to review  
 26 by the State Personnel Board, except that the department shall not  
 27 so designate a position in which there is an incumbent already  
 28 appointed under the provisions of this part governing employees  
 29 other than career executives.

30 SEC. 18. Section 19889.2 of the Government Code is amended  
 31 to read:

32 19889.2. The provisions of this part governing the examination,  
 33 selection, classification, and tenure of employees in the regular  
 34 civil service shall not apply in administering executive personnel  
 35 through a merit system utilizing to “career executive assignments”  
 36 unless the application is provided for by State Personnel Board  
 37 rule. The provisions of this part relating to punitive actions shall  
 38 apply to all employees serving in career executive assignments,  
 39 except that termination of a career executive assignment as  
 40 provided for in Section 19889.3 is not a punitive action. With

1 ~~reference to termination of career executive assignments, the State~~  
2 ~~Personnel Board rules shall, as at a minimum, afford an employee~~  
3 ~~all employees whose career executive assignments are terminated~~  
4 ~~by the appointing power a right of appeal to the State Personnel~~  
5 ~~Board for restoration of his or her assignment when he or she~~  
6 ~~alleges that his or her the termination was for reasons prohibited~~  
7 ~~in Chapter 10 (commencing with Section 19680) of Part 2.~~

8 *SEC. 19. Section 19889.3 of the Government Code is amended*  
9 *to read:*

10 19889.3. (a) Eligibility for appointment to positions in the  
11 career executive assignment category shall be established as a  
12 result of competitive examination of persons with permanent status  
13 ~~in the civil service who examinations. All candidates shall~~ meet  
14 such minimum qualifications as the State Personnel Board may  
15 determine are requisite to the performance of high administrative  
16 and policy influencing functions.

17 (b) No person employed in a career executive assignment shall  
18 be deemed to acquire as a result of such service any rights to or  
19 status in positions governed by the provisions of this part relating  
20 to the civil service other than the category of career executive  
21 assignment, except as provided by State Personnel Board rule.

22 ~~(c) The State Personnel Board shall provide by rule that an~~  
23 ~~employee shall, if he or she so desires, at the termination of his or~~  
24 ~~her appointment to a career executive assignment, be reinstated to~~  
25 ~~a civil service position that is (1) not a career executive assignment~~  
26 ~~and (2) that is at least at the same salary level as the last position~~  
27 ~~that he or she held as a permanent or probationary employee. If~~  
28 ~~the employee has completed a minimum of five years of state~~  
29 ~~service, he or she may return to a position that is (1) at substantially~~  
30 ~~the same salary level as the last position in which he or she had~~  
31 ~~permanent or probationary status or (2) at a salary level that is at~~  
32 ~~least two steps lower than that of the career executive position~~  
33 ~~from which the employee is being terminated.~~

34 ~~(d) For the purpose of this section "employee" means a~~  
35 ~~permanent employee, or an employee serving under another~~  
36 ~~appointment who previously had permanent status and who, since~~  
37 ~~such permanent status, has had no break in the continuity of his~~  
38 ~~or her state service.~~

39 ~~(e) This section shall become operative on January 1, 2013.~~

1     *SEC. 20. Section 19889.4 is added to the Government Code,*  
2     *to read:*

3     *19889.4. In accordance with State Personnel Board rules, the*  
4     *following shall apply when an appointing power terminates a*  
5     *career executive assignment:*

6     *(a) An employee who at the time of his or her appointment to a*  
7     *career executive assignment was employed by the state and had*  
8     *permanent civil service status shall, if he or she so desires, be*  
9     *reinstated to a civil service position that is (1) not a career*  
10    *executive assignment and (2) that is at least at the same salary*  
11    *level as the last position that he or she held as a permanent or*  
12    *probationary employee. If the employee had completed a minimum*  
13    *of five years of state service, he or she may return to a position*  
14    *that is (1) at substantially the same salary level as the last position*  
15    *in which he or she had permanent or probationary status or (2)*  
16    *at a salary level that is at least two steps lower than that of the*  
17    *career executive position from which the employee is being*  
18    *terminated.*

19    *(b) Article 5 (commencing with Section 19140) of Chapter 5 of*  
20    *Part 2 shall apply to an employee who at the time of his or her*  
21    *appointment to a career executive assignment was not employed*  
22    *by the state but who had previously worked for the state and gained*  
23    *permanent civil service status.*

24    *(c) (1) An employee who at the time of his or her appointment*  
25    *to a career executive assignment was from outside civil service*  
26    *shall have the right to request a deferred examination for any open*  
27    *eligible list that his or her appointing power or the department*  
28    *has in existence at the time of the termination of the career*  
29    *executive assignment and for which he or she meets the minimum*  
30    *qualifications of the class to which he or she seeks appointment.*  
31    *Whether the employee takes a deferred examination or other open*  
32    *civil service examination, for purposes of evaluating whether he*  
33    *or she meets the minimum qualifications of the class to which he*  
34    *or she seeks appointment, related experience gained in a career*  
35    *executive assignment shall be considered as state civil service*  
36    *experience in a comparable class.*

37    *(2) A request for a deferred examination pursuant to paragraph*  
38    *(1) shall not be made later than 10 days after the effective date of*  
39    *the termination of the career executive assignment. The department*

1 *or its designee shall administer the deferred examination within*  
2 *30 days of the date of the request.*

3 *SEC. 21. Section 22871.3 is added to the Government Code,*  
4 *to read:*

5 *22871.3. (a) The employer contribution for each annuitant*  
6 *enrolled in a basic plan shall be an amount equal to 80 percent*  
7 *of the weighted average of the health benefit plan premiums for*  
8 *an employee or annuitant enrolled for self-alone, during the benefit*  
9 *year to which the formula is applied, for the four health benefit*  
10 *plans that had the largest active state civil service enrollment,*  
11 *excluding family members, during the previous benefit year. For*  
12 *each annuitant with enrolled family members, the employer*  
13 *contribution shall be an amount equal to 80 percent of the weighted*  
14 *average of the additional premiums required for enrollment of*  
15 *those family members, during the benefit year to which the formula*  
16 *is applied, in the four health benefit plans that had the largest*  
17 *active state civil service enrollment, excluding family members,*  
18 *during the previous benefit year.*

19 *(b) The employer contribution for each annuitant enrolled in a*  
20 *Medicare health benefit plan in accordance with Section 22844*  
21 *shall be an amount equal to 80 percent of the weighted average*  
22 *of the health benefit plan premiums for an annuitant enrolled in*  
23 *a Medicare health benefit plan for self-alone, during the benefit*  
24 *year to which the formula is applied, for the four Medicare health*  
25 *benefit plans that had the largest state annuitant enrollment,*  
26 *excluding family members, during the previous benefit year. For*  
27 *each annuitant with enrolled family members, the employer*  
28 *contribution shall be an amount equal to 80 percent of the weighted*  
29 *average of the additional premiums required for enrollment of*  
30 *those family members, during the benefit year to which the formula*  
31 *is applied, in the four Medicare health benefit plans that had the*  
32 *largest state annuitant enrollment, excluding family members,*  
33 *during the previous benefit year. If the annuitant is eligible for*  
34 *Medicare Part A, with or without cost, and Medicare Part B,*  
35 *regardless of whether the annuitant is actually enrolled in*  
36 *Medicare Part A or Part B, the employer contribution shall not*  
37 *exceed the amount calculated under this subdivision.*

38 *(c) This section applies to a state employee who is first employed*  
39 *by the state and becomes a state member of the system on or after*

1 January 1, 2016, and who is represented by State Bargaining Unit  
2 9 or 10.

3 (d) This section shall also apply to a state employee related to  
4 State Bargaining Unit 9 or 10 who is excepted from the definition  
5 of “state employee” in subdivision (c) of Section 3513 and first  
6 employed by the state and becomes a state member of the system  
7 on or after January 1, 2016.

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

15 SEC. 22. Section 22874.2 is added to the Government Code,  
16 to read:

17 22874.2. (a) Notwithstanding Sections 22870, 22871, 22873,  
18 and 22874, a state employee, as defined by subdivision (c) of  
19 Section 3513, who is first employed by the state and becomes a  
20 state member of the system on or after January 1, 2016, and is  
21 represented by State Bargaining Unit 9 or 10 shall not receive any  
22 portion of the employer contribution payable for annuitants unless  
23 the person is credited with 15 years of state service at the time of  
24 retirement.

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

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

1 24..... 95  
 2 25 or more..... 100

3  
 4 (c) This section shall apply only to state employees that retire  
 5 for service. For purposes of this section, “state service” means  
 6 service rendered as an employee of the state or an appointed or  
 7 elected officer of the state for compensation.

8 (d) This section does not apply to:

9 (1) Former state employees previously employed before January  
 10 1, 2016, who return to state employment on or after January 1,  
 11 2016.

12 (2) State employees hired prior to January 1, 2016, who become  
 13 subject to representation by State Bargaining Unit 9 or 10 on or  
 14 after January 1, 2016.

15 (3) State employees on an approved leave of absence employed  
 16 before January 1, 2016, who return to active employment on or  
 17 after January 1, 2016.

18 (4) State employees hired after January 1, 2016, who are first  
 19 represented by a state bargaining unit other than Bargaining Unit  
 20 9 or 10, who later become represented by state bargaining unit 9  
 21 or 10.

22 (e) Notwithstanding Section 22875, this section shall also apply  
 23 to a related state employee who is excepted from the definition of  
 24 “state employee” in subdivision (c) of Section 3513, and is first  
 25 employed by the state and becomes a state member of the system  
 26 on or after January 1, 2016.

27 SEC. 23. Section 22879 of the Government Code is amended  
 28 to read:

29 22879. (a) The board shall pay monthly to an employee or  
 30 annuitant who is enrolled in, or whose family member is enrolled  
 31 in, a Medicare health benefit plan under this part the amount of  
 32 the Medicare Part B premiums, exclusive of penalties, except as  
 33 provided in Section 22831. This payment may not exceed the  
 34 difference between the maximum employer contribution and the  
 35 amount contributed by the employer toward the cost of premiums  
 36 for the health benefit plan in which the employee or annuitant and  
 37 his or her family members are enrolled. No payment may be made  
 38 in any month if the difference is less than one dollar (\$1).

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

4 (c) With respect to an annuitant, the board shall pay to the  
5 annuitant the amount required by this section from the same source  
6 from which his or her allowance is paid. Those amounts are hereby  
7 appropriated monthly from the General Fund to reimburse the  
8 board for those payments.

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

12 (e) *This section does not apply to:*

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

16 (2) *A state employee related to State Bargaining Unit 9 or 10*  
17 *who is excepted from the definition of “state employee” in*  
18 *subdivision (c) of Section 3513 and is first employed by the state*  
19 *and becomes a state member of the system on or after January 1,*  
20 *2016.*

21 *SEC. 24. Section 22944.5 is added to the Government Code,*  
22 *to read:*

23 22944.5. (a) *The state and employees in State Bargaining Unit*  
24 *9 or 10 shall prefund retiree health care, with the goal of reaching*  
25 *a 50-percent cost sharing of actuarially determined normal costs*  
26 *for both employer and employees by July 1, 2019.*

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

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

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

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

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

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

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

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

5 (c) This section only applies to employees in State Bargaining  
6 Unit 9 or 10 who are eligible for health benefits, including  
7 permanent intermittent employees.

8 (d) Contributions paid pursuant to this section shall be deposited  
9 in the Annuitants' Health Care Coverage Fund and shall not be  
10 refundable under any circumstances to an employee in State  
11 Bargaining Unit 9 or 10 or his or her beneficiary or survivor.

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

19 (f) This section shall also apply to a state employee related to  
20 State Bargaining Unit 9 or 10 who is excepted from the definition  
21 of "state employee" in subdivision (c) of Section 3513.

22 SEC. 25. The sum of three hundred thousand dollars (\$300,000)  
23 is hereby appropriated from the General Fund to the Department  
24 of Finance for the purpose of funding the posting on the  
25 department's Internet Web site of all budget requests included as  
26 part of the Governor's Budget.

27 SEC. 26. This act is a bill providing for appropriations related  
28 to the Budget Bill within the meaning of subdivision (e) of Section  
29 12 of Article IV of the California Constitution, has been identified  
30 as related to the budget in the Budget Bill, and shall take effect  
31 immediately.

32 SECTION 1. ~~It is the intent of the Legislature to enact statutory~~  
33 ~~changes relating to the Budget Act of 2015.~~

O