

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 8, 2008
POSITION: Oppose
SPONSOR: Senator Perata

BILL NUMBER: SB 1718
AUTHOR: D. Perata

BILL SUMMARY: Public Employment: State Bargaining Unit 2

This bill would require the salaries of legal professionals in State Bargaining Unit 2 (California Attorneys, Administrative Law Judges, and Hearing Officers), be determined by a specified calculation based on the salaries of other public sector legal professionals.

FISCAL SUMMARY

According to the Department of Personnel Administration (DPA), current resources will not permit them to absorb the additional survey workload required by this bill. DPA would need an additional appropriation of roughly \$100,000 to perform the administrative functions as a result of this bill.

Every 1 percent increase in salary for Bargaining Unit 2 (BU 2) members would cost the state \$4.6 million annually. In addition, any increase that is extended to rank and file employees in BU 2 would generally be given to the excluded employees in BU 2. Every 1 percent increase in the salaries for BU 2 excluded employees would cost the state an additional \$700,000 annually.

COMMENTS

The Department of Finance is opposed to this bill for four reasons: (1) this bill would increase state costs by increasing DPA's workload, (2) this bill would exclude all other compensation including OPEB's, in the salary determinations for BU 2 employees, (3) this bill circumvents the Ralph C. Dills Act, which mandates collective bargaining for state public employees, and (4) the state would have no ability to control expenditures based on the state's current fiscal health.

This bill would require the salaries for attorneys in BU 2 to be the average of the salaries of attorneys employed by the following 20 California public agencies:

- the district attorneys in the eight most populous counties
the city attorneys in the eight most populous cities
the attorneys of The Habeas Corpus Resource Center
the attorneys of The California State University
the attorneys of The University of California
the attorneys of The Administrative Office of the Courts.

The state has created immense difficulties for itself by agreeing to pay salary increases based on what other selected entities pay their employees. The California Highway Patrol (CHP) parity formula ties their pay to that of five local police and sheriff agencies. The Correctional Officers were tied to CHP. This created a General Fund expenditure increase when local police officers received raises. The engineers in Unit 9 are tied to a salary survey that locks the state into a formula for four years. These agreements have put employee compensation increases on autopilot whereby the state has no ability to control expenditures based on the state's current fiscal health.

Analyst/Principal Date Program Budget Manager Date
(0931) K. Hansen Diana Ducay

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

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D. Perata

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SB 1718

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	
9901/Var Depts	SO	No	-----	See Fiscal Summary	-----				0001
9901/Var Depts	SO	No	-----	See Fiscal Summary	-----				0988
9901/Var Depts	SO	No	-----	See Fiscal Summary	-----				0995
9901/Var Depts	SO	No	-----	See Fiscal Summary	-----				0494

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0494	Other Unallocated Special Funds
0988	Various Other Unallocated NGC Funds
0995	Reimbursements