



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Control Section 3.60

It is requested that Control Section 3.60 be amended to capture reductions in state retirement contribution rates adopted by the California Public Employees' Retirement System (CalPERS) Board on April 14, 2015. Revised Budget Bill language is attached (Attachment A). The reduction reflects the impact of employees entering the system under the benefit formulas pursuant to the Public Employees' Pension Reform Act of 2013, stronger than expected investment performance, higher mortality rates, and greater than expected contributions to the system.

The newly adopted state employer contribution rates result in total state costs of \$337,980,000, a decrease of \$109,907,000 from the \$447,887,000 included in the 2015-16 Governor's Budget. Of the \$109,907,000, the General Fund is \$55,592,000, special funds are \$35,506,000, and other nongovernmental cost funds are \$18,809,000. Additionally, it is requested that CalPERS' fourth quarter deferral be reduced by \$9,151,000 General Fund from the Governor's Budget to reflect the changes in retirement rates.

The net effect of these changes on the General Fund is a decrease of \$46,441,000 in fiscal year 2015-16 compared to Governor's Budget.

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 David Munoz, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
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. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Adrin Nazarian, 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. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Rose McAuliffe, Interim Assistant Chief, California Public Employees' Retirement System
Mr. Michael Siu, Budget Manager, California Public Employees' Retirement System
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Operations, Government Operations Agency

SEC. 3.60.

“(a) Notwithstanding any other provision of law, the employers’ retirement contributions for the 2015–16 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 (PERS) or the Judges’ Retirement System II and who is in that employment or office shall be the percentage of salaries and wages by state member category, as follows:

| | | |
|--|--------------------|----------------|
| Miscellaneous, First Tier | 25.982% | <u>25.150%</u> |
| California State University, Miscellaneous, First Tier | 25.982% | <u>25.150%</u> |
| Miscellaneous, Second Tier | 26.127% | <u>25.278%</u> |
| State Industrial | 48.948% | <u>18.656%</u> |
| State Safety | 19.782% | <u>19.264%</u> |
| Peace Officer/Firefighter | 39.147% | <u>38.985%</u> |
| California State University, Peace Officer/Firefighter | 39.147% | <u>38.985%</u> |
| Highway Patrol | 46.919% | <u>46.725%</u> |
| Judges’ Retirement System II | 25.100% | <u>23.370%</u> |

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 employer contributions for 2015–16 fiscal year retirement benefits to achieve the percentages specified in this subdivision. Beginning in 2013–14, adjustments to the California State University (CSU) rates are applied to the actual pensionable 2013–14 payroll, which is \$2,307,876,000, as identified by the Controller. This process establishes pension funding adjustments through this section for CSU, as reflected in provisional language in Item 6610-001-0001. This results in pension funding for CSU of \$564,179,000 (\$563,874,000 General Fund) for 2014–15. These amounts also will be part of the total appropriation in Item 6610-001-0001 of the Budget Act of 2015.

(b) Notwithstanding any other provision of law, the Director of Finance shall require retirement contributions computed pursuant to subdivision (a) to be offset by the Controller with surplus funds in the Public Employees’ Retirement Fund, employer surplus asset accounts.

(c) 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 subdivisions (a) and (b) are made.

(d) Of the percentage of salaries and wages by state member categories identified in subdivision (a), the following percentages are estimated to be the result of the increased employee contributions pursuant to

Chapter 296, Statutes of 2012 (AB 340), known as the California Public Employees' Pension Reform Act of 2013, and will be directed toward the state's unfunded pension liability:

| | |
|--|---------------------------------|
| Miscellaneous, First Tier | 0.082% |
| California State University, Miscellaneous, First Tier | 0.082% |
| Miscellaneous, Second Tier | 0.927% <u>0.889%</u> |
| State Industrial | 0.848% <u>0.881%</u> |
| State Safety | 1.182% |
| Peace Officer/Firefighter | 1.647% |
| California State University, Peace Officer/Firefighter | 1.647% |
| Highway Patrol | 1.319% |

The contributions to the unfunded liability, as a result of the percentages of salaries and wages in this subdivision, are estimated to be \$106,609,000 \$106,673,000 (~~\$72,651,000~~571,000 General Fund) for the 2015-16 fiscal year.

(e) The Director of Finance may adjust the percentage levels of the employers' retirement contributions listed in subdivisions (a) and (d) as a result of rates provided by the Board of Administration of the Public Employees' Retirement System. The Director of Finance shall notify the Controller by executive order of adjustments made pursuant to this subdivision. Within 30 days of making an adjustment pursuant to this subdivision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations."



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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Control Section 3.61

It is requested that Control Section 3.61 be amended for technical clarification of the framework for prefunding retiree healthcare benefits. Control Section 3.61 has been proposed to replace the existing Item 9651. Suggested Budget Bill language is attached (Attachment 1).

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 Eric Stern, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
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. Seren Taylor, Staff Director
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Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Osborn, Deputy Secretary for Fiscal Policy and Administration, California Government
Operations Agency
Ms. Rose McAuliffe, Chief, Financial Planning and Policy, California Public Employees' Retirement
System
Mr. Michael Siu, Budget Manager, California Public Employees' Retirement System

ATTACHMENT 1

“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 2015-16 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 5, California Association of Highway Patrolmen.....7.30% of base pay

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 2015-16 fiscal year to achieve the percentages specified in this subdivision.

The contributions for prefunding other postemployment benefits, as a result of the monthly dollar amounts or the percentages of salaries and wages in this subdivision, are estimated to be \$53,525,000 for the 2015-16 fiscal year.

(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 approved memoranda of understanding or, for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources. The Director of Finance shall notify the Controller by executive order of adjustments made pursuant to this subdivision. Within 30 days of making an adjustment pursuant to this subdivision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.”



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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Addition of Trailer Bill Language to Abolish Government Codes 12439, 19057, 19057.2, and 19057.4 and Amendment to Government Codes 18546, 18990, 18991, 18992, 18993, 19057.1, 19057.3, and 19889.3, Amendment to Budget Bill Control Section 4.11, Establishing New Positions, and Civil Service Improvement

Trailer Bill Language: Improve Budget Transparency and Hiring Process—It is requested that trailer bill language (Attachment 1) be enacted to abolish Government Code section 12439, which requires the elimination of positions that, as of the end of a fiscal year, have been vacant for six consecutive months or more. This law will be replaced with a bi-annual reconciliation of departmental personnel expenditures to provide enhanced monitoring of and greater transparency into departments' budgets.

Additionally, it is requested that several outdated statutes that impose unnecessary restrictions on departments, preventing them from hiring eligible candidates, be amended and/or eliminated. This will assist departments in hiring the best candidates for positions.

Control Section 4.11—It is requested that Control Section 4.11 (Attachment 2) be replaced with the Administration's authority to establish a process for reconciling departments' budgets based on actual expenditures.

Limited-Term Positions—The Administration will no longer propose the use of limited-term positions to address short-term workload. Recognizing that in many cases, these positions are difficult to fill, the Administration will instead propose limited-term spending authority that will act as a control on the number of positions a department can fill in any given year. Combined with the bi-annual reconciliation process described above, departments will be able to manage their personnel levels within budgeted funds to meet operational needs more efficiently and effectively.

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 David Munoz, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
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

Attachment 1

Government Code sections 12439, 19057, 19057.2, and 19057.4 are hereby abolished. Government Code sections 18546, 18990, 18991, 18992, 18993, 19057.1, 19057.3, and 19889.3 are hereby amended.

Government Code 12439.

~~(a) Beginning July 1, 2002, any state position that is vacant for six consecutive monthly pay periods shall be abolished by the Controller on the following July 1. The six consecutive monthly pay periods may occur entirely within one fiscal year or between two consecutive fiscal years.~~

~~(b) The Director of Finance may authorize the reestablishment of any positions abolished pursuant to this section if one or more of the following conditions existed during part or all of the six consecutive monthly pay periods:~~

~~(1) There was a hiring freeze in effect during part or all of the six consecutive pay periods.~~

~~(2) The department has diligently attempted to fill the position, but was unable to complete all the steps necessary to fill the position within six months.~~

~~(3) The position has been designated as a management position for purposes of collective bargaining and has been held vacant pending the appointment of the director, or other chief executive officer, of the department as part of the transition from one Governor to the succeeding Governor.~~

~~(4) The classification of the position is determined to be hard-to-fill.~~

~~(5) Late enactment of the budget causes the department to delay filling the position.~~

~~(c) The Controller shall reestablish any position for which the director of the department in which that position existed prior to abolishment certifies by August 15 that one or more of the following conditions existed during part or all of the six consecutive pay periods:~~

~~(1) The position is necessary for directly providing 24-hour care in an institution operated by the state.~~

~~(2) The position is necessary for the state to satisfy any licensing requirements adopted by a local, state, or federal licensing or other regulatory agency.~~

~~(3) The position is directly involved in services for public health, public safety, or homeland security.~~

~~(4) The position is being held vacant because the previous incumbent is eligible to exercise a mandatory right of return from a leave of absence as may be required by any provision of law including, but not limited to, leaves for industrial disability, nonindustrial disability, military service, pregnancy, childbirth, or care of a newborn infant.~~

~~(5) The position is being held vacant because the department has granted the previous incumbent a permissive leave of absence as may be authorized by any provision of law~~

including, but not limited to, leaves for adoption of a child, education, civilian military work, or to assume a temporary assignment in another agency.

(6) Elimination of the position will directly reduce state revenues or other income by more than would be saved by elimination of the position.

(7) The position is funded entirely from moneys appropriated pursuant to Section 221 of the Food and Agricultural Code, was established with the Controller pursuant to Section 221.1 of the Food and Agricultural Code, and directly responds to unforeseen agricultural circumstances requiring the relative expertise that the position provides.

(d) Each department shall maintain for future independent audit all records on which the department relied in determining that any position or positions satisfied one or more of the criteria specified in paragraphs (1) to (6), inclusive, of subdivision (c).

(e) The only other exceptions to the abolishment required by subdivision (a) are those positions exempt from civil service or those instructional and instruction-related positions authorized for the California State University. No money appropriated by the subsequent Budget Act shall be used to pay the salary of any otherwise authorized state position that is abolished pursuant to this section.

(f) The Controller, no later than September 10 of each fiscal year, shall furnish the Department of Finance in writing a preliminary report of any authorized state positions that were abolished effective on the preceding July 1 pursuant to this section.

(g) The Controller, no later than October 15 of each fiscal year, shall furnish the Joint Legislative Budget Committee and the Department of Finance a final report on all positions that were abolished effective on the preceding July 1.

(h) Departments shall not execute any personnel transactions for the purpose of circumventing the provisions of this section.

(i) Each department shall include a section discussing its compliance with this section when it prepares its report pursuant to Section 13405.

(j) As used in this section, department refers to any department, agency, board, commission, or other organizational unit of state government that is empowered to appoint persons to civil service positions.

(k) This section shall become operative July 1, 2002.

Government Code section 19057.

Except as provided in Section 19056, there shall be certified to the appointing power the names and addresses of the three persons standing highest on the promotional employment list for the class in which the position belongs and who have indicated their willingness to accept appointment under the conditions of employment specified. If fewer than three names of persons willing to accept appointment are on the list from which certification is to be made, then additional eligibles shall be certified from the various lists next lower in order of preference until three names are certified. If there are fewer than three names on such lists, there shall be

certified the number thereon. In such case the appointing power may demand certification of three names and examinations shall be conducted until three names may be certified. The appointing power shall fill the position by the appointment of one of the persons certified.

Government Code section 19057.2.

Notwithstanding the provisions of Section 19057, for positions in classes designated as management, there shall be certified to the appointing power the names and addresses of all those applicants whose scores, at the time of certification, represent the three highest ranks on the employment list for the class, and who have indicated their willingness to accept appointment under the conditions of employment specified.

For purposes of ranking, scores of eligibles on employment lists for such classes shall be divided into six ranks. The first rank shall consist of eligibles who receive a score of 95 percent or higher. The second rank shall consist of eligibles who receive a score of 90 to 94 percent, inclusive. The third rank shall consist of eligibles who receive a score of 85 to 89 percent, inclusive. The fourth rank shall consist of eligibles who receive a score of 80 to 84 percent, inclusive. The fifth rank shall consist of eligibles who receive a score of 75 to 79 percent, inclusive. The sixth rank shall consist of eligibles who receive a score of 70 to 74 percent, inclusive. All examination scores for positions in these classes shall be rounded to the nearest whole percent.

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

The department may certify less than three ranks where the size of the certified group is disproportionate to the number of vacancies.

Government Code section 19057.4.

Notwithstanding Section 19057, for positions in classes which are designated by the board as supervisory and not professional, scientific, or administrative, and are not examined for on an open basis, there shall be certified to the appointing power the names and addresses of all those eligible whose scores, at the time of certification, represent the highest rank on the employment list for the class, and who have indicated their willingness to accept appointment under the conditions of employment specified.

~~For purposes of ranking, scores of eligible on employment lists for these classes shall be rounded to the nearest whole percent. A rank shall consist of one or more eligibles with the same whole percentage score.~~

~~If the highest rank contains fewer than three eligibles, then the next highest rank shall be certified until a minimum of three eligibles willing to accept appointment under the conditions specified are certified. If fewer than three names of persons willing to accept appointment are on the list from which certification is to be made, then additional eligibles shall be certified from the various lists next lower in order of preference until three names are certified. If there are fewer than three names available for certification, and the appointing authority does not choose to appoint from among these, the appointing authority may demand certification of three names. In that case, examinations shall be conducted until at least three names may be certified by the procedure described in this section, and the appointing authority shall fill the position by appointment of one of the persons certified.~~

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

Government Code section 18546.

~~(a) "Career executive" means an employee appointed from an employment list established for the express purpose of providing a list of persons with permanent status or who previously had permanent status in the civil service ~~who~~, or those persons who have been employed by the Legislature, as described in Section 18990, retired from the United States military, as described in Section 18991, or have held nonelected exempt positions in the executive branch, as described in Section 18992, and who are available for career executive assignments, in which examination, selection, classification, salary, tenure, and other conditions of employment may be varied from those prevailing under Chapter Chapters 3 (commencing with Section 18800) to Chapter through 7 (commencing with Section 19570), inclusive, 19570) for other employees in the state civil service.~~

~~(b) This section shall become operative on January 1, 2013.~~

Government Code section 18990.

~~(a) Notwithstanding any other provision of law or rule, persons employed by the Legislature for two or more consecutive years shall be given an opportunity, upon request, to obtain civil service appointment list eligibility by taking any eligible to apply for promotional civil service examinations, including or examinations for career executive assignments, examinations for which they meet the minimum qualifications as prescribed by the class specification of the class to which they seek appointment. Persons receiving passing scores shall gain list eligibility for appointment. ~~have their names placed on promotional lists resulting from these examinations. or otherwise gain eligibility for appointment.~~ In evaluating minimum qualifications, related the person's legislative experience shall be considered state civil service experience in a~~

comparable class, based on that has the same or substantially similar the duties and responsibilities as the person's legislative position, assigned.

~~(b) In cases where promotional examinations are given by more than one department for the same classification, the employee shall select one department in which to compete. Once this selection is made, it cannot be changed for the duration of the promotional list established from the examination in which the employee participated. Employees may transfer list eligibility between departments in the same manner as provided for civil service employees.~~

~~(c) (b) Employees~~ Persons who meet the requirements of this section, are employed by the Legislature, and but who resigned or are were released from service with the Legislature, shall be eligible to take promotional civil service examinations, including examinations for and career executive assignments, examinations for one year following their resignation or release in accordance with subdivisions (a) and (b).

~~(d) Employees who meet the requirements of this section, are employed by the office of the Auditor General or the office of the Legislative Analyst as of January 1, 1992, and who resign or are released from service due to a force reduction of the Legislature before January 1, 1994, shall be eligible to take promotional civil service examinations, including career executive assignments, for three years following their resignation or release in accordance with subdivisions (a) and (b).~~

~~(e) An employee who establishes eligibility on a promotional civil service list, either pursuant to subdivision (c) or (d) or prior to having resigned or having been released in a manner to which subdivision (c) or (d) would apply, shall maintain that eligibility for the duration of that particular list.~~

~~(f) This section shall become operative on January 1, 2013.~~

Government Code section 18991.

(a) Notwithstanding any other provision of law, persons retired from the United States military, honorably discharged from active military duty with a service-connected disability, or honorably discharged from active duty, shall be eligible to apply for promotional civil service examinations, including examinations for and career executive assignments, examinations for which they meet the minimum qualifications as prescribed by the class specification. of the class to which they seek appointment. Persons receiving passing scores shall gain list eligibility for appointment. have their names placed on promotional lists resulting from these examinations or otherwise gain eligibility for appointment. In evaluating minimum qualifications, related the person's military experience shall be considered state civil service experience in a comparable class, based on the that has the same or substantially similar duties and responsibilities assigned. as the person's position in the military.

~~(b) In cases where promotional examinations are given by more than one department for the same classification, the employee shall select one department in which to compete. Once this selection is made, it cannot be changed for the duration of the promotional list established from the examination in which the employee participated. Employees may transfer list eligibility between departments in the same manner as provided for civil service employees.~~

Government Code section 18992.

~~(a) Notwithstanding any other provision of law or rule, persons holding, for two or more consecutive years, nonelected exempt positions in the executive branch of government as defined in subdivisions (c), (e), (f), (g), (i), and (m) of Section 4 of Article VII of the Constitution and excluding those positions for which the salaries are set by statute, shall be given the opportunity, upon request, to obtain civil service appointment list eligibility by taking any eligible to apply for promotional civil service examinations, including, but not limited to, or examinations for career executive assignments, examination for which they meet the minimum qualifications as prescribed by the class specification of the class to which they seek appointment. Persons receiving passing scores shall gain list eligibility for appointment. ~~have their names placed on promotional lists resulting from these examinations or otherwise gain eligibility for appointment.~~ In evaluating minimum qualifications, the person's related exempt experience in the exempt position shall be considered state civil service experience in a comparable class that has the same or substantially similar duties and responsibilities as the person's exempt position.~~

~~(b) In cases where promotional examinations are given by more than one department for the same classification, the employee shall select one department in which to compete. Once this selection is made, it cannot be changed for the duration of the promotional list established from the examination in which the employee participated. Employees may transfer list eligibility between departments in the same manner as provided for civil service employees.~~

~~(c) (b) Employees~~ Persons who meet the requirements of this section, ~~are employed by the Legislature, and but~~ who resigned or are were released from exempt employment of the executive branch of government shall be eligible to take promotional civil service examinations, ~~including examinations for and career executive assignments, examinations for one year following their resignation or release in accordance with subdivisions (a) and (b).~~

~~(d) An employee who establishes eligibility on a promotional civil service list, either pursuant to subdivision (c) or prior to having resigned or having been released in a manner to which subdivision (c) would apply, shall maintain that eligibility for the duration of that particular list.~~

~~(e) This section shall become operative on January 1, 2013.~~

Government Code section 18993.

(a) Notwithstanding any other provision of law, a legislative or nonelected exempt executive branch employee who is appointed to a career executive assignment pursuant to Section 18990

or 18992, shall be eligible to compete in his or her department's appointing power's promotional examinations for which he or she meets the minimum qualifications of the class to which he or she seeks appointment. When such an employee's career executive assignment is terminated by the appointing power, he or she shall have the right to request a deferred examination for any promotional eligible list for that his or her department appointing power has in existence at the time of the ~~appointment~~ termination of the career executive assignment if and for which he or she meets the minimum qualifications ~~specified for the promotional examination.~~ of the class to which he or she seeks appointment.

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

Government Code section 19057.1.

~~Notwithstanding Section 19057, for positions in classes designated as professional, scientific, or administrative, or for any open employment list, Except for reemployment lists, State Restriction of Appointment lists, and Limited Examination and Appointment Program referral lists, there shall be certified to the appointing power the names and addresses of all those eligibles whose scores, at the time of certification, represent the three highest ranks on the employment list for the class, and who have indicated their willingness to accept appointment under the conditions of employment specified.~~

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

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

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

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

Government Code section 19057.3.

(a) ~~Notwithstanding Section 19057, f~~ For a position in the Department of Corrections and Rehabilitation, there shall be certified to the appointing power the names and addresses of all those eligibles for peace officer and closely allied classes whose scores, at the time of certification, represent the three highest ranks on the employment list for the class in which the position belongs and who have indicated their willingness to accept appointment under the conditions of employment specified.

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

(c) If fewer than three ranks of persons willing to accept appointment are on the list from which certification is to be made, then additional eligibles shall be certified from the various lists next lower in order of preference until names from three ranks are certified. If there are fewer than three names on those lists, and the appointing power does not choose to appoint from among these, the appointing power may demand certification of three names and examinations shall be conducted until at least three names may be certified. The appointing power shall fill the position by the appointment of one of the persons certified.

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

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

Government Code section 19889.3.

(a) Eligibility for appointment to positions in the career executive assignment category shall be established as a result of competitive examination of ~~persons with permanent status in the civil service~~ the following persons who meet such minimum qualifications as the State Personnel Board may determine are requisite to the performance of high administrative and policy influencing ~~functions.~~ functions:

(1) Persons with permanent status, or who previously had permanent status, in the civil service.

(2) Persons employed by the Legislature, as described in Section 18990.

(3) Persons retired from the United States military, as described in Section 18991.

(4) Persons holding nonelected exempt positions in the executive branch, as described in Section 18992.

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

(c) The State Personnel Board shall provide by rule that an employee shall, if he or she so desires, at the termination of his or her appointment to a career executive assignment, be reinstated to a civil service position that is (1) not a career executive assignment and (2) that is at least at the same salary level as the last position that he or she held as a permanent or probationary employee. If the employee has completed a minimum of five years of state service, he or she may return to a position that is (1) at substantially the same salary level as the last position in which he or she had permanent or probationary status or (2) at a salary level that is at least two steps lower than that of the career executive position from which the employee is being terminated.

(d) For the purpose of this section "employee" means a permanent employee, or an employee serving under another appointment who previously had permanent status and who, since such permanent status, has had no break in the continuity of his or her state service.

~~(e) This section shall become operative on January 1, 2013.~~

Attachment 2

Control Section 4.11 is amended to read:

~~“SEC. 4.11. All new positions approved in the 2015-16 fiscal year shall be established effective July 1, 2015, unless otherwise approved by the Department of Finance. Before the end of each month, the Controller shall provide to the Department of Finance a listing of each new position approved that will be abolished pursuant to Section 12439 of the Government Code as a result of the position being vacant for six consecutive pay periods at the end of the immediately preceding month. The report provided by the Controller shall include the department, division, position classification, position number, and the date the position was established.~~

To promote greater transparency in how departments develop their support budgets, which include personal services and operating expenses and equipment, as defined in Control Section 3.00; the Department of Finance shall develop a bi-annual process for reconciling department budgets as it concerns the aforementioned categories. This reconciliation process will begin in the 2015-16 budget year and the results used to help build departments' baseline budgets in the 2016-17 Governor's Budget.

Finance shall set departments' funding levels for personal services on the average number of filled positions over the last three fiscal years. Departments maintain the authority to fill all their authorized positions; however, funding will be set based on this historic data. Funding for operating expenses and equipment will be based on actual expenditures for purchase of materials, supplies, equipment, services, departmental services, and all other proper expenses, as defined in Control Section 3.00, over the last three fiscal years.”



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Control Section 12.00 (State Appropriations Limit)

It is requested that Control Section 12.00 be amended to revise the State Appropriations Limit (SAL). Pursuant to Article XIII B of the California Constitution, the fiscal year 2015-16 SAL is estimated to be \$94.042 billion at May Revision. The revised limit is the result of applying the growth factor of 4.55 percent. The revised 2015-16 limit is \$899 million above the \$93.143 billion estimated in January. Control Section 12.00 is proposed to be amended as follows:

"SEC. 12.00. For the purposes of Article XIII B of the California Constitution, there is hereby established a state "appropriations limit" of ~~\$93,143,000,000~~ \$94,042,000,000 for the 2015-16 fiscal year.

Any judicial action or proceeding to attack, review, set aside, void, or annul the "appropriations limit" for the 2015-16 fiscal year shall be commenced within 45 days of the effective date of this act."

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 Oscar Chaves, Principal Program Budget Analyst, at (916) 445-5332.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
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. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Adrin Nazarian, 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. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Control Section 35.50 (Budget Stabilization Account)

It is requested that Control Section 35.50 be amended as follows:

"Sec. 35.50 (a) For purposes of paragraph (1) of subdivision (f) of Section 10, and subdivision (g) of Section 12, of Article IV of the California Constitution, "General Fund revenues" means the total resources available to the General Fund for a fiscal year before any transfer to the Budget Stabilization Account.

(b) For purposes of subdivision (g) of Section 12 of Article IV of the California Constitution, the estimate of General Fund revenues for the 2015-16 fiscal year pursuant to this act, as passed by the Legislature, is ~~\$116,023,000,000~~ \$119,246,000,000 ~~116,887,000,000~~.

(c) For purposes of paragraph (2) of subdivision (a) of Section 20 of Article XVI of the California Constitution, General Fund revenues shall be defined as revenues and transfers before any transfer to the Budget Stabilization Account.

(d) Pursuant to subdivision (h) of Section 20 of Article XVI of the California Constitution, the following estimates are provided:

(1) For purposes of paragraph (2) of subdivision (a) of Section 20 of Article XVI, the sum equal to 1.5 percent of the estimated General Fund revenues for the 2015-16 fiscal year is ~~\$1,719,000,000~~ \$1,753,000,000.

(2) For purposes of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (b) of Section 20 of Article XVI, the estimate of capital gains revenues that exceeds 8 percent of General Fund proceeds of taxes for the 2015-16 fiscal year is ~~\$1,446,000,000~~ \$2,329,000,000.

(3) For purposes of subparagraph (F) of paragraph (1) of subdivision (b) of Section 20 of Article XVI, the estimated amount of transfer to the Budget Stabilization Account in the 2015-16 fiscal year is ~~\$1,220,000,000~~ \$1,854,000,000."

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

MAY 14 2015

-2-

If you have any questions or need additional information regarding this matter, please call Oscar Chaves, Principal Program Budget Analyst, at (916) 445-5332.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

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