

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 07/05/2012
POSITION: Oppose
SPONSOR: CA Correctional Supervisors Organization & CA
Police Chiefs Association

BILL NUMBER: SB 1113
AUTHOR: Evans, Noreen

BILL SUMMARY: Memoranda of Understanding: Fiscal Analysis.

This bill would require the Department of Human Resources (CalHR), in determining salaries for supervisory and managerial employees, to address salary compaction and parity concerns. In addition, if revenues do not allow CalHR to implement the salary determination increase, CalHR would be required to provide the Legislature with existing data on the determinations, including all salary compaction and parity determinations for supervisory and managerial employees.

FISCAL SUMMARY

Finance believes there will be additional workload costs resulting from this bill.

CalHR estimates this bill would require two new full-time positions at an annual cost of \$200,000.

CalHR also believes this bill could result in significant statewide employee compensation costs by requiring the state to provide salary increases to supervisory and managerial employees.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 23, 2012 version include the following significant amendments which do change our position:

- Deletes the subject matter and contents of the prior bill, which would have required CalHR, for each memorandum of understanding submitted to the Legislative Analyst, to include an analysis of savings and costs of extending the same salaries, wages, and conditions of employment to excluded employees.
- Inserts new language that would require CalHR to address salary compaction and parity concerns in determining salaries for supervisors and managers. If revenues did not allow for the increase in the salary determination, CalHR would be required to provide to the Legislature the existing data on the salary determination for supervisory and managerial employees.

COMMENTS

Finance is opposed to this bill because it would require CalHR to provide supervisory and managerial salary determination data to the Legislature. This would increase CalHR's workload and would likely increase pressure on the Administration to provide salary increases to supervisory and managerial employees. Further, it would create a new reporting requirement when the Administration has been actively pursuing the elimination of unnecessary reporting requirements as part of a broader effort to improve the efficiency of state government.

Analyst/Principal (0932) K.Martone	Date	Program Budget Manager Diana Ducay	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

Evans, Noreen

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COMMENTS (continued)

This bill adds Government Code section 18006 and would require CalHR to address salary compaction and parity concerns. In addition, if revenues do not allow for a salary increase to supervisory and managerial employees, CalHR would be required to provide existing salary determination data to the Legislature.

According to the author's office, this bill would not require CalHR to perform additional work. This bill would only require CalHR to submit the existing supervisory and managerial salary determination data to the Legislature.

CalHR believes this bill would result in significant employee compensation costs by requiring the state to "address" salary compaction and parity concerns. CalHR believes addressing the concerns would require the state, if revenues allow, to provide the necessary funding to increase supervisory and managerial salaries. The author's office does not believe this bill would require the state to provide salary increases. While we do not believe the bill would obligate the state to provide funding for managerial and supervisory salary increases, as noted above, it would likely increase pressure on the Administration to address salary compaction and parity concerns to the extent such issues exist.

The rationale for establishing revenues as the determining factor for employee compensation increases is unclear. In addition, the language does not address who determines if revenues allow for salary increases. Such ambiguity could lead to conflicting interpretations and expectations.

Finally, this bill does not provide specific details of the reporting requirements that CalHR must comply with, such as timeframes and to whom in the Legislature the data is to be provided.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2011-2012 FC	2012-2013 FC	2013-2014		
8380/CalHR	SO	No		-----	See Fiscal Summary	-----	0001	