

SUBCOMMITTEE NO. 5

Agenda

Senator Loni Hancock, Chair
Senator Joel Anderson
Senator Curren D. Price, Jr.



Thursday, March 7, 2013
9:30 a.m. or Upon Adjournment of Session
Room 113

Consultant: Kris Kuzmich

OUTCOMES

DEPARTMENTS TO BE HEARD

*(Please See Page 2 for Detailed Agenda Listing Specific Departments
and Issues to Be Heard)*

6645	CSU Health Benefits for Retired Annuitants
7100	Employment Development Department
7350	Department of Industrial Relations
7501	Department of Human Resources
7503	State Personnel Board
7900	Public Employees' Retirement System
7920	State Teachers' Retirement System
9650	Health and Dental Benefits for Annuitants
CS 3.60	Contribution to Public Employees' Retirement Benefits

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DETAILED AGENDA
Items 1-6 (and in Italics) are proposed Vote-Only

<u>Item</u>	<u>Department</u>	<u>Page</u>
6645/9650	<i>Health and Dental Benefits for Annuityants (Including CSU)</i>	3
	<i>Issue 1 – Retiree Health Budget Bill Provisional Language</i>	<i>3</i>
7503	<i>State Personnel Board</i>	5
	<i>Issue 2 – Compliance Review Audit Program Budget Trailer Bill Language</i>	<i>5</i>
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	<i>Issue 3 – Information Technology Project Budget Reappropriation Item</i>	<i>6</i>
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	<i>Issue 4 – Disability Insurance Automation Project</i>	<i>7</i>
	<i>Issue 5 – Alternative and Renewable Fuel and Vehicle Technology Program Reimbursable Budget Authority</i>	<i>8</i>
7350	<i>Department of Industrial Relations</i>	9
	<i>Issue 6 – Child Performer Services Permits</i>	<i>9</i>
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Staff recommendation (as detailed in the below chart) on Issues 1-6 approved by a 2-0 vote with Senator Anderson absent.

	Issue	Amount	Fund Source	Staff Recommendation
CSU Health Benefits for Retired Annuityants (6645)				
Health and Dental Benefits for Retired Annuityants (9650)				
1	Retiree Health Budget Bill Provisional Language	BBL	N/A	Approve BBL as modified to limit the amount available for the correction of calculation errors and to institute a legislative reporting requirement.
State Personnel Board (7503)				
2	Compliance Review Audit Program Budget Trailer Bill Language	TBL	N/A	Approve TBL as modified to include transmission of the annual report on the Compliance Review Audit Program to the Legislature.
State Teachers’ Retirement System (1920)				
3	Information Technology Project Budget	\$6.749 million BBL	Teachers Retirement Fund	Approve the reappropriation item including modified BBL to

	Reappropriation Item			incorporate legislative reporting on the expenditure of the reappropriated funds.
Employment Development Department (7100)				
4	Disability Insurance Automation Project	\$10.6 million (new) \$1.9 million (redirected) Net 26 positions	Disability Insurance Fund	Approve.
5	Alternative and Renewable Fuel and Vehicle Technology Program Reimbursable Budget Authority	\$3 million BBL	Reimbursements	Approve the item but reject the BBL allowing the reimbursement authority to be increased by up to an additional \$3 million.
Department of Industrial Relations (7350)				
6	Child Performer Services Permits	\$701,000 8 positions	Special Fund	Approve on two-year limited-term basis.

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 Issue 7 – Additional Appointments of Exempt Employees..... 11

Item held open pending receipt of further information.

7501 Department of Human Resources 14
 Issue 8 – Implementation of In-Home Supportive Services
 Employer-Employee Relations Act..... 14

Item held open pending further consultation with Subcommittee No. 3.

Issue 9 – Salary Compaction 17

No action taken – informational item.

7900 Public Employees’ Retirement System..... 19
 Issue 10 – Administration of Health Benefits Programs for State
 Active Employees and Retirees 19

No action taken – informational item.

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 Issue 11 – Employer Pension Contribution Savings Directed to
 State’s Unfunded Pension Liability.....21

Budget request approved by a vote of 2-0 with Senator Anderson absent.

7100 Employment Development Department.....22
 Issue 12 – Unemployment Insurance Loan Interest Payment.....22

Budget request approved by a vote of 2-0 with Senator Anderson absent.

7350 Department of Industrial Relations25
 Issue 13 – Implementation of Workers Compensation Reform.....25

Staff recommendation to approve the request, modified as follows: (1) reject the budget bill language that would allow the Administration to increase funding for the RTW program to pay claims that exceeded the \$120 million appropriation in Chapter 363; and (2) adopt placeholder budget trailer bill language to clarify that any unexpended RTW funds are added to the following year appropriation and reinforce that the effective date of the RTW program is January 1, 2013, approved by a vote of 2-0 with Senator Anderson absent.

Issue 14 – Cal/OSHA Program, Enforcement of Workplace Safety
 and Health Standards29

Staff recommendation to direct subcommittee staff to continue to work with the Administration on identifying possible improvements to the Cal/OSHA program approved by a vote of 2-0 with Senator Anderson absent.

Issue 15 – Regulatory Assessment Related Budget Proposals32

Staff recommendation as detailed in Figure 4 below approved by a vote of 2-0 with Senator Anderson absent.

Figure 4: Recommendations on the Regulatory Assessment Related Budget Proposals

Administration Proposal	LAO Recommendation	Staff Recommendation
TBL to eliminate the sunset date and increase the annual revenue caps for the OSHF and LECF assessments.	Approve.	Adopt placeholder TBL per Administration proposal, including a technical correction to add a reference to the California Code of Regulation that was inadvertently omitted.
TBL to suspend collection of the high hazard assessment in years that the OSHF assessment is collected.	If the Legislature reauthorizes the OSHF assessment, <u>repeal</u> the high hazard assessment. If the Legislature <u>does not reauthorize the OSHF assessment</u> , allow the high hazard assessment to continue.	Adopt placeholder TBL to repeal the high hazard assessment <u>contingent</u> on the adoption of TBL to reauthorize the OSHF and LECF assessments.
Retain the staffing support for	<u>Contingent</u> on reauthorization of the	<u>Contingent</u> on reauthorization

<p>the high hazard assessment within the DIR budget.</p>	<p>OSHF assessment and repeal of the high hazard assessment, reduce OSHF expenditure authority by an additional \$350,000 and four authorized positions.</p>	<p>of the OSHF assessment and repeal of the high hazard assessment, redirect the \$350,000 and four positions previously associated with the collection of the high hazard assessment to the PSM unit within the Cal/OSHA program.</p>
<p>TBL to eliminate TICF funding for Cal/OSHA and backfill this funding with an offsetting OSHF assessment increase.</p>	<p>Given the availability of TICF fund balances, decrease OSHF expenditure authority in 2013-14 by \$9 million and increase TICF expenditure authority by a like amount. Direct DIR to reduce the OSHF assessment for 2013-14 by \$9 million.</p>	<p>Adopt placeholder TBL to sunset the TICF and designate the OSH fund as the successor fund. On a one-time basis in 2013-14, decrease the OSHF assessment level by the remaining balance in the TICF.</p>
<p>TBL to shift civil penalties that were previously deposited into the Construction Industry Enforcement Fund to the LECF.</p>	<p>Approve.</p>	<p>Approve Administration proposal.</p>
<p>One-time loan of \$5 million from the TICF to support CMU operations.</p>	<p>Approve.</p>	<p>Approve Administration proposal.</p>
<p>Permanently redirect \$431,000 GF from the Injury and Illness Prevention program to support CMU operations.</p>	<p>Approve.</p>	<p>Approve Administration proposal.</p>
<p>Permanently redirect \$2 million GF from the Prevailing Wage Determinations program to support CMU operations.</p>	<p>Reject.</p>	<p>Approve Administration proposal.</p>
<p>Adopt TBL to authorize DIR to recoup CMU enforcement costs that exceeded the existing 0.25 percent cap on bond proceeds on CMU fees by requiring awarding bodies to reimburse the CMU using "other funding sources tied to the project." The TBL would also remove the 0.25 percent cap on total project costs for projects that were not state bond-funded.</p>	<p>Reject and consider the following alternatives for the CMU:</p> <ol style="list-style-type: none"> 1.Reduce expenditure authority and authorized positions in the CMU to a level supported by the \$431,000 GF redirection. 2.Direct the Administration to develop an alternative and sustainable fee-based funding source for the CMU. 3.Increase General Fund support for the CMU. 4.Raise the caps on the existing CMU fee to increase funding for CMU operations. 	<p>Approve Administration proposal.</p>