AMENDED IN ASSEMBLY SEPTEMBER 4, 2009

SENATE BILL No. 72

Introduced by Committee on Budget and Fiscal Review

January 20, 2009

~~An act relating to the Budget Act of 2009.~~ *An act to repeal and add Sections 12472.5 and 13302 of, and to repeal, add, and repeal Section 22864.1 of, the Government Code, relating to state employees.*

LEGISLATIVE COUNSEL'S DIGEST

SB 72, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2009.~~ *State employees: payroll: health care.*

(1) Existing law requires that, on and after January 1, 2010, payments to employees made through the Uniform State Payroll System for a pay period ending on June 30 of each year shall be on or after July 1, provided that employees, in any event, be paid promptly.

This bill would require that, on and after January 1, 2010, payments to employees made through the Uniform State Payroll System for a master payroll paid on June 30 of each year shall be issue dated on July 1.

(2) Existing law requires the Department of Finance to install and supervise an accounting system for state agencies. Existing law requires, in regard to this system, that the payments to employees made in July through the Uniform State Payroll System for services rendered prior to July 1 of each year are to be considered payables incurred in the fiscal year in which the warrant is issued.

This bill would provide that payments to employees made through the Uniform State Payroll System, as specified, with an issue date each year of July 1 shall be considered payables incurred in the fiscal year in which the payment is issue dated.

(3) Existing law authorizes the Board of Administration of the Public Employees' Retirement System to use reserves generated by one or more self-funded health benefit plans to reduce the premiums charged for enrollment in one or more separate self-funded health benefit plans offered by the board, as specified.

This bill would make technical changes to that section.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

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

SECTION 1. Section 12472.5 of the Government Code is repealed.

~~12472.5. Notwithstanding any other law, on and after January 1, 2010, payments to employees made through the Uniform State Payroll System for a pay period ending on June 30 of each year shall be on or after July 1, provided that employees shall, in any event, be paid promptly.~~

SEC. 2. Section 12472.5 is added to the Government Code, to read:

12472.5. Notwithstanding any other law, on and after January 1, 2010, payments to employees made through the Uniform State Payroll System for master payroll paid on June 30 of each year shall be issue dated on July 1, provided that employees shall, in any event, be paid promptly.

SEC. 3. Section 13302 of the Government Code is repealed.

~~13302. The accounting system devised as provided in Section 13300 shall provide, with respect to the General Fund and other governmental funds, for the following:~~

~~(a) The accrual of expenditures as of the end of each fiscal year on the basis of payables incurred, excluding accrued interest on general obligation bonded indebtedness.~~

~~(b) (1) The accrual of revenues at the end of the fiscal year if the underlying transaction has occurred as of the last day of the fiscal year, the amount is measurable, and the actual collection will occur either during the current period or after the end of the current period but in time to pay current year-end liabilities.~~

~~(2) Cash in agency trust accounts within the centralized State Treasury system that is in transit to the State Treasury, accrued interest receivable, and accounts receivable shall be accrued as of the end of each fiscal year.~~

~~(c) For the purposes of financial reporting, the following apply:~~

~~(1) A payable exists when goods or services have been delivered and the state is required to pay for those goods or services, and an encumbrance exists when a valid obligation against an appropriation has been created.~~

~~(2) All funds appropriated shall be identified as either expended, payable, encumbered (exclusive of payables), or unencumbered, as further defined by the California Fiscal Advisory Board, and the total of these shall equal the total appropriation.~~

~~(d) (1) Notwithstanding any other law, and except as provided in paragraph (2), payments to employees made in July through the Uniform State Payroll System for services rendered prior to July 1 of each year shall be considered payables incurred in the fiscal year in which the warrant is issued.~~

~~(2) Notwithstanding paragraph (1), for purposes of calculating maintenance of effort expenditures under Section 8 of Article XVI of the California Constitution, or for purposes of calculating funds used by a program during the fiscal year, payments made in July may be counted towards the prior fiscal year.~~

SEC. 4. Section 13302 is added to the Government Code, to read:

13302. The accounting system devised as provided in Section 13300 shall provide, with respect to the General Fund and other governmental funds, for all of the following:

(a) The accrual of expenditures as of the end of each fiscal year on the basis of payables incurred, excluding accrued interest on general obligation bonded indebtedness.

(b) (1) The accrual of revenues at the end of the fiscal year if the underlying transaction has occurred as of the last day of the fiscal year, the amount is measurable, and the actual collection will occur either during the current period or after the end of the current period but in time to pay current year-end liabilities.

(2) Cash in agency trust accounts within the centralized State Treasury system that is in transit to the State Treasury, accrued interest receivable, and accounts receivable shall be accrued as of the end of each fiscal year.

(c) For the purposes of financial reporting, all of the following shall apply:

(1) A payable exists when goods or services have been delivered and the state is required to pay for those goods or services, and an encumbrance exists when a valid obligation against an appropriation has been created.

(2) All funds appropriated shall be identified as either expended, payable, encumbered (exclusive of payables), or unencumbered, as further defined by the California Fiscal Advisory Board, and the total of these shall equal the total appropriation.

(d) (1) Notwithstanding any other law, and except as provided in paragraph (2), payments to employees made through the Uniform State Payroll System as described in Section 12472.5 with an issue date each year of July 1 shall be considered payables incurred in the fiscal year in which the payment is issue dated.

(2) Notwithstanding paragraph (1), for purposes of calculating maintenance of effort expenditures under Section 8 of Article XVI of the California Constitution, or for purposes of calculating funds used by a program during the fiscal year, payments made on July 1 may be counted towards the prior fiscal year.

SEC. 5. Section 22864.1 of the Government Code is repealed.

~~22864.1. (a) This part does not limit the board's authority to use reserves generated by one or more self-funded benefit plans to reduce or otherwise pay the premiums charged for enrollment in one or more separate self-funded health benefit plans offered by the board.~~

~~(b) This section shall remain in effect only until June 30, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before June 30, 2010, deletes or extends that date.~~

SEC. 6. Section 22864.1 is added to the Government Code, to read:

22864.1. (a) This part does not limit the board's authority to use reserves generated by one or more self-funded benefit plans to reduce or otherwise pay the premiums charged for enrollment in one or more separate self-funded health benefit plans that are offered by the board.

(b) This section shall remain in effect only until June 30, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before June 30, 2010, deletes or extends that date.

~~SECTION 1. It is the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.~~

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