

AMENDED IN SENATE SEPTEMBER 4, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 181

Introduced by ~~Committee on Budget (Evans (Chair), Arambula, Beall, Blumenfield, Brownley, Caballero, Carter, De La Torre, Feuer, Hill, Huffman, Monning, Ruskin, and Swanson)~~ **Assembly Member Bass**

(Principal coauthor: Assembly Member De La Torre)

(Principal coauthor: Senator Steinberg)

February 2, 2009

~~An act relating to the Budget Act of 2009.~~ *An act to amend and supplement the Budget Act of 2009 (Chapter 1 of the 2009–10 Third Extraordinary Session) by amending Section 3.90 of, and adding Section 3.91 to, that act, relating to the State Budget, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 181, as amended, ~~Committee on Budget~~ **Bass**. Budget Act of 2009.

The Budget Act of 2009 (Chapter 1 of the 2009–10 Third Extraordinary Session, as amended) made appropriations for the support of state government for the 2009–10 fiscal year. The act, among other things, authorized the Director of Finance to reduce items of appropriation to reflect a reduction in employee compensation achieved through the collective bargaining process or through existing administrative authority in the total amounts of \$1,477,917,000 from General Fund items and \$973,058,000 from items relating to other funds.

This bill would reduce those amounts to \$1,052,917,000 from General Fund items and \$658,058,000 from items relating to other funds. In addition, the bill would authorize the Director of Finance to reduce, with specified exceptions, items of appropriation for state operations in the total amounts of \$425,000,000 from General Fund items and \$315,000,000 from items relating to other funds. The bill would make the director’s authority to make those reductions contingent on the imposition of no more than 2 furlough days per month on state employees.

This bill would declare that it is to take effect immediately as an urgency statute.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~^{yes}. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. *The Legislature hereby finds and declares all of*
- 2 *the following:*
- 3 (a) *The imposition by the Governor of a third furlough day each*
- 4 *month for state employees is unlikely to achieve its goal of saving*
- 5 *approximately four hundred twenty-five million dollars*
- 6 *(\$425,000,000) from the General Fund in the 2009–10 fiscal year.*
- 7 (b) *The third furlough day will likely result in all of the*
- 8 *following:*
- 9 (1) *Revenue loss of up to three hundred sixty million dollars*
- 10 *(\$360,000,000) from the General Fund in the 2009–10 fiscal year.*
- 11 (2) *Additional and significant loss of federal funds due to the*
- 12 *inflexible manner in which the furloughs have been implemented*
- 13 *across the whole of the executive branch without regard to fund*
- 14 *source.*
- 15 (3) *Diminished and delayed services to the public.*
- 16 (4) *Additional and unnecessary hardship on state employees*
- 17 *who have already endured a nearly 10-percent reduction in*
- 18 *compensation due to the imposition of two furlough days each*
- 19 *month.*
- 20 (c) *It is the intent of the Legislature to eliminate the need for*
- 21 *the third furlough day by providing the Governor with the authority*
- 22 *to achieve, through other means, savings equivalent to those*

1 *originally anticipated to occur as a result of the implementation*
2 *of the third furlough day.*

3 *SEC. 2. Section 3.90 of the Budget Act of 2009 is amended to*
4 *read:*

5 Sec. 3.90. (a) Notwithstanding any other provision of this act,
6 each item of appropriation in this act, with the exception of those
7 items for the California State University, the University of
8 California, Hastings College of the Law, the Bureau of State
9 Audits, the Legislature (including the Legislative Counsel Bureau),
10 and the judicial branch, shall be reduced, as appropriate, to reflect
11 a reduction in employee compensation achieved through the
12 collective bargaining process for represented employees or through
13 existing administration authority and a proportionate reduction for
14 nonrepresented employees (utilizing existing authority of the
15 administration to adjust compensation for nonrepresented
16 employees) in the total amounts of ~~\$1,477,917,000~~ *\$1,052,917,000*
17 *from General Fund items and* ~~\$973,058,000~~ *\$658,058,000* *from*
18 *items relating to other funds. The Director of Finance shall allocate*
19 *the necessary reductions to each item of appropriation to*
20 *accomplish the employee compensation reductions required by*
21 *this section.*

22 (b) The Department of Personnel Administration shall transmit
23 proposed memoranda of understanding to the Legislature promptly
24 and shall include with each such transmission estimated savings
25 pursuant to this section of each agreement.

26 (c) Nothing in this section shall change or supersede the
27 provisions of the Ralph C. Dills Act (Chapter 10.3 (commencing
28 with Section 3512) of Division 4 of Title 1 of the Government
29 Code).

30 *SEC. 3. Section 3.91 is added to the Budget Act of 2009, to*
31 *read:*

32 *Sec. 3.91. (a) Notwithstanding any other provision of this act,*
33 *the Director of Finance shall reduce items of appropriation in this*
34 *act for state operations in the 2009–10 fiscal year, with the*
35 *exception of those items for the Bureau of State Audits, the*
36 *Legislature (including the Legislative Counsel Bureau), the judicial*
37 *branch, and constitutional officers, in the total amounts of*
38 *\$425,000,000 from General Fund items and \$315,000,000 from*
39 *items relating to other funds.*

1 **(b)** *The authority conferred upon the Director of Finance by*
 2 *this section shall not become operative until Executive Order*
 3 *S-13-09 is either rescinded or is amended to impose no more than*
 4 *two furlough days each month on state employees, and shall remain*
 5 *operative only while no more than two furlough days each month*
 6 *are imposed on state employees. Nothing in this section confers*
 7 *any authority upon the Director of Finance to modify or eliminate*
 8 *any other provision of existing law.*

9 **(c)** *Not later than February 15, 2010, the Director of Finance*
 10 *shall report to the Chairperson of the Joint Legislative Budget*
 11 *Committee and the chairpersons of the committees of each house*
 12 *of the Legislature that consider appropriations the amount of*
 13 *reductions made in each item of appropriation pursuant to this*
 14 *section. The report shall include each specific reduction by*
 15 *department, agency, and program; a description of programmatic*
 16 *effects; the number and description of positions affected; and any*
 17 *other description necessary to fully disclose the reduction’s impact.*

18 **SEC. 4.** *This act is an urgency statute necessary for the*
 19 *immediate preservation of the public peace, health, or safety within*
 20 *the meaning of Article IV of the Constitution and shall go into*
 21 *immediate effect. The facts constituting the necessity are:*

22 *In order to prevent losses to the General Fund, and to avoid*
 23 *diminished services to the public as well as hardship on state*
 24 *employees as a result of the imposition of a third furlough day*
 25 *each month, it is necessary that this act go into immediate effect.*

26 ~~**SECTION 1.** It is the intent of the Legislature to enact statutory~~
 27 ~~changes relating to the Budget Act of 2009.~~