

ASSEMBLY BILL

No. 1

Introduced by Assembly Member Portantino

December 6, 2010

An act to add and repeal Section 18005 of the Government Code, relating to state employment.

LEGISLATIVE COUNSEL'S DIGEST

AB 1, as introduced, Portantino. State employment: salary freeze.

Existing law requires the Department of Personnel Administration to establish and adjust salary ranges for each class of position in the state civil service, subject to specified merit limits and except as specified. Existing law requires the salary range to be based on the principle that like salaries shall be paid for comparable duties and responsibilities. Existing law allows the state to enter into memoranda of understanding relating to employer-employee relations with employee organizations representing certain state employees.

This bill would, until January 1, 2014, prohibit a person employed by the state whose base salary on or after the effective date of the bill is greater than \$150,000 per year from receiving a salary increase while employed in the same position or classification. The bill would exempt from this prohibition a person whose compensation is governed by an operative memorandum of understanding, as described above, a person who has been exempted by Executive order of the Governor, as specified, or a person whose salary is set pursuant to the California Constitution. The bill would also authorize the Controller to reject a request for disbursement of funds that violates these provisions. The bill would make related legislative findings and declarations regarding the state budget deficit.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 6, 2010, pursuant to the California Constitution.

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

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

1 SECTION 1. Section 18005 is added to the Government Code,
2 to read:
3 18005. (a) The Legislature finds and declares all of the
4 following:
5 (1) For several years, the State of California has faced budget
6 deficits requiring cuts and changes in priorities in order to fund
7 state activities.
8 (2) In recent months, the United States economy has been dealt
9 severe blows due to the credit crisis and the housing market crisis,
10 and their resulting effects upon the financial markets.
11 (3) The ongoing structural deficit in state finances, complicated
12 by worsening economic developments, has created a fiscal crisis
13 in the governance of the state.
14 (4) During the current economic recession, California has
15 experienced a dramatic decline in revenues that has forced and is
16 forcing severe cutbacks in spending on state services and programs.
17 The state now faces at least a \$25.4 billion shortage.
18 (5) The 2011–12 state budget, which must resolve the \$25.4
19 billion shortage, is expected to include a series of taxes, cuts, and
20 gimmicks triggered in part by the level of incoming federal dollars
21 and the performance of the state’s economy.
22 (6) Past fiscal year budgets have seen funding of state services
23 being conducted with gimmicks and borrowing that has only further
24 served to exacerbate our state government fiscal crisis. In addition,
25 state borrowing through bond indebtedness has steadily increased
26 over the past six years. California bond borrowing has gotten to
27 the point where the debt load on the General Fund could in the

1 future easily exceed 10 percent of the State Budget per year. The
2 Legislature finds that those fiscal practices are not sustainable and
3 will only lead to further economic and fiscal crises.

4 (7) Freezing certain state salaries and bonuses will help alleviate
5 the budget shortfall currently facing the state.

6 (8) At a time when the California State University system is
7 raising student fees it is imperative that the nearly 500 California
8 State University employees who make in excess of \$150,000 per
9 year lead by example and forego raises or bonuses for a period of
10 24 months.

11 (9) (A) At a time when the University of California Board of
12 Regents is raising student fees, it is imperative that they show
13 leadership and fiscal responsibility for two years by not granting
14 raises or bonuses for employees that make in excess of \$150,000
15 per year.

16 (B) The Legislature urges the Regents of the University of
17 California and the Board of Directors of the Hastings College of
18 the Law to adopt the policy expressed in this section for individuals
19 employed by those entities.

20 (b) Except as provided in subdivision (c), a person employed
21 by the state whose base salary on or after the effective date of this
22 section is greater than one hundred fifty thousand dollars
23 (\$150,000) per year shall not receive a salary increase or a bonus
24 while employed in the same position or classification.

25 (c) Subdivision (b) shall not apply to any of the following:

26 (1) A person whose base salary or other compensation is
27 governed by an operative memorandum of understanding entered
28 into pursuant to Chapter 10.3 (commencing with Section 3512) or
29 Chapter 12 (commencing with Section 3560) of Division 4 of Title
30 1, or pursuant to another collective bargaining agreement.

31 (2) A person employed in a classification that has been
32 designated by the Governor to be necessary for protecting the
33 safety and security of the people of California. The Governor shall
34 make such a designation only by an executive order that lists the
35 name of each individual to whom the order applies, his or her job
36 classification, and the reason for exempting the individual from
37 the requirements of subdivision (a).

38 (3) A person whose salary is set pursuant to the California
39 Constitution.

(d) For the purposes of this section, a “person employed by the state” means a person employed by the executive, legislative, or judicial branch of state government, an appointee to a state board or commission, or a person employed by the California State University system. A “person employed by the state” does not include local trial court employees, as defined by subdivision (l) of Section 71601.

(e) The Controller may reject a request for a disbursement of funds that violates this section.

(f) This section shall not be enforced to the extent it is preempted by federal law.

(g) This section shall remain in effect only until January 1, 2014, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2014, deletes or extends that date.

SEC. 2. This act addresses the fiscal emergency declared by the Governor by proclamation on December 6, 2010, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

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