

SUBCOMMITTEE NO. 5

Agenda

Senator Loni Hancock, Chair
Senator Joel Anderson
Senator Holly Mitchell



Wednesday, May 21, 2014
10:00 a.m. State Capitol Room 113

Consultant: Joe Stephenshaw

Part A
OUTCOMES

Anderson absent, not voting

Items Proposed for Vote-Only

<u>Issue</u>	<u>Department</u>	<u>Page</u>
7900	Public Employees' Retirement System	
Issue 1	CalPERS Administrative Budget Adjustments Staff Reco Approved 2-0 ...	2
Issue 2	Control Section 3.60 Staff Reco Approved 2-0	2
9650	Health and Dental Benefits for Annuitants	
Issue 1	Retiree Health and Dental Benefits for Annuitants Staff Reco Approved 2-0	2
9800	Augmentation for Employee Compensation	
Issue 1	Augmentation for Employee Compensation Staff Reco Approved 2-0	3
7350	Department of Industrial Relations	
Issue 1	Occupational Safety and Health Staffing Staff Reco Approved 2-0	4
Issue 2	Public Works Contracting Enforcement Staff Reco Approved 2-0	4

Items Proposed for Discussion

<u>Issue</u>	<u>Department</u>	<u>Page</u>
7501	Department of Human Resources	
Issue 1	In-Home Supportive Services Employer-Employee Relations Act	
	Staff Reco Approved 2-0	4
7100	Employment Development Department	
Issue 1	Unemployment Insurance Program Administration Staff Reco Approved with LAO addition that reporting include efficiencies 2-0	5
Issue 2	Paid Family Leave Outreach Staff Reco Approved 2-0	5
7350	Department of Industrial Relations	
Issue 1	Process Safety Management Unit Expansion Staff Reco Approved 2-0	6

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-651-1505. Requests should be made one week in advance whenever possible.

PROPOSED FOR VOTE ONLY**Vote Only****7900 California Public Employees' Retirement System****Issue 1 CalPERS Administrative Budget Adjustments**

Governor's Proposal. The May Revision proposes adjustments to eight items in the California Public Employees Retirement System's (CalPERS) administrative budget based on the 2014-15 CalPERS budget approved during the April 16, 2014, board meeting.

Staff Recommendation. Approve as proposed.

Issue 2 Control Section 3.60

Governor's Proposal. The May Revision includes revised budget bill language to Control Section 3.60 to capture the proposed retirement rates.

Staff Recommendation. Adopt Amended budget bill language as provided in the May Revision.

9650 Health and Dental Benefits for Annuitants**Issue 1 Retiree Health and Dental Benefits for Annuitants**

Governor's Proposal. The item proposes provisional language to ensure that final health and dental rates can be updated after they are updated at the end of June 2014. The budget currently includes estimates.

Proposed Provisional Language:

- *The Director of Finance may adjust this item of appropriation to reflect the health benefit premium rates approved by the Board of Administration of the California Public Employees' Retirement System for the 2015 calendar year. Within 30 days of making any adjustment pursuant to this provision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committees in each house of the Legislature that consider appropriations.*

Staff Recommendation. Approve as proposed.

9800 Augmentation for Employee Compensation**Issue 1 Augmentation for Employee Compensation**

Governor's Proposal. The May Revision proposes increases in employee compensation resulting from updated health care and dental enrollment figures, updates to salary information for salary increases previously provided in the Governor's budget, updates to salary survey estimates for the California Highway Patrol (Bargaining Unit 5), health and dental benefits for the state employees of the Judicial Branch and Commission on Judicial Performance, and increases to salaries and benefits associated with International Union of Operating Engineers (Bargaining Unit 13).

Proposed Provisional Language. Additionally, this item includes provisional language to allow flexibility to adjust estimates for final health rates, which are not expected until the end of June 2014; and to ratify provisions that require the expenditure of funds associated with various Memorandum of Understanding (MOUs).

- *The Director of Finance may adjust this item of appropriation to reflect the health benefit premium rates approved by the Board of Administration of the California Public Employees' Retirement System for the 2015 calendar year. Within 30 days of making any adjustment pursuant to this provision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committees in each house of the Legislature that consider appropriations.*
- *By inclusion of this provision, for purposes of Section 3517.63 of the Government Code, the Legislature hereby ratifies provisions that require the expenditure of funds with: (1) addendum to the Memorandum of Understanding (MOU) dated November 22, 2013, with State Bargaining Unit 1 (State Employees International Union) for Aviation Consultants, (2) addendum to the MOU dated March 4, 2014, with State Bargaining Unit 19 (American Federation of State, County, and Municipal Employees) for Recreational Therapists, and (3) the MOU dated May 5, 2014, including continuous appropriation of compensation components in the event that a budget act is not in place prior to July 1, 2016, with State Bargaining Unit 13 (International Union of Operating Engineers). The estimated costs to implement these agreements are included in this item.*

Staff Recommendation. Adopt May Revision proposal and provisional language outlined above.

Issue 1 Occupational Safety and Health Staffing

The Governor's budget proposes \$3.3 million from the Occupational Safety and Health (OSH) Fund to support 26.0 of the 31.5 existing, unfunded positions in the Cal/OSHA program to help increase the overall capacity to perform statewide safety inspections.

Staff Recommendation: Approve as proposed.

Issue 2 Public Works Contracting Enforcement

Governor's Budget Proposal. The Governor's budget proposes to stabilize and consolidate funding support for the public works program within the Department of Industrial Relations (DIR), Division of Labor Standards (DLSE), by supporting the function with a new fee on public works contractors. This proposal includes an annual \$300 fee on all contractors, both prime and sub-contractors, who wish to bid on public works projects each year.

Staff Recommendation: Approve the revised trailer bill language, which reflects amendments based on stakeholder concerns.

To Be Heard**7501 Department of Human Resources****Issue 1 In-Home Supportive Services Employer-Employee Relations Act**

Governor's Proposal. The May Revision proposes additional positions to implement the Governor's initiative to create a Statewide Authority to oversee labor relations for the In-Home Supportive Services program (IHSS).

The Department of Finance (DOF) has also proposed a technical scheduling change necessary to correctly schedule funding between programs 10 (Human Resources Management), 30.10 (Administration), and 30.20 (Distributed Administration). This change does not impact the overall appropriation authority being requested.

Staff Recommendation. Approve as proposed with the technical change requested by DOF.

7100 Employment Development Department**Issue 1 Unemployment Insurance Program Administration**

Governor's Budget Proposal. The Governor's budget proposes a \$64.0 million augmentation from the Employment Development Department (EDD) Contingent Fund in support of the state's Unemployment Insurance (UI) program. These funds are proposed to be used to minimize the degradation of UI services due to underfunding from the federal Department of Labor (DOL) and the reduction of federal funding due to sequestration. This proposal includes: 1) \$38 million from the Contingency Fund, 2) an increase in withholding penalties deposited into the Contingency Fund from 10 to 15 percent, and 3) a one-time suspension of the transfer of personal income tax withholdings to the GF, and instead retaining \$15.9 million for the program.

The May Revision proposes an increase of \$67.6 million, including \$46.6 million General Fund, to provide additional resources for the administration of the UI Program in 2014-15.

Staff Recommendation: Adopt the Governor's budget and May Revision proposals with additional Budget Bill language requiring a report no later than March 1, 2015 on the progress in achieving the identified service level outcomes.

Issue 2 Paid Family Leave Outreach

Proposal. A three-year approach to fund Paid Family Leave outreach activities from the State Disability Account has been proposed, as follows:

- 2014-15 - \$1 million
- 2015-16 - \$2.5 million
- 2016-17 - \$3 million

The first year would be dedicated to ramping up and developing materials and the third year would include an evaluation component.

Staff Recommendation. Approve the three-year plan, as identified above, for EDD to administer a Paid Family Leave outreach campaign and supplemental reporting language requiring EDD to report on the type of, and effectiveness of, outreach activities.

Department of Industrial Relations**Issue 1 Process Safety Management Unit Expansion**

Governor's Budget Proposal. The Governor's budget proposed \$2.4 million from the Occupational Safety and Health Fund and 11 positions to expand the Process Safety Management (PSM) Unit to implement the recommendations of the Governor's Interagency Working Group on Refinery Safety in enforcement of workplace health and safety regulations in 15 refineries and over 1,600 other chemical facilities.

Staff Recommendation: Approve the proposal with budget bill language requiring the department to report by February 1, 2015 on the status of Process Safety Management efforts, as follows:

x. The Department of Industrial Relations shall report to the Director of Finance, the chairpersons of the fiscal committees of both houses of the Legislature, and the Legislative Analyst's Office by February 1, 2015 on 1) the status of Process Safety Management and Risk Management Program regulatory changes, and; 2) the status of all efforts the department is taking to implement recommendations of the final report from the Governor's Interagency Working Group on Refinery Safety.

x. The Department of Industrial Relations shall report to the Director of Finance, the chairpersons of the fiscal committees of both houses of the Legislature, and the Legislative Analyst's Office by February 1, 2015 on 1) the status of the department's annual workload evaluation of the staffing needed to meet the enforcement requirements of Section 7870 of the Labor Code, for both refinery facilities and non-refinery facilities that meet the threshold for Cal/OSHA Process Safety Management regulatory oversight, and the aggregate fees needed to support the function; 2) the departments process or plan for categorizing non-refinery facilities that meet the threshold for Cal/OSHA Process Safety Management regulatory oversight by type of facility, risk level, and inspection cycles; 3) The number of staffing vacancies, by classification, within the Process Safety Management Unit, and; 4) the number of inspections performed, to date, during the current fiscal year, by both type of facility and type of inspection.