

May 11, 2017

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Items 8660-001-0461 and 8660-001-0471, Support and Item 8660-101-0471, Local Assistance, California Public Utilities Commission

Strengthening the Transportation Enforcement Branch—It is requested that Item 8660-001-0461 be increased by \$636,000 and 6 positions to begin addressing the issues identified in the report prepared pursuant to Chapter 718, Statutes of 2015. As required by law, the Public Utilities Commission (PUC) hired an independent entity to assess certain Transportation Enforcement Branch capabilities. The reforms include increasing enforcement tools, streamlining licensing processes, prioritizing timely processing of customer complaints, and developing staff skill sets to ensure a more effective transportation oversight program.

It is also requested that trailer bill language be adopted to provide impoundment authority to Branch investigators. The Branch is unable to adequately deter illegal passenger carrier operations with its current administrative enforcement authority. Trailer bill language for impoundment authority will provide a new enforcement tool.

Trailer Bill Language to Transfer Transportation Functions—It is requested that trailer bill language be adopted to transfer regulatory authority for select transportation programs from the PUC to other state agencies or local jurisdictions. During the last legislative session, the Governor signed a package of bills enacting various reforms to improve public safety, as well as PUC governance, accountability, and transparency. In an accompanying signing message, the Governor directed the Administration to work with the PUC to reorganize duties and responsibilities over transportation-related regulation.

This proposal will transfer transportation functions effective July 1, 2018, as follows:

- Private carriers of passengers—Transfer to the Department of Motor Vehicles.
- Household goods carriers—Transfer to the Department of Consumer Affairs' Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation.
- For-hire vessels—Transfer to the Department of Parks and Recreation's Division of Boating and Waterways.
- Commercial air operators—Transfer to local jurisdictions.

These transfers of functions will create efficiencies and improve the public's interactions and customer service with government. Furthermore, streamlining the PUC's existing functions will improve the program performance for the transportation responsibilities that remain with the PUC, while the Administration further evaluates the most effective approach to administer these regulatory functions.

Universal Lifeline Telephone Service Program—It is requested that Item 8660-001-0471 be increased by \$580,000 to support the California Lifeline Program. This increase is based on updated and refined estimates of printing and mailing costs from the Office of State Publishing and transition costs after the procurement of a Third Party Administrator. It is also requested that provisional language be added on a one-time basis to authorize the Director of Finance to augment state operations, subject to 30-day legislative notification, if Third Party Administrator or printing and mailing costs exceed estimates (see Attachment 1).

It is also requested that Item 8660-101-0471 be decreased by \$5,305,000 to reflect an estimated decrease in projected local assistance claims for telephone connection and conversion subsidies to participants in the California Lifeline Program.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Ellen Moratti, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Tim Sullivan, Executive Director, California Public Utilities Commission
Mr. Ryan Dulin, Deputy Executive Director, California Public Utilities Commission
Ms. Hazel Miranda, Office of Governmental Affairs, California Public Utilities Commission
Ms. Wendy Gavia, Manager of the Budget and Fiscal Office, California Public Utilities Commission

Add the following provision to Item 8660-001-0471:

1. Notwithstanding any other provision of law, upon request of the Public Utilities Commission, the Department of Finance may augment the amount available for expenditure in this item to pay expenses related to the Third Party Administrator transition costs and/or printing and mailing costs chargeable to the Universal Lifeline Telephone Service Trust Administrative Committee Fund. The augmentation may be made no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Legislative Budget Committee. The amount of funds augmented pursuant to the authority of this provision shall be consistent with the amount approved by the Department of Finance based on its review of the printing, mailing, and Third Party Administrator transition expenses related to administration of the Universal Lifeline Telephone Service program.



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Honorable Holly Mitchell, Chair
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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 8880-001-9737, Support, Department of Financial Information System for California

It is requested that provisional language for Item 8880-001-9737 be amended to grant the Director of Finance the authority to increase this item by amounts equal to unanticipated customer service costs and equipment purchases (see Attachment).

All funds for Item 8880-001-9737 are transferred from other state and non-state funding sources, meaning augmentations of this item pursuant to the proposed provisional language will not result in additional statewide expenditures.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Evelyn Suess, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

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Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
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Honorable Jim Cooper, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Miriam Ingenito, Director, Department of Financial Information System for California
Ms. Shanda Chaudhry, Director of Legislative Affairs, Department of Financial Information System
for California
Ms. Jennifer Maguire, Director of Administration, Department of Financial Information System for
California
Ms. Jennifer Carver, Director of Fiscal Operations, Department of Financial Information System for
California
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Policy and Administration, Government Operations
Agency

Proposed Amendment to Budget Bill Item 8880-001-9737

"8880-001-9737—For support of Financial Information System for California, payable from the FI\$Cal Internal Services Fund 75,676,000

Schedule:

(1) 6890-Statewide Systems Development 75,676,000

Provisions:

1. It is the intent to continue funding for approved FI\$Cal Project activities, that, due to schedule changes, may decrease costs in one fiscal year and increase costs in a subsequent fiscal year, resulting in a net zero change to approved total project costs. Any unexpended funds from the appropriation in any prior fiscal year are hereby appropriated in augmentation of this item.
- 1.5 The Director of Finance may augment this item for unanticipated customer service costs and equipment purchases. Any increase shall not exceed the total estimated cost of the unanticipated customer service costs or equipment purchases, as provided in writing to, and approved by, the Department of Finance. Any augmentation of this item shall be reported in writing to the chairpersons of the fiscal committees in each house and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date the augmentation is approved.
2. Funds appropriated in this item, including the funds available in Provision 1, are available for encumbrance or expenditure until June 30, 2019."



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Honorable Holly Mitchell, Chair
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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 8940-001-0001 and Addition of Item 8940-401, Support,
California Military Department**

It is requested that Item 8940-401 be added to specify that the short term cash flow loan provided to the Military Department in fiscal year 2016-17 shall be repaid upon order of the Director of Finance, instead of the existing October 31 repayment date (see Attachment 1).

It is also requested that Provision 4 of Item 8940-001-0001 be amended to provide that any loan provided to the Military Department pursuant to the provisions of Item 8940-001-0001 shall be repaid upon order of the Director of Finance (see Attachment 2). The Military Department experiences temporary cash flow shortages due to the delay in reimbursements from the federal government. As part of the Master Cooperative Agreements with the federal government, the Military Department must pay all of its costs up front and then seek reimbursement for the federal government's share of the cost, which generally takes 60 to 120 days. Based on historic cash flow patterns, it is unlikely that any loan authorized pursuant to the provisions of Item 8940-001-0001 could be paid off by the existing December 31 repayment date.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mark Tollefson, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

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Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 5
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Colonel Ron Vestman, Comptroller, California Military Department
Mr. Ajit Bindra, Comptroller, California Military Department

Attachment 1

8940-401—Notwithstanding Provision 4(b) of Item 8940-001-0001, Budget Act of 2016 (Ch. 23, Stats. 2016), the loan to the General Fund will be repaid upon order of the Director of Finance.

Provision 4 of Item 8940-001-0001 is amended as follows:

"4. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund to the Military Department for cashflow purposes in an amount not to exceed \$30,000,000 subject to the following conditions:

(a) The loan is to meet cash needs resulting from a delay in reimbursements.

(b) The loan is for a short term and shall be repaid ~~by December 31 of the fiscal year following that in which the loan was authorized~~ upon order of the Director of Finance.

(c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.

(d) The Director of Finance shall not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not later than whatever lesser time prior to that date the chairperson of the joint committee, or his or her designee, may determine."



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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 8955-001-0001, Support, California Department of Veterans Affairs

Skilled Nursing Facility Activation (Issue 400)—It is requested that Item 8955-001-0001 be increased by 12.1 positions in fiscal year 2017-18, with an additional 8.4 positions and \$868,000 in 2018-19 and annually thereafter for the Veterans Home of California—Greater Los Angeles and Ventura County to convert 84 transitional housing domiciliary beds to the skilled nursing level of care. The budget currently contains funding and positions for both the transitional housing at the West Los Angeles location and adult day health care programs at the Ventura and Lancaster locations. The United States Department of Veterans Affairs has indicated it will no longer participate in the transitional housing program or require the state to operate the adult day health care programs. The existing funding will be sufficient for 2017-18 ramp up activities at the new skilled nursing facility, and the additional resources will support fully-annualized ongoing costs.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call John Fitzpatrick, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Jim Cooper, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Vito Imbasciani M.D., Secretary, Department of Veterans Affairs
Mr. Russell Atterberry, Undersecretary, Department of Veterans Affairs
Ms. Sherri Gastinell, Deputy Secretary, Administrative Services Division, Department of Veterans Affairs
Ms. Patty Ingram, Budget Officer, Department of Veterans Affairs



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Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 9100-101-0001, Local Assistance, Tax Relief

It is requested that Provision 4 of Item 9100-101-0001 be amended to allow funds appropriated to be used by the Department of Finance for the costs of a Census Outreach Coordinator.

Specific amendments are proposed in the following language:

"4. The amount appropriated in Schedule (3) is for grants for cities and counties that participate in the Local Update of Census Address Program. Upon certification by the Department of Finance that a city or county has met applicable benchmarks, the funds appropriated in Schedule (3) shall be allocated to the local jurisdictions by the Controller according to schedules provided by the Department of Finance. These funds shall be available for encumbrance or expenditure until June 30, 2020. Additionally, the amount appropriated in Schedule (3) may also be used by the Department of Finance for costs related to the hiring of a Census Outreach Coordinator for the 2017-18 through 2019-20 Fiscal Years."

If you have any questions or need additional information regarding this matter, please call Chris Hill, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office



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Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to General Obligation Bond Debt Service

General Obligation Bonds (Issue 400)—The payment of General Obligation (GO) Bond debt service is a constitutional appropriation. Therefore, this letter is for informational purposes only.

The statewide GO Bond debt service cost for fiscal year 2016-17 is revised to \$6,770.4 million (\$4,763.1 million General Fund and \$2,007.3 million other funds), a savings of \$6.8 million (\$5.5 million General Fund and \$1.3 million other funds).

The savings are attributed to the refunding of bonds to achieve lower debt service costs. The 2016-17 GO Bond debt service includes \$217.1 million funded directly by the University of California (UC) and \$208.9 million by California State University (CSU), (a savings of \$338,000 and \$378,000 respectively from what was estimated in the Governor's Budget).

The statewide estimated GO Bond debt service cost for 2017-18 is revised to \$7,087.1 million (\$4,839.7 million General Fund and \$2,247.4 million other funds), a decrease of \$15.9 million (a decrease of \$32.4 million General Fund and an increase of \$16.5 million other funds).

This decrease is attributed to the actual refunding of bonds that occurred this spring and lower actual new money bond issuances, due to the use of commercial paper (low interest interim financing). The 2017-18 GO Bond debt service includes \$176.5 million funded directly by the UC and \$170 million by CSU in the proposed Governor's Budget (a decrease of \$1.6 million and \$1.7 million respectively).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Andrea Scharffer, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
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Honorable Jim Cooper, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable John Chiang, State Treasurer
Mr. Tim Schaefer, Deputy Treasurer, State Treasurer's Office
Mr. Blake Fowler, Director of Public Finance, State Treasurer's Office

May 11, 2017

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Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 9800-001-0001, 9800-001-0494, and 9800-001-0988,
Support, Augmentation for Employee Compensation and Control Section 3.61**

It is requested that Item 9800-001-0001 be increased by \$32,128,000, Item 9800-001-0494 be increased by \$9,988,000, and Item 9800-001-0988 be increased by \$4,920,000 to reflect increased enrollment in health and dental plans, updated employment information for salary increases previously provided in the Governor's Budget, revised pay increases for Judges, updated costs related to the salary survey estimates for the California Highway Patrol (Bargaining Unit 5), and increases to salaries and revised benefits recently negotiated with Physicians and Dentists (Bargaining Unit 16). While these figures include estimated health premium rates, we note that final health rates are not expected to be adopted by the California Public Employees' Retirement System Board of Administration until June 2017.

It is also requested that Control Section 3.61 be amended (see Attachment 1) to reflect additional employer contributions for prefunding other postemployment benefits based on a recent agreement that has been collectively bargained with Physicians and Dentists (Bargaining Unit 16). In fiscal year 2017-18, the state will match Physician and Dentist employees' contributions of 1 percent effective July 1, 2017. Additionally, pursuant to Government Code section 22944.5, subdivision (b), paragraph (4) and based on the actuarially determined normal costs identified in the latest state valuation, the Director of Finance has determined state employees of the Judicial Branch are required to contribute 2.3 percent effective July 1, 2017. As a result, the state will match Judicial Branch state employees' contributions of 2.3 percent effective July 1, 2017. Costs associated with the additional contributions will be reflected in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mary Halterman, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Osborn, Deputy Secretary for Fiscal Policy and Administration, Government Operations Agency
Mr. Richard Gillihan, Director, Department of Human Resources
Ms. Katie Hagen, Deputy Director of Operations, Department of Human Resources
Ms. Pam Manwiller, Deputy Director of Labor Relations, Department of Human Resources
Mr. Anthony Crawford, Chief, Office of Financial Management and Economic Research, Department of Human Resources
Mr. Dave Ide, Manager, Office of Financial Management and Economic Research, Department of Human Resources

"SEC. 3.61. Contribution to Prefund Other Postemployment Benefits.

(a) Notwithstanding any other provision of law, the employers' contribution for prefunding other postemployment benefits for the 2017–18 fiscal year that are chargeable to any item with respect to each state officer and employee who is a member of the Public Employees' Retirement System, the Judges' Retirement System, the Judges' Retirement System II, or the Legislators' Retirement System and who is in that employment or office shall be the monthly dollar amount or the percentage of base salaries and wages or pensionable compensation by bargaining unit, retirement category, fund source, or state office, department, division, board, bureau, commission, organization, or agency, as follows:

Bargaining Unit 2, California Attorneys, Administrative Law Judges, and Hearing Officers in State Employment	0.7% of pensionable compensation.
Bargaining Unit 5, California Association of Highway Patrolmen	7.30% of base pay.
Bargaining Unit 6, California Correctional Peace Officers Association	2.6% of pensionable compensation.
Bargaining Unit 7, California Statewide Law Enforcement Association	1.3% of pensionable compensation.
Bargaining Unit 8, California Department of Forestry Firefighters	1.5% of pensionable compensation.
Bargaining Unit 9, Professional Engineers in California Government	0.5% of pensionable compensation.
Bargaining Unit 10, California Association of Professional Scientists	0.7% of pensionable compensation.
Bargaining Unit 12, International Union of Operating Engineers	1.5% of pensionable compensation.
Bargaining Unit 13, International Union of Operating Engineers	1.3% of pensionable compensation.
<u>Bargaining Unit 16, Union of American Physicians and Dentists</u>	<u>1.0% of pensionable compensation.</u>
Bargaining Unit 18, California Association of Psychiatric Technicians	1.3% of pensionable compensation.
Bargaining Unit 19, American Federation of State, County, and Municipal Employees	1.0% of pensionable compensation.

State employees of the Judicial Branch (excluding justices) ~~3.0%~~2.3% of pensionable compensation

The Director of Finance may adjust amounts in any appropriation item, or in any category thereof, as a result of changes from amounts budgeted for the employers' contributions for prefunding other postemployment benefits for the 2017–18 fiscal year to achieve the percentages specified in this subdivision.

(b) Notwithstanding any other provision of law, for purposes of calculating the "appropriations subject to limitation" as defined in Section 8 of Article XIII B of the California Constitution, the appropriations shall be deemed to be the amounts remaining after the adjustments required by subdivision (a) are made.

(c) The Director of Finance may adjust the percentage levels of the employers' contribution for prefunding other postemployment benefits listed in subdivision (a) in accordance with either of the following:

- (1) Labor agreements or other legislation approved by the Legislature.
- (2) For employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.

(d) The Director of Finance shall notify the Controller by executive order of adjustments made pursuant to subdivision (c). The executive order shall be submitted not sooner than 30 days after notification of the adjustments in writing to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine."

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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Various Budget Bill Items and Reimbursements, Support, Augmentation
for Employee Compensation**

It is requested that various General Fund items be increased by \$152,684,000, various special fund items be increased by \$39,882,000, various non-governmental cost funds be increased by \$26,687,000, and reimbursements for various items be increased by \$20,318,000 to reflect salary and benefit increases for recently negotiated memorandum of understanding with bargaining units represented by the Service Employees International Union (SEIU), Firefighters (BU8), Craft and Maintenance Workers (BU12), Stationary Engineers (BU13), Psychiatric Technicians (BU18), Health and Social Service Professionals (BU19), and Excluded employees.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mary Halterman, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

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