

Senate Bill No. 848

Passed the Senate June 15, 2016

Secretary of the Senate

Passed the Assembly June 15, 2016

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 19141, 19141.1, 19243, 19838, 19995.1, 19995.4, 22871.3, 22879, 22944.5, 22958.1, and 68203 of, and to add Sections 19829.9844, 19829.9845, 19829.9846, 20683.3, 22874.4, and 22958.2 to, the Government Code, relating to state employment, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 848, Committee on Budget and Fiscal Review. State 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 a memorandum of understanding entered into between the state employer and State Bargaining Unit 12, the International Union of Operating Engineers, 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.

This bill would provide that provisions of the memorandum of understanding approved by this bill that require the expenditure of funds will not take effect unless funds for those provisions are specifically appropriated by the Legislature and would authorize 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 \$45,419,000 in augmentation of certain items of the Budget Act of 2016, according to a specified schedule, for State Bargaining Unit 12 employee compensation for expenditure in the 2016–17 fiscal year. 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 memorandum of understanding described above if the Budget Act is not enacted on or before July 1 in the 2016–17, 2017–18, or 2018–19 fiscal years, as specified.

(2) Existing law grants to an employee with permanent civil service status, or who previously had permanent status, and who, without a break in service, accepts an appointment to an exempt position, the right to reinstatement in his or her former position at the termination of the appointment, either by the employee or the appointing power, subject to certain conditions. Existing law prescribes different periods within which an employee is permitted to make a request for reinstatement in connection with different exempt appointments.

This bill would eliminate the various periods within which an employee is required to make a request for reinstatement, as described above, and eliminate language specifying that the termination be either by the employee or the appointing power. The bill would also make clarifying, conforming, and technical changes.

(3) Existing law grants certain civil service testing rights to an employee with reinstatement rights, as described above, within 4 years of termination in an exempt position, either by the employee or the appointing power, who has at least one year, but less than 3 years, of exempt service. In this regard, existing law requires that these employees be given the opportunity to obtain civil service list appointment eligibility, through examination, for any position offered by the appointing power that has a current eligible list and that has a salary range up to 2 salary steps higher than his or her former position. Existing law further requires that similarly situated employees who have more than 3 years of exempt service be given the opportunity to obtain appointment list eligibility in classes at least 2 salary steps below the employees' exempt salary levels. Existing law also grants a right of reinstatement to an employee whose exempt appointment terminates, on or after January 1, 1987, and who has at least 10 years of state service, among other characteristics, to specified positions of the appointing power for which he or she has list eligibility. In the absence of list eligibility, existing law grants the employee the right to a deferred examination, as specified, or to his or her former position.

This bill would revise and recast these provisions to grant employees in exempt positions with reinstatement rights, as described above, who have at least 5 years of state service, a right to obtain civil service appointment list eligibility by taking a deferred examination for any class that has a current eligible list and for which the employee meets the minimum qualifications of the class.

(4) Existing law requires the Department of Human Resources to administer the Limited Examination and Appointment Program (LEAP) to provide an alternative to the traditional civil service examination and appointment process to facilitate the hiring of persons with disabilities in the state civil service. Existing law authorizes the department to conduct competitive examinations to determine eligibility for appointment under LEAP, which may include on-the-job-performance evaluation. A LEAP candidate who successfully completes a job examination period is qualified in the examination and may be appointed without further examination.

This bill would provide that a LEAP candidate who is appointed after successfully completing a job examination period, as described above, is not required to serve a probationary period.

(5) Existing law prescribes a process for recovering payments from employees when the state determines an overpayment has been made. Existing law prohibits a state administrative action to recover an overpayment unless the action is initiated within 3 years from the date of overpayment.

This bill, for purposes of an action to recover an overpayment involving leave credits, would establish the date that the overpayment occurs as the date that the employee receives compensation in exchange for the erroneously credited leave. The bill would state when leave hours are considered exchanged for compensation for these purposes.

(6) Existing law requires the Department of Human Resources to devise plans for, and cooperate with appointing powers and other supervising officials in the conduct of, employee training programs so that the quality of service rendered by persons in the state civil service may be continually improved. Existing law also requires the department to devise plans for, and cooperate with appointing powers in the conduct of, supervisorial employee

training programs and prescribes training requirements in this regard.

This bill would require the department to analyze, design, develop, implement, and evaluate an integrated development strategy to continually advance employee skills and improve performance productivity and service. The bill would instead require the department to devise plans for, and cooperate with appointing powers in the conduct of, supervisor, manager, and career executive assignment employee training programs so that the quality of leadership services rendered by persons in those positions may be continually improved and succession planning supported. The bill would prescribe requirements for supervisor, manager, and career executive assignment employees in connection with this training.

(7) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System for the purpose of providing pension and other benefits to public employees, which are funded by employee and employer contributions and investment returns. PERL prescribes different normal rates for employee contributions depending on bargaining unit, employer, and inclusion of service in the federal Social Security system, among other factors.

This bill, on and after July 1, 2017, would raise the normal rates of contribution for specified judicial branch employees to 9% of compensation over \$317 per month for state miscellaneous members whose service is not included in the federal system, 8% of compensation over \$513 per month for state miscellaneous members whose service has been included in the federal system, and 11% of compensation over \$238 for peace officer/firefighter members.

(8) 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 judicial branch employees and state employees represented by State Bargaining Unit 12 who are first employed and become state members of the retirement system on or after January 1, 2017, 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 and would provide the same limit on employer contributions for annuitants enrolled in Medicare health benefit plans.

(9) 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 judicial branch employees who are first employed and become state members of the retirement system on or after January 1, 2017, 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 these employees 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. The bill would except specified employees from this prohibition.

(10) PEMHCA generally 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. Existing law excepts specified state employees from this requirement.

This bill would also except from the requirement described above judicial branch employees and state employees represented by State Bargaining Unit 12 who are first employed and become state members of the retirement system on or after January 1, 2017.

(11) 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 health care coverage for annuitants, including administrative costs. PEMHCA defines prefunding for these purposes. Existing law requires the state and employees of State Bargaining Unit 6, 9, or 10 to prefund retiree health care with the goal of reaching a 50% cost sharing of normal costs, and prescribes schedules of contribution percentages in this regard.

This bill would require the state and state employees in the judicial branch to make contributions to prefund retiree health care pursuant to a prescribed schedule of contribution percentages and would also require the state and employees in State Bargaining Unit 12 to prefund retiree health care pursuant to a separate prescribed schedule of contribution percentages, with the contributions 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.

(12) Existing law, the State Employees' Dental Care Act, authorizes the state to enter into contracts, upon negotiations with employee organizations, with carriers for dental care plans for employees, annuitants, and eligible family members. Existing law permits these plans to include premiums to be paid by employees and annuitants and also authorizes the plans to be self-funded if an employer determines it to be cost effective. Existing law prohibits specified employees from receiving an employer contribution for these benefits for annuitants unless the person is credited with 10 or more years of state service, and inhibits other specified employees from receiving that contribution unless the person is credited with 15 or more years of state service, and

prohibits other specified employees from receiving that contribution unless the person is credited with 15 or more years of state service.

This bill would prohibit judicial branch employees and state employees in State Bargaining Unit 12 who are first employed and become state members of the retirement system on or after January 1, 2017, from receiving an employer contribution for dental benefits, as described above, for annuitants unless the person is credited with 15 or more years of state service. The bill would prescribe the percentage of the employer contribution payable for these dental benefits for these employees 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. The bill would except specified employees from these provisions.

(13) Existing law authorizes the Legislature to prescribe compensation for judges of courts of record. Existing law specifies the salaries of justices and judges of the Supreme Court, the courts of appeal, and trial courts and provides for the annual increase of those salaries by the amount that is produced by multiplying the judge's or justice's current salary by the average percentage salary increase for the current fiscal year for California state employees, as provided.

This bill would state that, for purpose of calculating a judge's or justice's salary, the average percentage salary increases for California state employees shall be reduced by the average percentage salary decrease resulting from the furlough or enrollment in a personal leave program of California state employees in that current fiscal year and would exempt employees of the California State University system, judicial branch, and Legislature from the definition of California state employee for this purpose. The bill would prohibit a salary increase for justices and judges if the resulting percentage, including the reduction, is equal to or less than zero. The bill would also limit the award of interest on an order to pay unpaid salary or judicial retiree benefits based on these provisions to the rate of interest on the Pooled Money Investment Account.

(14) 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 the agreement entered into by the state employer and State Bargaining Unit 12 pursuant to Section 3517.5 of the Government Code.

SEC. 2. The provisions of the memorandum of understanding prepared pursuant to Section 3517.5 of the Government Code and entered into by the state employer and State Bargaining Unit 12, dated May 26, 2016, 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 memorandum 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 memorandum of understanding included in Section 2 of this act that require the expenditure of funds shall become effective even if the provisions of the memorandum of understanding are approved by the Legislature in legislation other than the annual Budget Act.

SEC. 5. The sum of forty-five million four hundred nineteen thousand dollars (\$45,419,000) is hereby appropriated for State Bargaining Unit 12 for expenditure in the 2016–17 fiscal year in augmentation of, and for the purpose of, state employee compensation, as provided in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988 of Section 2.00 of the Budget Act of 2016, in accordance with the following schedule:

(a) Fourteen million five hundred ninety-six thousand dollars (\$14,596,000) from the General Fund in augmentation of Item 9800-001-0001.

(b) Twenty million six hundred fifty-one thousand dollars (\$20,651,000) from unallocated special funds in augmentation of Item 9800-001-0494.

(c) Ten million one hundred seventy-two thousand dollars (\$10,172,000) from other unallocated nongovernmental cost funds in augmentation of Item 9800-001-0988.

SEC. 6. Section 19141 of the Government Code is amended to read:

19141. (a) This section applies only to an employee in an exempt position who previously had permanent status in the civil service. As used in this section, “former position” is defined as in Section 18522, or, if the appointing power to which reinstatement is to be made and the employee agree, a vacant position in any department, commission, or state agency for which he or she is qualified and which is at substantially the same level as the employee’s former position.

(b) An employee who vacates a civil service position to accept an appointment to an exempt position shall be reinstated to his or her former position at the termination of the exempt appointment, provided both of the following conditions are met:

(1) He or she accepted the appointment without a break in the continuity of state service.

(2) Within 10 working days after the effective date of the termination, he or she makes a written request to the appointing power to be reinstated to his or her former position. If an employee accepts an appointment to an exempt position and seeks reinstatement to his or her former position more than 10 working days after the effective date of the termination of the exempt appointment, Section 19140 shall apply.

(c) An employee who vacates his or her civil service position to accept an assignment as a member, inmate, or patient helper under subdivision (j) of Section 4 of Article VII of the California Constitution shall not have a right to mandatory reinstatement.

(d) If an employee in an exempt appointment accepts an extension of the exempt appointment or accepts a new exempt appointment with no break in the continuity of state service in an exempt appointment, subdivision (b) shall apply when the extension or new exempt appointment is terminated.

(e) If an employee exercises his or her right of reinstatement and returns to his or her former position, the service while under an exempt appointment shall be deemed to be time served in the former position for the purpose of determining his or her seniority and eligibility for merit salary increases.

(f) If the termination of an exempt appointment is for a reason contained in Section 19997 and the employee does not have a right to mandatory reinstatement, he or she shall have his or her name placed on the departmental and general reemployment lists for the class of his or her former position.

SEC. 7. Section 19141.1 of the Government Code is amended to read:

19141.1. (a) This section only applies to employees in an exempt position who have reinstatement rights to their former positions under Section 19141.

(b) Within four years of the termination of an appointment in an exempt position, an employee who has completed a minimum of five years of state service experience shall be given an opportunity upon request to obtain civil service appointment list eligibility by taking a deferred examination for any class that has a current eligible list and for which the employee meets the minimum qualifications of the class.

SEC. 8. Section 19243 of the Government Code is amended to read:

19243. Upon successful completion of the job examination period, the candidate shall have qualified in the examination. With the approval of the department, the appointing power may appoint the candidate, without further examination, to an appropriate position where civil service status may accumulate. A candidate appointed in this way is not required to serve a probationary period.

SEC. 9. Section 19829.9844 is added to the Government Code, to read:

19829.9844. (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 memorandum of understanding entered into between the state employer and State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, 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 memorandum 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 memorandum 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 memorandum of understanding entered into between the state employer and State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive) is in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by this bargaining unit 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 term of the State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive) memorandum 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 12 expires on July 1, 2019.

SEC. 10. Section 19829.9845 is added to the Government Code, to read:

19829.9845. (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 memorandum of understanding entered into between the state employer and State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, 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 memorandum 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 memorandum 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 memorandum of understanding entered into between the state employer and State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive) is in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by this bargaining unit 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 term of the State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive) memorandum 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 12 expires on July 1, 2019.

SEC. 11. Section 19829.9846 is added to the Government Code, to read:

19829.9846. (a) Notwithstanding Section 13340, for the 2018–19 fiscal year, if the Budget Act of 2018 is not enacted by July 1, 2018, for the memorandum of understanding entered into between the state employer and State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, 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 memorandum of understanding until the Budget Act of 2018 is enacted. The Controller may expend an amount no greater than necessary to enable the Controller to compensate state employees covered by the above memorandum of understanding for work performed between July 1, 2018, of the 2018–19 fiscal year and the enactment of the Budget Act of 2018.

(b) If the memorandum of understanding entered into between the state employer and State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive) is in effect and approved by the Legislature, the compensation and contribution for employee benefits for state employees represented by this bargaining unit 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 2018, these expenditures shall be subsumed by the expenditure authority approved in the Budget Act of 2018 for each affected department.

(d) This section shall only apply to an employee covered by the term of the State Bargaining Unit 12 (effective July 1, 2015, to July 1, 2019, inclusive) memorandum 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 12 expires on July 1, 2019.

SEC. 12. Section 19838 of the Government Code is amended to read:

19838. (a) When the state determines an overpayment has been made to an employee, it shall notify the employee of the overpayment and afford the employee an opportunity to respond prior to commencing recoupment actions. Thereafter, reimbursement shall be made to the state through one of the following methods mutually agreed to by the employee and the state:

(1) Cash payment or payments.

(2) Installments through payroll deduction to cover at least the same number of pay periods in which the error occurred. When overpayments have continued for more than one year, full payment may be required by the state through payroll deductions over the period of one year.

(3) The adjustment of appropriate leave credits or compensating time off, provided that the overpayment involves the accrual or crediting of leave credits (e.g., vacation, annual leave, or holiday) or compensating time off. Any errors in sick leave balances may only be adjusted with sick leave credits.

Absent mutual agreement on a method of reimbursement, the state shall proceed with recoupment in the manner set forth in paragraph (2).

(b) An employee who is separated from employment prior to full repayment of the amount owed shall have withheld from any money owing the employee upon separation an amount sufficient to provide full repayment. If the amount of money owing upon separation is insufficient to provide full reimbursement to the state, the state shall have the right to exercise any and all other legal means to recover the additional amount owed.

(c) Amounts deducted from payment of salary or wages pursuant to the above provisions, except as provided in subdivision (b), shall in no event exceed 25 percent of the employee's net disposable earnings.

(d) An administrative action shall not be taken by the state pursuant to this section to recover an overpayment unless the action is initiated within three years from the date of overpayment. If an overpayment involves leave credits, the date of overpayment is the date that the employee receives compensation in exchange for leave erroneously credited to the employee. For purposes of this section, leave hours are considered exchanged for compensation in the order they were credited.

(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 the provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

SEC. 13. Section 19995.1 of the Government Code is amended to read:

19995.1. For the purpose of meeting the development needs of the state's workforce, the department shall analyze, design, develop, implement, and evaluate an integrated development strategy to continually advance employee skills and improve performance productivity and service. The department may prescribe regulations and conditions for the administration of this chapter. The conditions prescribed by the department may include, but not be limited to, the requirements that the training shall be cost effective, of value to the state, and relevant to the employee's

career development in state service. The department may further prescribe the conditions under which an employee may be required to reimburse the state for the costs of out-service training in the event he or she fails to remain in state service for a reasonable time after receiving the training.

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

SEC. 14. Section 19995.4 of the Government Code is amended to read:

19995.4. (a) The department shall devise plans for, and cooperate with appointing powers in the conduct of, supervisor and career executive assignment employee training programs so that the quality of leadership services rendered by persons in those positions may be continually improved and succession planning supported.

(b) Upon the initial appointment of an employee to a designated supervisory position, the employee shall be provided a minimum of 80 hours of training, as prescribed by the department. The training shall address the role of the supervisor, techniques of supervision, planning, organizing, staffing, performance standards, performance appraisals, discipline, labor relations, equal employment opportunity principles, and affirmative action for persons with disabilities. Every supervisor shall have access to a copy of each bargaining agreement covering the employees he or she supervises.

(c) The required hours of supervisory training shall be successfully completed within the term of the probationary period or within six months of the employee's initial appointment, unless it is demonstrated that to do so creates additional costs or that the training cannot be completed during this time period due to limited availability of training courses. Upon completion of the initial appointment training, supervisory employees shall be provided biannually a minimum of 20 hours of leadership training and development, as prescribed by the department.

(d) Upon the initial appointment of an employee to a management position, the employee shall be provided a minimum of 40 hours of leadership training and development, as prescribed by the department, within 12 months of appointment. Thereafter, the employee shall be provided biannually a minimum of 20 hours of leadership training, as prescribed by the department.

(e) Upon the initial appointment of an employee to a career executive assignment position, the employee shall be provided a minimum of 20 hours of leadership training and development as prescribed by the department within 12 months of appointment. Thereafter, the employee shall be provided biannually a minimum of 20 hours of leadership training and development as prescribed by the department.

SEC. 15. Section 20683.3 is added to the Government Code, to read:

20683.3. Notwithstanding Sections 20677 and 20687, on and after July 1, 2017, the normal rate of contribution for an employee of the judicial branch who is not subject to Section 7522.30 shall be the following:

(a) For a state miscellaneous member:

(1) Nine percent of the compensation in excess of three hundred seventeen dollars (\$317) per month paid to a member whose service is not included in the federal system.

(2) Eight percent of compensation in excess of five hundred thirteen dollars (\$513) per month paid to that member whose service has been included in the federal system.

(b) For a peace officer/firefighter member, 11 percent of compensation in excess of two hundred thirty-eight dollars (\$238) per month paid to that member.

SEC. 16. Section 22871.3 of the Government Code is amended 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:

(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 first employed by the state and becomes a state member of the system on or after January 1, 2016.

(3) A state employee represented by State Bargaining Unit 6 or 12 who is first employed by the state and becomes a state member of the system on or after January 1, 2017.

(4) A state employee related to State Bargaining Unit 6 or 12 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, 2017.

(5) A judicial branch employee who is first employed by the state and becomes a state member of the system on or after January 1, 2017. This paragraph does not apply to a judge who is subject to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

(d) 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. 17. Section 22874.4 is added to the Government Code, to read:

22874.4. (a) Notwithstanding Sections 22870, 22871, and 22873, a judicial branch employee who is first employed by the state and becomes a state member of the system on or after January 1, 2017, 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:

Credited Years of Service	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 judicial branch employees who 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 any of the following:

(1) Former state employees previously employed prior to January 1, 2017, who return to state employment on or after January 1, 2017.

(2) State employees on an approved leave of absence employed before January 1, 2017, who return to active employment on or after January 1, 2017.

(3) A judge who retires pursuant to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

SEC. 18. 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.

(3) A state employee who is first employed by the state and becomes a state member of the system on or after January 1, 2017, and who is represented by State Bargaining Unit 6 or 12.

(4) A state employee related to State Bargaining Unit 6 or 12 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, 2017.

(5) A judicial branch employee who is first employed by the state and becomes a state member of the system on or after January 1, 2017. This paragraph does not apply to a judge who is subject to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

SEC. 19. Section 22944.5 of the Government Code is amended to read:

22944.5. (a) (1) The state and employees in State Bargaining Unit 9, 10, or 12 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2019.

(2) The state and employees in State Bargaining Unit 6 shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2018.

(3) The state and employees in the judicial branch shall prefund retiree health care, with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2017.

(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.

(3) The employees in State Bargaining Unit 6 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2016, 1.3 percent of pensionable compensation.

(B) Effective July 1, 2017, an additional 1.3 percent for a total employee contribution of 2.6 percent of pensionable compensation.

(C) Effective July 1, 2018, an additional 1.4 percent for a total employee contribution of 4.0 percent of pensionable compensation.

(4) The state employees in the judicial branch shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2016, 1.5 percent of pensionable compensation.

(B) Effective July 1, 2017, up to an additional 1.5 percent for a total employee contribution of up to 3.0 percent of pensionable compensation. The additional amount shall be determined by the Director of Finance no later than April 1, 2017, based on the actuarially determined normal costs identified in the state valuation.

(C) This paragraph does not apply to a judge who is subject to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

(5) The employees in State Bargaining Unit 12 shall make contributions to prefund retiree health care based on the following schedule, and the state shall make a matching contribution:

(A) Effective July 1, 2017, 1.9 percent of pensionable compensation.

(B) Effective July 1, 2018, an additional 1.4 percent for a total employee contribution of 3.3 percent of pensionable compensation.

(C) Effective July 1, 2019, an additional 1.3 percent for a total employee contribution of 4.6 percent of pensionable compensation.

(c) This section only applies to employees who are eligible for health benefits, including permanent intermittent employees.

(d) Contributions paid pursuant to this section shall be deposited in the Annuitants' Health Care Coverage Fund and shall not be refundable under any circumstances to an employee 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 a bargaining unit described in subdivision (a) who is excepted from the definition of "state employee" in subdivision (c) of Section 3513.

SEC. 20. Section 22958.1 of the Government Code is amended to read:

22958.1. (a) Notwithstanding Sections 22953, 22957, and 22958, the following employees shall not receive any portion of the employer contribution payable for annuitants unless the person is credited with 15 or more years of state service, as defined by this section, at the time of retirement:

(1) 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, 2017, and is represented by State Bargaining Unit 6 or 12.

(2) A state employee related to State Bargaining Unit 6 or 12 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, 2017.

(b) The percentage of the employer contribution payable for postretirement dental care benefits for an employee subject to this section shall be based on the funding provision of the plan and the

completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	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 prior to January 1, 2017, who return to state employment on or after January 1, 2017.

(2) State employees hired prior to January 1, 2017, who become subject to representation by State Bargaining Unit 6 or 12 on or after January 1, 2017.

(3) State employees on an approved leave of absence employed before January 1, 2017, who return to active employment on or after January 1, 2017.

(4) State employees hired after January 1, 2017, who are first represented by a State Bargaining Unit other than Bargaining Unit 6 or 12, who later become represented by State Bargaining Unit 6 or 12.

(e) In those cases where the state has assumed from a public agency a function and the related personnel, service rendered by that personnel for compensation as employees or appointed or elected officers of that public agency may not be credited as state service for the purposes of this section unless the former employer

has paid or agreed to pay the state the amount actuarially determined to equal the cost for any employee dental benefits that were vested at the time that the function and the related personnel were assumed by the state, and the Department of Finance finds that the contract contains a benefit factor sufficient to reimburse the state for the amount necessary to fully compensate for the postretirement dental benefit costs of those personnel. For noncontracting public agencies, the state agency that has assumed the function shall certify the completed years of public agency service to be credited to the employee as state service credit under this section.

SEC. 21. Section 22958.2 is added to the Government Code, to read:

22958.2. (a) Notwithstanding Sections 22953, 22957, and 22958, a judicial branch employee who is first employed by the state and becomes a state member of the system on or after January 1, 2017, 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 dental care benefits for an employee subject to this section shall be based on the funding provision of the plan and the completed years of credited state service at retirement as shown in the following table:

Credited Years of Service	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 judicial branch employees who 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 any of the following:

(1) Former state employees previously employed prior to January 1, 2017, who return to state employment on or after January 1, 2017.

(2) State employees on an approved leave of absence employed before January 1, 2017, who return to active employment on or after January 1, 2017.

(3) A judge who retires pursuant to Chapter 11 (commencing with Section 75000) or Chapter 11.5 (commencing with Section 75500) of Title 8.

SEC. 22. Section 68203 of the Government Code is amended to read:

68203. (a) On July 1, 1980, and on July 1 of each year thereafter, the salary of each justice and judge named in Sections 68200 to 68202, inclusive, and 68203.1 shall be increased by the amount that is produced by multiplying the then current salary of each justice or judge by the average percentage salary increase for the current fiscal year for California state employees; provided, that in any fiscal year in which the Legislature places a dollar limitation on salary increases for state employees the same limitation shall apply to judges in the same manner applicable to state employees in comparable wage categories.

(b) (1) For the purposes of this section, average percentage salary increases for California state employees shall be those increases as reported by the Department of Human Resources to the State Controller in a pay letter.

(2) For purposes of this section the average percentage salary increase for the current fiscal year for California state employees shall be reduced by the average percentage salary decrease resulting from the furlough or enrollment in a personal leave program of California state employees in that current fiscal year, as determined by the Department of Human Resources, in consultation with the Department of Finance.

(3) If the reduction required pursuant to paragraph (2) results in a percentage that is equal to or less than zero, the salary of each

justice and judge named in Sections 68200 to 68202, inclusive, and 68203.1 shall not be increased.

(4) Persons working for the California State University system, the judicial branch, or the Legislature are not considered California state employees for purposes of this subdivision.

(c) The salary increase for judges and justices made on July 1, 1980, for the 1980–81 fiscal year, shall in no case exceed 5 percent.

(d) On January 1, 2001, the salary of the justices and judges named in Sections 68200 to 68202, inclusive, shall be increased by the amount that is produced by multiplying the salary of each justice and judge as of December 31, 2000, by 8½ percent.

(e) On January 1, 2007, the salary of the justices and judges identified in Sections 68200 to 68202, inclusive, and 68203.1 shall also be increased by the amount that is produced by multiplying the salary of each justice and judge as of December 31, 2006, by 8.5 percent.

(f) Notwithstanding Article 2 (commencing with Section 3287) of Chapter 1 of Title 2 of Part 1 of Division 4 of the Civil Code, Chapter 5 (commencing with Section 685.010) of Division 1 of Title 9 of Part 2 of the Code of Civil Procedure, any other law, or any court judgment that has not been finally determined upon appeal as of the date this subdivision is enacted, any award of interest on an order to pay unpaid salary or judicial retiree benefits pursuant to this section shall not exceed the rate of interest accrued on moneys in the Pooled Money Investment Account.

SEC. 23. By amending Section 68203 of the Government Code in this act, the Legislature does not intend to create an inference about the legal effect of the statute prior to the enactment of this act.

SEC. 24. 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 _____, 2016

Governor