

Senate Bill No. 99

Passed the Senate September 11, 2015

Secretary of the Senate

Passed the Assembly September 11, 2015

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2015, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act 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

SB 99, Committee on Budget and Fiscal Review. 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 3 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 do not 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 the state 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 the 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 makes an appropriation.

(9) The bill would make an appropriation from the General Fund of \$300,000 to the Department of Finance for the purpose of funding the posting on the department's Internet Web site of all budget requests included as part of the Governor's Budget.

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

Appropriation: yes.

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

SECTION 1. The Legislature finds and declares that one of the purposes of this act is to approve two agreements entered into by the state employer and State Bargaining Unit 9 and 10 pursuant to Section 3517.5 of the Government Code.

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

SEC. 3. The provisions of the memoranda of understanding 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 the affected employee organization may reopen negotiations on all or part of the memorandum of understanding.

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

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

18546. "Career executive" means an employee appointed from an employment list established for the express purpose of providing a list of persons who are eligible for career executive assignments, as specified in Article 5 (commencing with Section 18990) of Chapter 4 and Article 9 (commencing with Section 19889) of Chapter 2.5 of Part 2.6, in which examination, selection, classification, salary, tenure, and other conditions of employment may be varied from those prevailing under Chapter 3 (commencing with Section 18800) to Chapter 7 (commencing with Section 19570), inclusive, for other employees in the state civil service.

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

18990. (a) Notwithstanding any other provision of law or rule, persons employed by the Legislature for two or more consecutive years shall be given an opportunity, upon request, to obtain civil service appointment list eligibility by taking any promotional civil service examination or career executive assignment examinations

for which they meet the minimum qualifications of the class for which they seek appointment. Persons receiving passing scores shall gain list eligibility for appointment. In evaluating minimum qualifications, a person's legislative experience shall be considered state civil service experience in a comparable class that has the same or substantially similar duties and responsibilities as the person's legislative position.

(b) Persons who meet the requirements of this section, but who resigned or were released from service with the Legislature, shall be eligible to take promotional civil service examinations and career executive assignment examinations in accordance with subdivision (a).

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

18991. Notwithstanding any other provision of law, persons retired from the United States military, honorably discharged from active military duty with a service-connected disability, or honorably discharged from active duty, shall be eligible to apply for promotional civil service examinations and career executive assignment examinations for which they meet the minimum qualifications of the class to which they seek appointment. Persons receiving passing scores shall gain list eligibility for appointment. In evaluating minimum qualifications, the person's military experience shall be considered state civil service experience in a comparable class that has the same or substantially similar duties and responsibilities as the person's position in the military.

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

18992. (a) Notwithstanding any other provision of law or rule, persons holding, for two or more consecutive years, nonelected exempt positions in the executive branch of government as defined in subdivisions (c), (e), (f), (g), (i), and (m) of Section 4 of Article VII of the Constitution and excluding those positions for which the salaries are set by statute, shall be given the opportunity, upon request, to obtain civil service appointment list eligibility by taking any promotional civil service examination or career executive assignment examination for which they meet the minimum qualifications of the class to which they seek appointment. Persons receiving passing scores shall gain list eligibility for appointment. In evaluating minimum qualifications, the person's experience in

the exempt position shall be considered state civil service experience in a comparable class that has the same or substantially similar duties and responsibilities as the person's exempt position.

(b) Persons who meet the requirements of this section, but who resigned or were released from exempt employment of the executive branch of government, shall be eligible to take promotional civil service examinations and career executive assignment examinations in accordance with subdivision (a).

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

18993. (a) Notwithstanding any other provision of law, a legislative or nonelected exempt executive branch employee who is appointed to a career executive assignment pursuant to Section 18990 or 18992, shall be eligible to compete in his or her appointing power's promotional examinations for which he or she meets the minimum qualifications of the class to which he or she seeks appointment. When such an employee's career executive assignment is terminated by the appointing power, he or she shall have the right to request a deferred examination for any promotional eligible list that his or her appointing power has in existence at the time of the termination of the career executive assignment and for which he or she meets the minimum qualifications of the class to which he or she seeks appointment.

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

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

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

19057.1. Except for reemployment lists, State Restriction of Appointment lists, and Limited Examination and Appointment Program referral lists, there shall be certified to the appointing power the names and addresses of all those eligibles whose scores, at the time of certification, represent the three highest ranks on the employment list for the class, and who have indicated their willingness to accept appointment under the conditions of employment specified.

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

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

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

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

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

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

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

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

(c) If fewer than three ranks of persons willing to accept appointment are on the list from which certification is to be made, then additional eligibles shall be certified from the various lists next lower in order of preference until names from three ranks are

certified. If there are fewer than three names on those lists, and the appointing power does not choose to appoint from among these, the appointing power may demand certification of three names and examinations shall be conducted until at least three names may be certified. The appointing power shall fill the position by the appointment of one of the persons certified.

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

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

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

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

19829.9840. (a) Notwithstanding Section 13340, for the 2016–17 fiscal year, if the Budget Act of 2016 is not enacted by July 1, 2016, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 9 (effective July 2, 2015, to June 30, 2018, inclusive) and State Bargaining Unit 10 (effective July 2, 2015, to July 1, 2018, 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 2016 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, 2016, of the 2016–17 fiscal year, and the enactment of the Budget Act of 2016.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 9 (effective July 2, 2015, to June 30, 2018, inclusive) and State Bargaining Unit 10 (effective July 2, 2015, to July 1, 2018, 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.

(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 2016, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2016 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 2, 2015, to June 30, 2018, inclusive) and State Bargaining Unit 10 (effective July 2, 2015, to July 1, 2018, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the term of the memorandum of understanding has expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 9 expires on June 30, 2018, and the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2018.

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

19829.9841. (a) Notwithstanding Section 13340, for the 2017–18 fiscal year, if the Budget Act of 2017 is not enacted by July 1, 2017, for the memoranda of understanding entered into between the state employer and State Bargaining Unit 9 (effective July 2, 2015, to June 30, 2018, inclusive) and State Bargaining Unit 10 (effective July 2, 2015, to July 1, 2018, 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 2017 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, 2017, of the 2017–18 fiscal year, and the enactment of the Budget Act of 2017.

(b) If the memoranda of understanding entered into between the state employer and State Bargaining Unit 9 (effective July 2,

2015, to June 30, 2018, inclusive) and State Bargaining Unit 10 (effective July 2, 2015, to July 1, 2018, inclusive) is in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by these bargaining units shall be at a rate consistent with the applicable memorandum of understanding referenced above.

(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 2017, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2017 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 2, 2015, to June 30, 2018, inclusive) and State Bargaining Unit 10 (effective July 2, 2015, to July 1, 2018, inclusive) memoranda of understanding. Notwithstanding Section 3517.8, this section shall not apply after the terms of the memoranda of understanding have expired. For purposes of this section, the memorandum of understanding for State Bargaining Unit 9 expires on June 30, 2018, and the memorandum of understanding for State Bargaining Unit 10 expires on July 1, 2018.

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

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

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

19889.2. The provisions of this part governing the examination, selection, classification, and tenure of employees in the regular civil service shall not apply to “career executive assignments” unless provided for by State Personnel Board rule. The provisions of this part relating to punitive actions shall apply to all employees serving in career executive assignments, except that termination of a career executive assignment as provided for in Section 19889.3 is not a punitive action. State Personnel Board rules shall, at a minimum, afford all employees whose career executive assignments are terminated by the appointing power a right of appeal to the State Personnel Board for restoration of his or her assignment when he or she alleges that the termination was for reasons prohibited in Chapter 10 (commencing with Section 19680) of Part 2.

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

19889.3. (a) Eligibility for appointment to positions in the career executive assignment category shall be established as a result of competitive examinations. All candidates shall meet such minimum qualifications as the State Personnel Board may determine are requisite to the performance of high administrative and policy influencing functions.

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

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

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

(a) An employee who at the time of his or her appointment to a career executive assignment was employed by the state and had permanent civil service status shall, if he or she so desires, be reinstated to a civil service position that is (1) not a career executive assignment and (2) that is at least at the same salary level as the last position that he or she held as a permanent or probationary

employee. If the employee had completed a minimum of five years of state service, he or she may return to a position that is (1) at substantially the same salary level as the last position in which he or she had permanent or probationary status or (2) at a salary level that is at least two steps lower than that of the career executive position from which the employee is being terminated.

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

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

(2) A request for a deferred examination pursuant to paragraph (1) shall not be made later than 10 days after the effective date of the termination of the career executive assignment. The department or its designee shall administer the deferred examination within 30 days of the date of the request.

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

22871.3. (a) The employer contribution for each annuitant enrolled in a basic plan shall be an amount equal to 80 percent of the weighted average of the health benefit plan premiums for an employee or annuitant enrolled for self-alone, during the benefit year to which the formula is applied, for the four health benefit plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer contribution shall be an amount equal to 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 health benefit plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year.

(b) The employer contribution for each annuitant enrolled in a Medicare health benefit plan in accordance with Section 22844 shall be an amount equal to 80 percent of the weighted average of the health benefit plan premiums for an annuitant enrolled in a Medicare health benefit plan for self-alone, during the benefit year to which the formula is applied, for the four Medicare health benefit plans that had the largest state annuitant enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer contribution shall be an amount equal to 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 Medicare health benefit plans that had the largest state annuitant enrollment, excluding family members, during the previous benefit year. If the annuitant is eligible for Medicare Part A, with or without cost, and Medicare Part B, regardless of whether the annuitant is actually enrolled in Medicare Part A or Part B, the employer contribution shall not exceed the amount calculated under this subdivision.

(c) This section applies to a state employee who is first employed by the state and becomes a state member of the system on or after January 1, 2016, and who is represented by State Bargaining Unit 9 or 10.

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

(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 require the expenditure of funds, the provisions may not become effective unless approved by the Legislature.

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

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

(b) The percentage of the employer contribution payable for postretirement health benefits for an employee subject to this section shall be based on the completed years of credited state 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
24.....	95
25 or more.....	100

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

(d) This section does not apply to:

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

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

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

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

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

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

22879. (a) The board shall pay monthly to an employee or annuitant who is enrolled in, or whose family member is enrolled in, a Medicare health benefit plan under this part the amount of the Medicare Part B premiums, exclusive of penalties, except as provided in Section 22831. This payment may not exceed 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. No payment may be made in any month if the difference is less than one dollar (\$1).

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

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

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

(e) This section does not apply to:

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

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

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

22944.5. (a) The state and employees in State Bargaining Unit 9 or 10 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.

(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.

(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.

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

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

(e) 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 those

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.

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

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

SEC. 26. 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.

Approved _____, 2015

Governor