

**TRANSCRIPTION OF RECORDED CALIFORNIA CITIZENS COMPENSATION
COMMISSION HELD AT CITY HALL SACRAMENTO, CALIFORNIA JUNE 19, 2013**

TRANSCRIBED BY: DONNA K. NICHOLS, RPR, CSR NO. 5660

CALIFORNIA CITIZENS COMPENSATION COMMISSION

CHAIRMAN DALZELL: All right, ladies and gentlemen, I hereby call the California Citizens Compensation Commission to order.

Madame Clerk, would you please call the roll.

MADAME CLERK: Yes, thank you.

Tom Dalzell.

CHAIRMAN DALZELL: Here.

MADAME CLERK: John Stites?

COMMISSIONER STITES: Here.

MADAME CLERK: Scott Somers.

COMMISSIONER SOMERS: Here.

MADAME CLERK: Charles Murray.

COMMISSIONER MURRAY: Here.

MADAME CLERK: Wilma Wallace.

COMMISSIONER WALLACE: Here.

MADAME CLERK: Nancy Miller.

COMMISSIONER MILLER: Here.

MADAME CLERK: Anthony Barkett.

COMMISSIONER BARKETT: Here.

MADAME CLERK: We have a quorum.

CHAIRMAN DALZELL: Commissioner Barkett, welcome to the fun house. Is that -- is that -- John Barth. There's the literary illusion for the day.

Our first order of business is -- is generally to review and approve the Minutes, the transcript from our meeting of March 21st, 2013.

Do any commissioners offer any corrections or additions to the transcribed record of the meeting?

And if Commissioner Somers doesn't, we know it's good. He's -- he's our perfectionist.

Hearing none, is there a -- a -- a motion to approve the Minutes?

COMMISSIONER BARKETT: So moved.

COMMISSIONER STITES: Second.

CHAIRMAN DALZELL: Those in favor?

(Multiple voices saying aye)

CHAIRMAN DALZELL: All right. The Minutes, as transcribed, stand approved.

Madame Clerk, have we received any material for -- for the Commission since we last met?

MADAME CLERK: You did receive the finance letter, and which it was sent to all of you. Do you all have copies of that, the finance letter stating that there was not a deficit?

CHAIRMAN DALZELL: So the -- the Director of Finance has certified that there will not be a negative balance on June 30th of the current fiscal year of the Special Fund equal to or greater than one percent of the estimated General Fund revenues which leaves us free to act as we deem appropriate for the salaries and benefits of the constitutional officers and the legislators.

Is there any additional material?

MADAME CLERK: None other.

CHAIRMAN DALZELL: All right. At -- at this point we

CALIFORNIA CITIZENS COMPENSATION COMMISSION

turn to the opening comments by Commission members. Later on we will get into a discussion and adoption of the Resolution setting the compensation, but in terms of -- of opening remarks former Chairman Murray I will start with you.

COMMISSIONER MURRAY: Okay. I don't have anything except to -- oh -- oh, to welcome the new member.

COMMISSIONER BARKETT: Microphone?

MADAME CLERK: Is your microphone on?

COMMISSIONER STITES: You have to press the button there.

COMMISSIONER MURRAY: Tab button, okay.

I welcome you, Anthony. It's a -- it -- it's a good panel, qualified folks, and everybody has their own opinion. So -- so don't -- don't feel, oh, constrained one way or the other. But I -- my comments will be limited to welcome you aboard.

COMMISSIONER BARKETT: Thank you. I appreciate that.

CHAIRMAN DALZELL: Commissioner Stites.

COMMISSIONER STITES: Nothing really other to welcome Anthony on board and looking forward to a good meeting.

CHAIRMAN DALZELL: Commissioner Somers.

COMMISSIONER SOMERS: No comments at this time.

CHAIRMAN DALZELL: Commissioner Wallace.

COMMISSIONER WALLACE: I have no comments other than to welcome the new member. Anthony, welcome.

COMMISSIONER BARKETT: Thank you.

CHAIRMAN DALZELL: Commissioner Miller, as the not junior member any longer, it didn't take long, did you, to -- to move up one notch.

COMMISSIONER MILLER: I know, that's true. And I was just going to welcome you, Anthony, and say I enjoyed my first meeting. All we really did was continue the -- continue the meeting, but we had quite a spirited discussion in doing that. So welcome aboard. It will be an interesting day.

COMMISSIONER BARKETT: Thank you. Thank you.

CHAIRMAN DALZELL: And I too welcome you, Commissioner, and look forward to serving with you. Our -- our next Agenda item is discussion from the March 21st Commission meeting. I think that sort of conflates with our discussion and adoption of Resolution setting compensation.

So at this point I will ask if there's any members of the public who would like to offer testimony.

MR. HART: Thank you, Mr. Chairman, and members of the Citizens Compensation Commission for this opportunity to testify today.

My name is Gary Hart. I'm a former legislator. I served for 20 years representing Santa Barbara and Ventura Counties. I left the Legislature in 1994. I currently reside here in Sacramento, and I've been retired for about five years.

And want to testify today solely as a concerned

CALIFORNIA CITIZENS COMPENSATION COMMISSION

citizen who cares about our State and our State's future. I believe that legislative salaries need to be increased. I worry that the current pay is not able to attract as many strong candidates as we need.

I also worry that we are beginning to lose capable legislators who abandoned the Legislature to run for local elective offices in part due to the higher salaries that many local offices currently provide. In recent months we've had two members of the Legislature who are leaving to serve on the Los Angeles City Council whose pay is about twice that of what State legislators receive.

I hope in your deliberations -- there are sort of two unique factors that I think affect legislators. First, of course, is term limits. And due to term limits legislative service is a career interruptor for strong candidates. And if you don't have an attractive and competitive salary, we lose many capable candidates.

A second unique factor for legislators is family disruption. Most legislators are away from their families about six months of the year on weeks like this when the Legislature's in session. It's a significant hardship, and I might add a hardship no other elected officials in California experience except for members of Congress whose pay is about double that of State legislators.

The point I'm attempting to illustrate -- or the point I'm attempting to make, which I think can best be illustrated by a story of a capable member of the Assembly who had an opportunity to take his legislative experience and legislative expertise and put it to good use in the State Senate, and instead of running for the State Senate chose instead to run for the Board of Supervisors in his county in Southern California.

And when asked why did you choose to run for the County Board of Supervisors rather than the State Legislature, he responded, well, the pay is high, the benefits are better, I get to stay with my family, and it only takes two votes to get any -- two other votes to get anything accomplished, it's -- it's a no-brainer.

And when we compare State legislative service to service at the local level, I think it's important to note that the duties of State legislators are more complex and affect all people in California, not just one city or county. For example, our -- our State budget dwarfs that of local budgets, both in terms of its size and its complexity. In addition, the Legislature deals with issues such as K-12 education, higher education that are outside the purview of local government. And when it comes to matters relating to our economy, our State tax structure, the licensing of professions, the regulations of businesses like banks and insurance companies, these are all critical matters under legislative jurisdiction. California is the ninth largest economy in the world. And we need the highest quality members we can find to handle the legislative duties of such an important entity.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

Finally, in recent years this Commission has cut legislative salaries substantially. And I'm not here to discuss the rationale or -- or wisdom of that decision. I want to focus on the future as I'm sure all of you do as well.

I just believe we need a legislative compensation level that is attractive, that's fair, that's competitive. And I hope you'll decide today that the time is right to augment legislative salaries to make it more likely that we will be able to attract and retain a legislative membership of high quality.

Thank you, Mr. Chairman.

CHAIRMAN DALZELL: Thank you. And I -- I really thank you for your remarks. And I know that you've -- you've shared the burden of going through life saying I'm not that Gary Hart.

MR. HART: That's true.

CHAIRMAN DALZELL: Especially since 1988.

MR. HART: But it -- it -- it wasn't a burden before 1988.

CHAIRMAN DALZELL: Right. Right. But I -- I think you've -- you've done what -- you've done -- done well. But thank you -- thank you for your comments and your perspective today.

Are there any members -- any -- any questions from any members of the Commission?

COMMISSIONER SOMERS: Yes, I have a question. And it may not be directly to you, it may be to Gus, or it may be some history of whatever we have. But you raise a very interesting point about legislators leaving.

Do we have -- and of course now with the changed law that allows -- it used to be you could only stay in the Assembly six years, the Senate eight years. And today that's been extended, doubled, essentially.

Do we have any history of Assembly people in particular not leaving prior to their six-year term limit being up? Do we have a sense of that?

Gus, do you have any sense of that? Or Debbie, do we have any statistics on that? Are people really leaving before they're termed out?

MADAME CLERK: Well, I wouldn't -- we wouldn't have -- here wouldn't have any statistics (unintelligible).

MR. DEMAS: No, not with me. But we know that that is the case. Many have left before their term expired.

COMMISSIONER STITES: Mr. Chairman.

CHAIRMAN DALZELL: Commissioner Stites.

COMMISSIONER STITES: My question would be is that to -- I've seen them leave the Assembly, but it was generally to seek a higher office in most cases. I don't know.

Gus, what do you think?

MR. DEMAS: I would just be speculating.

COMMISSIONER STITES: Yeah, me too.

CHAIRMAN DALZELL: Any additional comments from

CALIFORNIA CITIZENS COMPENSATION COMMISSION

members of the public?

At this point we will turn then to Commission discussion and adoption of a Resolution setting compensation.

And before we begin with remarks from the Commission I would like to ask Gus to step -- to step forward, please, and identify yourself for -- for the public. And clarify for us, if you would, the affect, if any, on decisions made by this Commission with respect to legislative salaries on the overall budget of the Legislature.

MR. DEMAS: Okay. First, my name is Gus Demas. I'm the fiscal officer for the Assembly. And I thought it would be best to just read a letter from 1994, because the situation hasn't changed since then, from our legislative analyst back then, Elizabeth Hill. And she wrote this letter to this Commission back in 1994.

And it said it is my understanding that the California Compensation Commission is considering changes in legislative compensation. Due to the cap on legislative spending required by the provisions of Proposition 140 any change in legislative compensation will not cause an increase in the Legislature's total budget. Instead it would require the Legislature to reallocate legislative expenditures within the Proposition 140 limit.

And so what's that saying, basically is that the Proposition 140 cap is set for the Legislature, and that cannot be exceeded. In fact, for the coming fiscal year that begins July 1st, as you know, the budget was just recently passed by the Legislature, and it's with the Governor now, that is the set budget for the year. Irregardless of what compensation is set for legislators, that is the total amount that can be spent by the Legislature.

CHAIRMAN DALZELL: When in the past the Commission has voted to reduce salaries or reduce benefits, has that had an affect on the Proposition 140 cap, or has that remained the same?

MR. DEMAS: It does not have a direct impact on the Prop. 140 cap. However, the Assembly in fiscal year 2008, 2009, reduced its budget by 1.7 million, which was the 18 percent reduction in salaries for that fiscal year. And that became a permanent reduction because the Prop. 140 limit is based on the expenditures of the previous year with any allowed growth for that next fiscal year. So there was a reduction in '08, '09.

CHAIRMAN DALZELL: But not since then?

MR. DEMAS: Not since then, no.

CHAIRMAN DALZELL: All right. And so if the Commission were today to increase in any way the legislative salaries, that would have no affect on the surplus, the deficit, the budget?

MR. DEMAS: Correct. Correct. The Legislature would have to reallocate expenditures to accommodate any increase. So they would have to reduce expenditures elsewhere.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

CHAIRMAN DALZELL: And would this have been the case in the 1990s when the Commission was voting to increase salaries?

MR. DEMAS: Yes, that's correct.

CHAIRMAN DALZELL: All right. So no action that the Commission has taken has ever resulted in an increased budget for the Legislature?

MR. DEMAS: That's correct.

CHAIRMAN DALZELL: Do commissioners have questions?

COMMISSIONER BARKETT: I have a -- Gus, a question of clarification.

So in those years where you reduced it, 1.7 million, where did that money go?

MR. DEMAS: The Assembly in that year set aside money to transfer to General Fund entities that needed additional funding because of the budget cuts and so forth. It started with a ten percent of their total budget being transferred to General Fund entities like CAL FIRE, EDD, the list goes on and on. There are quite a few entities.

And since that year the increase went to 15 percent. Actually, it was increased, I should say, to 15 percent. So roughly 22 million of the Assembly's budget is transferred to General Fund entities every year.

COMMISSIONER BARKETT: Okay. So -- so effectively it -- it did somehow contribute to the -- the State budget in those years? Or I guess my question would be what would happen now? What's -- what's budgeted now? Let's say, as Chairman Dalzell said, that we do increase it, what would -- what would happen?

MR. DEMAS: The Assembly would reduce other expenditures to accommodate that increase and would continue with the transfer of that 15 percent to General Fund entities. So that -- that 15 percent transfer would now be impacted. They would have to reduce other expenditures.

COMMISSIONER BARKETT: Okay. And one other question. Is that -- when you say that, is that an overall Assembly budget, or does each Assembly person have their own budget and they have to accommodate for that reduction or increase?

MR. DEMAS: Each Assembly member has a base budget.

And that was reduced in 2009 as well.

COMMISSIONER BARKETT: Okay.

MR. DEMAS: But it's up to the leadership in each House to allocate expenditures. So that -- that would be one component would be the base budget that each member has. They would also potentially reduce committee budgets --

COMMISSIONER BARKETT: Okay.

MR. DEMAS: -- support budgets and so forth.

COMMISSIONER BARKETT: Thank you.

CHAIRMAN DALZELL: Is the explanation that you just gave true for both Houses?

MR. DEMAS: Yes.

CHAIRMAN DALZELL: All right. And do you know whether it is also true for the offices of the -- of the constitutionally -- constitutional officers?

CALIFORNIA CITIZENS COMPENSATION COMMISSION

MR. DEMAS: The constitutional officers have a different mechanism. They don't have a Prop. 140 limit for each entity. But their budget is set for this fiscal year as well. So no matter what action is taken they can't now increase their budget to accommodate -- nor would they need to, quite frankly, because we're talking about a small number of individuals.

CHAIRMAN DALZELL: Right.

COMMISSIONER WALLACE: So I -- I have a question. So I understand that the budget isn't going to be impacted if there's an increase. But as you pointed out, we're going to have to find the money somewhere, right, and expenditures -- expenditures are going to have to be reduced.

I have a hypothetical for you. So could some of those dollars for the reductions be applied against the General Fund that's supporting the court system? And I raise that only because court closures are significant issue for California. So I'm trying to understand if there were to be an increase, how would that impact the General, you know, Fund and some of the critical services that are already at risk?

MR. DEMAS: It -- it wouldn't -- for the Legislature it wouldn't affect the General Fund directly because, as I mentioned, they would just shift expenditures and the total budget would not increase. So they would have to find savings in other categories to fund the increase for compensation.

COMMISSIONER WALLACE: And what are some examples of those other categories that they could pull from?

MR. DEMAS: A few I mentioned earlier. Committee budgets. There are leadership budgets, support offices such as the Office of the Chief Clerk, the Sergeant at Arms. There are numerous categories within the overall budget that each would probably be reduced slightly.

COMMISSIONER WALLACE: Thank you.

MR. DEMAS: Sure.

CHAIRMAN DALZELL: Commissioner Miller.

COMMISSIONER MILLER: Thank you, Mr. Chair.

What percentage of the budget or what type of impact are we talking about here? If -- if, say -- I think the reduction was five percent last year and 18 percent in some previous year. I mean is -- are we talking about a large percentage? Are we talking about -- what kind of budget reallocations? And I -- as I understand it, it's only within the offices that we are -- their budgets that we're -- we would be affecting. Is that correct?

MR. DEMAS: That's correct. For the five percent reduction in this coming fiscal year, because it kicks in in December, we're talking about \$330,000, roughly.

COMMISSIONER MILLER: Of total budget of the --

MR. DEMAS: Of a total budget of 150 million, roughly, for the Assembly.

COMMISSIONER MILLER: Thank you.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

How about the constitutional officers, is it a similar type percentage?

MR. DEMAS: That would be much smaller, because --

COMMISSIONER MILLER: Much smaller.

MR. DEMAS: -- again, there's one Governor. So in the Governor's office that would be a relatively minor amount. The Board of Equalization members, I believe there are five, would not be a substantial amount of their total budget.

COMMISSIONER MILLER: Thank you.

COMMISSIONER SOMERS: I have a question,

Mr. Commission -- Chairman.

Gus --

MR. DEMAS: Yes.

COMMISSIONER SOMERS: -- the -- as I understand it, the -- the new budget actually allocates roughly four-and-a-half to five million additional for the Assembly and a slightly lower amount I believe for the -- for the Senate.

What is that designated for?

MR. DEMAS: That is designated for increases in retirement costs for staff, health benefit costs, and it's -- and other cost increases that have happened in the last four or five years. Because, as I mentioned, in '08, '09, the Assembly reduced its budget 1.7 million. And it's been static since then. So there has not been an increase for all of those previous years. So it's just to catch up with cost increases in those other categories.

COMMISSIONER SOMERS: One of my concerns, I guess -- and -- and I do -- I -- I do actually put the two cuts that we've made in the last few years into two different categories. One was looking at compensation and trying to find the right level with some impact, there's no question, by the State financial situation. Last year's budget cut was very heavily driven by the financial condition of the State.

And so in -- in one sense kind of a restoration -- with all due respect to my colleague here, I would see that as a restoration. The 18 percent is a -- is a very different discussion in my mind and while I do favor a restoration at some point in time and, obviously, increases as it's appropriate.

The question for me is, is this the right year. And I say that partly because there's been a lot of discussion -- and I applaud the Governor, I -- I applaud the leadership in -- in the Assembly and the Senate for making hard decisions. And I think Governor Brown has said many times that there just is no more money out there for many of the programs that people want to refund in some cases or increase funding for.

And I guess with that kind of a -- with all those discussions having gone on and with the Governor and -- and the Speaker and leadership in the Senate, kind of using that as an argument with so many different people, how do we now

CALIFORNIA CITIZENS COMPENSATION COMMISSION

say, oh, yeah, but, by the way, we've got -- we've got enough money to restore the five percent cut for you guys? That feels a little funny to me.

And maybe I'm putting you in a -- in -- this is more comments actually for everybody here as much as it is for you, Gus. If you happen to want to comment on that, fine. But that's a bit of a dilemma for me.

MR. DEMAS: Given the choice, I would prefer not to comment on it.

CHAIRMAN DALZELL: I give you the choice.

MR. DEMAS: Thank you.

CHAIRMAN DALZELL: Sure. Commissioner Miller.

COMMISSIONER MILLER: So you said that there was an increase -- maybe not an increase. I don't know how you defined that adjustment in the budget this year. But you said it was related to pension and -- Is any of that related to inflationary factors over the past year?

MR. DEMAS: Yes, some of it would be inflation. We have district office leases throughout the State because members have a district office in their district. Leases go up every year. Telephone costs go up. Postage has gone up. Yes, a certain amount is inflation, definitely.

COMMISSIONER MILLER: Do you know what the inflationary factor was?

MR. DEMAS: I do not. For that entire period?

COMMISSIONER MILLER: Just for the last year.

MR. DEMAS: Just for the last year. I believe the information I had was somewhere around two-and-a-half percent --

COMMISSIONER MILLER: Okay.

MR. DEMAS: -- for last year.

COMMISSIONER MILLER: Thank you.

CHAIRMAN DALZELL: I think it's -- I think it's -- I -- I don't know what you're using. I think the C -- the -- the last numbers from the bureau -- Bureau of Labor Statistics for the Consumer Price Index were 1.4 percent for a 12-month period. But that's only for the 12 months, not for the five years that they've --

COMMISSIONER MILLER: Right.

CHAIRMAN DALZELL: -- they've been at the level they are now.

COMMISSIONER MILLER: Right.

CHAIRMAN DALZELL: And at least one of those years was negative inflation.

COMMISSIONER MILLER: Right.

CHAIRMAN DALZELL: But --

COMMISSIONER MILLER: No, I just saw -- I just saw a figure today of 3.5 for the last year. So I was just wondering -- you know, you see a lot of different inflationary figures. I was just wondering what the State used.

CHAIRMAN DALZELL: Lots of measures.

COMMISSIONER MILLER: Yeah.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

MR. DEMAS: The -- the CPI figure that I had for the year ending in December of 2012 was 2.3 percent. And the year before that it was 2.6 percent.

COMMISSIONER MILLER: Thank you.

CHAIRMAN DALZELL: Commissioner Murray, did you have a -- a question?

COMMISSIONER MURRAY: Yes, thank you.

Gus --

MR. DEMAS: Yes.

COMMISSIONER MURRAY: -- strict -- strictly put it in lay terms so -- so I can understand it.

If we vote for a raise, that means -- that means, oh, the Senate and the Assembly will steal, borrow, whatever, from other budgets in order to give themselves a raise?

MR. DEMAS: They -- they will have to reduce other expenditure categories within their budget --

COMMISSIONER MURRAY: Okay.

MR. DEMAS: -- in order to accommodate the increase in their salary, yes.

COMMISSIONER MURRAY: So -- so they'll have to -- have to reduce other budgets --

MR. DEMAS: Correct.

COMMISSIONER MURRAY: -- in order to give themselves a raise?

MR. DEMAS: Well, other budgets within the legislative budget.

CHAIRMAN DALZELL: Within the Legislature, right.

COMMISSIONER MURRAY: Right, right.

(Speaking over each other)

MR. DEMAS: Not -- not --

COMMISSIONER MURRAY: Now, if we did a pay cut, which I don't think is going to happen, that means they would have to reduce their budget, but that -- that money would go to other budgets, it would not go back to -- to the General Fund; is that correct?

MR. DEMAS: The options available to the Legislature would be to spend that money in other categories, as the Assembly has done, transfer it to General Fund entities. They -- they have options to -- to deal with that. But that's up to them to decide once they're confronted with that reality.

COMMISSIONER MURRAY: Okay. So -- so I mean just trying -- trying to get it at a -- the par level, you have the budgets of all the committees, you have their salaries.

MR. DEMAS: Right.

COMMISSIONER MURRAY: If one goes up, the other has to go down.

MR. DEMAS: Correct.

COMMISSIONER MURRAY: Okay.

MR. DEMAS: Correct.

CHAIRMAN DALZELL: Further questions of -- of Gus? Thank you.

MR. DEMAS: Thank you.

CHAIRMAN DALZELL: We -- we may be asking for your

CALIFORNIA CITIZENS COMPENSATION COMMISSION

help again as -- as we proceed.

MR. DEMAS: No problem.

CHAIRMAN DALZELL: All right. Commissioner Somers, since -- since you began, I'm going to -- I'm going to ask you to go first. And I would like to focus first on the salaries, go through and -- and hear what we all have to say about the salaries and then come to the -- to the benefits after that if -- if you don't mind.

So would you like to continue with your --

COMMISSIONER SOMERS: Sure.

CHAIRMAN DALZELL: -- your thoughts that we --

COMMISSIONER SOMERS: I -- I would. I mean I'd be happy to.

First of all, I want to make the comment -- and -- and this has been presented -- it was presented in March, and we've discussed it before. But I think too often, particularly the -- the legislators are talked about as being the highest paid in the country. And -- and if you look strictly at a base salary, they're -- they're right -- they're right there. But without -- and -- and this has sort of gotten to be a bigger issue for me each year.

Without the retirement benefits that -- that every other -- as far as I know, every other legislative body -- State legislative body has, they're nowhere near the top of -- of total compensation. And -- and, therefore, I don't think we can use that strictly as an argument.

Now, as I've said before also, when the people of California voted to take away retirement benefits, they also didn't expect us to make that up totally in current compensation. But it is an issue, and it's an issue that I think should affect all of us in terms of thinking about how the Legislature is paid.

Secondly, this State has a terrible history of relying on -- on compensation -- on compensation -- on total revenue in upside years, because, we all know, we're so heavily dependent upon income tax which, frankly, is even exacerbated more this year with a 13 percent income tax. And the Legislature and Governors, and -- and I'm not pointing my finger at any particular party, but it's just very difficult for elected officials to keep their hand off the money if it's -- if they feel like it's there. And we end up voting for ongoing expenditures, and then the revenue falls off, and then we're in big trouble. It -- it's happened clearly more than once, but obviously this last year was -- was a -- I mean, sorry, the last few years have been particularly bad.

I guess I want to make sure -- and I really do applaud Governor Brown's leadership in sort of saying we're not going to spend all this money we've got this year. Yes, we're going to ease some of the money back into some of the programs that really need it. And the good people of California voted through Prop. 30 to -- to provide additional funding. And I think that's -- that's great for so many, for education certainly.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

But I am cautious when it comes to thinking about automatically refunding, even if it were the right level, any expense this year including expense for compensation for -- for the legislators.

That being said -- and -- and one other comment about the fiscal -- the financial condition of the State. I think this committee has very -- this Commission has very rightfully taken the financial condition of the State into account, very significant account, in the last few years in looking at compensation for legislators. The -- the financial condition is better this year for a variety of reasons. We're positive for the first time in several years. That's wonderful.

And, as I say, I would absolutely oppose any effort to -- to reduce compensation of -- of any of the people here. It only becomes a question in my mind -- and, frankly, I would like to hear what others have to say about whether this is the year to restore the cut we made last year.

CHAIRMAN DALZELL: Thank you. I'm -- I'm going to go back to the -- to the order that -- that we did the introductions, and -- which would mean your turn, Commissioner Murray.

COMMISSIONER MURRAY: Okay. Let me make sure this is on.

My main concern is we have a report from the LAO, the Legislative Accounting Office, which is flawed, I feel. And I made up a new report. If I could hand this out to the members. And there's some spare sets there if you want to -- oh, to pass them to the parties that be.

But basically what we found out -- and Scott has helped me on this because he has access to more of the employee benefit data and he can go in there better than I can. But the major flaw, the LAO did not include the per diem, okay. And in the State of -- of California the per diem isn't a small amount. It's about \$20,000 plus to every legislator. I mean that's big bucks. That's about 20 to 25 percent of their salary. So and that was excluded, oh, by them.

It -- the major flaw though is, is that they compared California to the State of New York. State of New York is, obviously, what we would look at, but in reality that is not the best comparison. Illinois, Florida, and -- and the State of Texas are more comparable to our budget, our surrounding. Let's compare -- and I -- and I wish I had a large chart here -- State of the -- Texas to that of California. New York has 19 million members. State of Texas has 25 million. California, 37 million.

So we're being compared to the State of New York which has half the population about. You can see by this chart -- and I wish I had enough for all of you, but I don't -- see -- see by this chart in the land area we have 155,000, obviously the Lone Star State has much more than that, 261. GDP, comparing the State of New York, one

CALIFORNIA CITIZENS COMPENSATION COMMISSION

million one fifty-six. California, one million nine. Lone Star State, one million three oh seven.

So to draw the total analogy between the State of California and the State of New York is -- is a flaw in the logic. As a matter of fact, if you look at this, if you compare the total salaries of three states, Illinois, Texas, and State of Florida, the three salaries for the legislators, average salaries for legislators for those three states, are about the same as they are for one legislator in the State of California.

So it's -- it's obviously skewed to, oh -- oh, to help the cause, but I think once you look at it you -- you will see that our salaries are about 5,000 to 10,000 less than the highest state out there. So we really don't have, you know, this major flaw that -- you know, that others are being paid much more than us. There's only one other state that's paid more, and that's by eight -- eight to nine -- \$9,000 a year.

So I would offer this to all of the members, that when you look at the LAO office -- which I have respect for, but I think the guidelines they were using to give us the numbers to compare are flawed.

CHAIRMAN DALZELL: Thank you. May I respectfully make -- make three suggestions about your discussion document and -- and seek your -- your response to them. First, you know, the underlying legislation says nothing about looking at other states. We know that we've gotten guidance in the past saying, well, you may look at it, but that's not the real focus of -- that the people of California gave us.

Secondly, on three of the States you identify the -- the retirement benefit costs as being not available. In 2011 we had retirement costs for New York, Illinois, Washington, and Texas. And I -- I -- I did go looking for it for myself, but, you know, by -- on its face this is an incomplete document.

And then I think most -- most interestingly the -- you are comparing California with Texas that meets odd number -- every other year for 140 days, New York that meets 63 days a year, Florida that meets 60 days per year, so part-time Legislatures. And this is not the time or place to debate whether a part-time Legislature might not be a good idea for -- for California.

But it -- it -- it seems to me that your discussion document is useful yet goes beyond the statute, does not include pension, and, in some ways, is comparing apples and oranges. Because if I'm only meeting 63 days a year or 140 days every other year, I'm gainfully employed somewhere else. And while members of our Legislature are not prohibited from being employed, their -- their duties in Sacramento preclude serious involvement in a -- in their prior job.

So if -- if you would like to comment, please do.

COMMISSIONER MURRAY: I think -- yes, please. I

CALIFORNIA CITIZENS COMPENSATION COMMISSION

would agree with you, but I think in -- within the law itself and other -- other rulings that establish us we're to take other things into consideration, not just one other salary, salaries of other -- other departments in the State of California, other governments, so on and so forth.

Two, you're absolutely right, this isn't the environment to talk about the working half time, it's not within our scope to even make any of the reference to that. Having said that, if you look at my chart, the -- the economic rank of the Lone Star State is number one. As far as growth, jobs, employment, salaries, economic rate of our State is 43. Now, who's doing the better job from a business point of view?

Thirdly, is that you have to look at unemployment in the States. I mean should we be comparing as one of the comparisons -- I'm not saying -- I think you're right, other salaries and other states can't be the sole comparison, but it's one of the comparisons for sure, otherwise we wouldn't get -- get a book every time we meet on what the salaries are in other states.

So, oh, just given that, I -- I think we have to look at this as saying are we operated that well, do we have the balanced budget. Yes. Is the Governor doing a good job?

He's doing the best job he can. I think he's great.

But it's not -- not balanced by -- and most economists will say this, it's balanced on the backs of the taxpayers. And all the taxes out there aren't permanent. I think they expire anywhere from three years to six years out.

And so I would ask you to look at this in line with your consideration of the LAO study saying that it is flawed. And I think if you look at other -- other states, they are ranking ahead of us, and they aren't -- they aren't having to pay any of the legislators half of what we pay for. I mean it's -- it's -- one state here, the -- the total comp is the 17 -- \$17,000 a year. Our total comp is \$112,000 a year. And they're ranked number one in economic development, State of Texas.

So I think in our consideration we have to look at something like this more than just saying, well, you know, we should give them another five percent or we should restore the pay cut so -- John doesn't like that word.

But -- but I -- but I think you have to throw out the LAO study and look at -- add -- add -- add what we have here.

Thank you.

CHAIRMAN DALZELL: Let -- let me throw -- throw another question at you. And I -- I thought I saw your picture there waving the Texas flag when Governor Perry was here trying to steal California jobs.

COMMISSIONER MURRAY: Definitely. Definitely.

That's why he's number one.

CHAIRMAN DALZELL: It -- it might have something to do with the resources, what's in the -- what -- what God put in the ground there, I don't know.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

We do have in our -- in our packets here some information about the pensions in the three states that you found not available. And -- and -- and what is hidden here is that while the Texas legislators may only make 17,700 a year, their pension is based on \$125,000 salary.

COMMISSIONER MURRAY: Okay.

CHAIRMAN DALZELL: So they -- on the back end they've got a little something coming.

COMMISSIONER MURRAY: Right.

CHAIRMAN DALZELL: In Florida the elected officials multiplier for pension is nearly twice as high as State workers. Little bit we know there. And in Illinois legislators can retire earlier than most State employees, have a higher multiplier, higher maximum pension, and higher contribution rate to the retirement system. And all that tells us is that there may be something fairly significant buried within the NA, the not avail -- not available. And I respect your opinion, and I respect the work you did on this, however, I -- I think that it asks as many questions as it answers for me. But thank you for your work on it. I always -- I always like the idea of -- of -- of commissioners staying up late the -- the night before this trying to figure this out. And clearly you did.

COMMISSIONER MURRAY: Well --

CHAIRMAN DALZELL: And you're -- and you're good with the color -- color --

COMMISSIONER MURRAY: Well, I had the help of Scott.

CHAIRMAN DALZELL: -- printer, too.

COMMISSIONER MURRAY: I have a good secretary.

But -- but having said that, just to respond, you are probably right, if we have the opportunity to dig deeper, find out what the re -- retirement benefits are in other states, it would be important.

But let's say it's a hundred percent. Let's say at the -- they -- they serve one day like a judge -- a federal judge I believe it is, serves one day, he can retire at 100 percent salary. Let's say the same thing applies here.

State of Florida as a case in point. Their compensation, \$37,500 a year. Let's say they get 100 percent of that, so it's double. The \$70,000 a year is what should -- should be on that line. That's still about half of what the Legislature in the State of California makes.

CHAIRMAN DALZELL: And they don't even meet half the number of days that the Legislature meets here.

COMMISSIONER MURRAY: Right.

CHAIRMAN DALZELL: It's -- it's really a difficult comparison.

I'm not saying that your comparison is wrong. I'm saying that there are many different ways to compare, equally valid and equally troubled.

COMMISSIONER MURRAY: Right.

CHAIRMAN DALZELL: And -- I'm being a trial attorney and telling you what's wrong with --

COMMISSIONER MURRAY: And you do very well at that.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

And you do very well at that.

But, no, I mean -- I mean all I'm saying is any time you have stats there -- there are stats -- I mean you -- you can't compare everything as of the close of business on a date.

CHAIRMAN DALZELL: Right.

COMMISSIONER MURRAY: Stats are different, different times, different time frames. This is as close as we can come. My only concern, it's closer than the LAO. And -- and I think that if you prefer to look at the LAO, I think adding other states is important. Whether they work four to five hours a week or they work, you know, all around the clock it is irrelevant.

I -- I think the most important thing is, and -- and I -- and I -- and I'm not -- have a flag with a lone star on it, but -- but I -- but I think if you look at this, when -- our -- oh, the State of Texas is ranked number one in the economic development, and if you look at the makeup, the social economic problems are not unlike they are out here. They have loose borders, they have immigrant population, they have higher unemployment. Not as high as the State of California.

But -- but I think if you -- you look at this -- I'm not saying no one's done a good job, because they have done a good job, and they work hard. And there are a lot of other issues that fall into play that aren't in -- in our realm to look at. But -- but I -- but I think in order for you to look at something and say, gee, we should -- and again, John's word, restore, oh, the salary cuts we made, as -- as Governor Brown said, the budget is very fragile.

CHAIRMAN DALZELL: Let -- let me ask you a question based on -- on what happened last year. I remember last year a little bit differently than Commissioner Somers. And I remember that the -- you were the driver behind the five percent cut.

And your rationale, as I remember it, and I reread the transcript last night, was that State employees were facing a one-day-a-month furlough, which is, roughly, five percent. And, in fact, you stated on the record at the end of June if there's no furloughs let's get back together and restore that five percent, which we didn't do.

COMMISSIONER MURRAY: Right.

CHAIRMAN DALZELL: But we now know that there will be no furloughs for State employees in this fiscal year. And, in fact, we know that SCIU Local 1000 has actually negotiated wage increases for its members for the next two years.

In light of the fact that -- I believe that the cuts last year were -- were based on the idea of the -- the pending furlough or the possible furlough. We know that there are -- will be no furloughs next year.

Does that change your thinking at all about that five percent cut?

COMMISSIONER MURRAY: On the five percent it might.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

CHAIRMAN DALZELL: All right.

COMMISSIONER MURRAY: It might. I -- I have a open mind within that area. I would agree with you 100 percent my rationale at that time was if -- if the State employees have a cut, everybody should have a cut. And since the State employees are being restored I think we should look at maybe -- maybe the five percent. I would have to -- oh, to chew on that a little bit, but -- but I -- I would agree with you. I mean if our rationale was based on the five percent and the five percent cut for the State employees and that has been restored and it's in the budget, we ought -- ought to look at the same thing here.

CHAIRMAN DALZELL: Thank you.

Commissioner Stites.

COMMISSIONER SOMERS: May I -- excuse me --

CHAIRMAN DALZELL: Oh, sure, sure.

COMMISSIONER SOMERS: -- may I make a comment?

CHAIRMAN DALZELL: Oh, sure, sure.

COMMISSIONER SOMERS: Sorry, John.

I -- I want to make another comment about some of the numbers here, that just to be clear, that at least I am aware of some of the at least potential for Texas and Florida. Illinois is unusually difficult to find. But -- but clearly there are similar kinds of numbers for Texas and Florida, particularly, as you pointed out, Mr. Chairman, the -- they -- they do base that on 125,000 there. One of the difficulties with -- with comparing retirement benefits is that most states don't have -- haven't historically had the kind of retirement restric -- sorry, the number of year restrictions. So our Assembly people can only serve six years. Well, in -- in Illinois they can serve 36 years.

And so in some respects the -- the retirement benefits are also a little harder to -- to compare apples to apples. But they're there, and they're -- they're significant.

The other thing that you have included, and just in terms of the -- you know, the leadership stipend, one of the interesting things about New York is that probably 95 percent of -- of the legislators in New York, and there are almost twice as many of them as there are in California, get a leadership stipend of something. I mean they're the -- the assistant head of a particular committee, and they get a \$10,000 leadership stipend.

The 11,830 is an average including the relatively few number of people that don't. Now, you've included that in there. So -- so it is ultimately reflected. And the leadership stipend in California is relatively small for a few legislators.

One other thing I -- I think that is important and raises the whole question of should -- should people who represent a larger constituency be more highly paid than people who represent a smaller constituency. The truth of the matter is the -- the Legislature in the State of New

CALIFORNIA CITIZENS COMPENSATION COMMISSION

York costs the State of New York twice what the Legislature costs the State of California because they have almost twice as many members, so -- and each -- each of them covering a much smaller number.

So does that mean there's more work for the average Assembly person in -- in California versus New York? I guess ultimately it would seem logical that there might be more work as a result. And New York, by the way, is absolutely not categorized as a full-time position. And at least half the legislators in New York do other things, some of our legislators do other things. But -- and -- and it's true largely in more of these other states. It's amazing how few states actually consider them -- their positions as absolutely full time, meaning they cannot do other things. So, again, it's a little bit of a difficult -- and in the future we probably should look more heavily at the sort of retirement benefit cost just to make sure that we're comparing apples to apples. But those numbers are substantial. And I -- I think we need to be aware of that.

CHAIRMAN DALZELL: Commissioner Stites.

COMMISSIONER STITES: Thank you, sir. I'll keep my comments short.

Basically the issue of examining other states just gave us an opportunity to look and see how somebody else does it. It doesn't necessarily have anything to do with what our decisions will be.

As far as pensions, the decisions to remove pensions wasn't mine nor was it anybody seated here. I believe that was a -- something that was put forward by the Legislature. So they got what they got.

My objection to the word restore, restoration to me suggests entitlement. Our position here on this Commission is to determine what salaries are and benefits for the Legislature. That can vary each year. It could increase or decrease depending on a number of factors. But one thing, I don't believe that any reductions that we have taken are entitlements and that we are obligated in any way to restore them.

My major concern is even though we can see a pinpoint of light at the end of the tunnel concerning our economic conditions in California, I agree with the Governor, now is not the time for a raise. And until we see some significant indications that this economy here is recovering and we no longer have numbers such as 43rd in the nation as far as economic development and all the other associated encumbrances that go with that, I recommend that we have no raise. No reductions, but no raise. And maybe in another couple of years we can look out and say, hey, now we're coming back.

Our job is not to determine -- base our -- our decisions upon job performance. But, quite frankly, in this one it is kind of based upon job performance. Not that we look at that. But their performance as Legislatures, if they do well and they improve the State, then we have

CALIFORNIA CITIZENS COMPENSATION COMMISSION

something to look at that says it's okay to provide them with a raise. Until that happens I'll have to stand my ground, and I will vote no on any restoration.

Thank you, Mr. Chairman.

CHAIRMAN DALZELL: Thank you, Commissioner.

Commissioner Wallace, you're up.

COMMISSIONER WALLACE: At bat. Thank you.

The first thing I guess I'll comment on is, John, your reference to the Governor's point of view. And if I heard you correctly, it was that he is advocating no raise. Is that your understanding?

COMMISSIONER STITES: I can only go by what I read in the paper.

COMMISSIONER WALLACE: Okay. Okay.

CHAIRMAN DALZELL: I -- I don't think that the Governor has commented on the Commission's work today. And I know that in general what Commissioner Stites says is that the Governor is saying let's not rush out and spend all this money assuming it's going to be there forever. I don't think he's commented specifically on this (unintelligible) --

COMMISSIONER STITES: Well, I believe it was. I'll find the article here in a minute.

One of you guys out there wrote it. So perhaps you can step forward.

COMMISSIONER WALLACE: Stand up and fess up.

COMMISSIONER: Jim, are you out there someplace?

CHAIRMAN DALZELL: All right.

COMMISSIONER WALLACE: So I -- I do think it's important to make sure that whatever reference we're making to the Governor's position is accurate. I -- I don't know his position one way or the other. But I would want to make sure that he's not being relied upon as a source of information for us to vote any one -- any way -- with any way -- in any single way, one way or the other. The other thing I'll note for the record more so than for any content is that I am bothered I suppose is what I would say and just would be very cautious about relying on any of the information set forth in the discussion document. I think -- it strikes me as an unfair report card and a snapshot of some criteria that can be evaluated to determine the success of the Legislature and the effectiveness of the Legislature.

But I do take issue with many of the points that Commissioner Stites -- actually, commissioner to the -- to the right of me made reference to and would caution people not to rely on the information too heavily. The other comment I'll make as I determine my position is that -- we meet annually. And I'm less bothered I think than Commissioner Somers or Stites seem to be about prematurely increasing -- in whatever amount, increasing the Legislature's salary. There is, as I mentioned, a reason why we meet annually. Many of us are rewarded and compensated annually.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

And the Governor has done a monolithic job of getting this State back in the right direction financially, understanding that, again, it is a moment in time and there's so much work to be done.

But I certainly am open to increasing the Legislature's salary by at least the five percent that we decreased it by a year ago given the relative fiscal health of the State.

CHAIRMAN DALZELL: Thank you.

Commissioner Miller.

COMMISSIONER MILLER: Yes, thank you Commissioner -- Chairman.

So I thank you for the discussion document. I do agree with the comments that have been made by other commissioners that it is another kind of piece, but it's not a -- a complete piece.

I actually, being a new commissioner, tried to go back and see the method, or process, methodology you used in making these decisions in the past and particularly in terms of the reductions. And it just seemed to be related more to the state of our union than it was to the -- what other states were doing.

And I -- I speak with particularity to the five percent that you reduced last year. That seemed to be a direct response to what the Governor was doing in this State, what he was doing with State employees in terms of the furlough. And it seemed to definitely have as a measure that this year you would be looking at what the financial situation was in this State.

And I think by any means that you look at it -- and I know on your report you're looking at 2012. 2013's a very different year. And those of us in business know that, by any measure, whether you look at housing, banking, or credit report, the budget, things are -- even cost-of-living increases are -- are things that are now in a much better shape than they were a year ago, markedly, demonstrably better than they were a year ago. So I don't think -- just given the criteria that you gentlemen -- the Commission used last year, those of you that voted to -- to take a pay -- to reduce the five percent, I think that you would have to relook at that.

Now, the nine percent, the two nine percents, the additional 18 percent you did the -- the year -- three years prior to that, once again, it's -- it's difficult to understand the objective criteria you used for that other than it was just a financial crisis at the time. And so what you were trying to do was look at the way the State, this State, was reacting to that financial crisis and responding in kind.

So I think given those measures in terms of this being a citizen's Commission, you know, none of us are true experts on what the future will hold, what we should -- certainly can look to the past, and I think we hold to that. And given that, I'm looking to talk about an increase, a

CALIFORNIA CITIZENS COMPENSATION COMMISSION

restoration.

COMMISSIONER WALLACE: May I make one other comment?

CHAIRMAN DALZELL: Please.

COMMISSIONER WALLACE: Which is that I am moved by citizen Hart's comments and find that there is -- there is a concern that talented, prospective candidates won't run because of the relatively nominal salaries that are being offered given the -- the quality and the -- the cost of living in the State of California as, I would say, in compared to Texas or Illinois even. But I am moved by your comments, and I think that they are right on. So I appreciate them, and they certainly will be factored into my vote.

CHAIRMAN DALZELL: Commissioner Barkett.

COMMISSIONER BARKETT: Thank you. I appreciate everybody's comments. And it's -- it's good to hear different -- different perspectives.

I guess my take on -- on the other states is that it is good for us to look at, but you really do need to look at the details of what goes into everything, whether they're part time and whether or not they have pensions. I think -- I think the pensions are a really big deal because -- you know, a lot of people who do public service, pension is a big part of the reason that they do it. And by having that interruption in service it -- it -- it really means you have to make a major commitment to get into the -- the public arena. So it's hard to gauge that. That's just my -- that's just my look -- look from the outside.

I do think it's also interesting to look at some of the other local officials. And local officials get paid a lot more than -- than our State officials. And they -- and they do have very good pensions. I think that is -- they might even be too good, you know, and some of the local jurisdictions are -- are having issues with it. So that's kind of a general comment.

With regard to this year, I -- I do think it's -- one -- one thing I like about what we do here is it's just a one-year deal. I agree with Commissioner Somers who said the problem in the past with the State has been -- has been looking at a one-year aberration in income and making long-term decisions based on that. And I think that's caused the State a lot of problems.

So I did have some apprehension about even considering a raise after we raised taxes, quite frankly. Because I mean I think that's what -- that's what led to predominantly us having a budget, even a -- even allowing us to consider it. So that was my first gut -- gut feeling. But then when I -- like Commissioner Miller, when I went back and looked at the notes and read why everybody did what they did last year, it really felt like a one-year deal to me. That's -- that's how I read it. It kind of seemed like it was a reaction to what was happening at that point. And they made a decision to make the five percent cut for that -- for that one year.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

So considering where we are, I am open to having the discussion about restoring that. I'm not really interested in discussing all of the past cuts. I think we have a long way to go in this State before we can really address those things. But as I went through the -- last year's documents and understand -- understood why everybody did what they did and understanding the position that the State is in now, I'm open to that one-year solution.

Thanks.

CHAIRMAN DALZELL: Well, everything we do is one -- is one year. And I think Commissioner Stites -- I know Commissioner Stites recognizes that. It's -- I think his -- his point is that every move up becomes considered an entitlement and moves down don't. So we -- we do this year by year. And I -- I -- I take your point, I also take Commissioner Stites' point.

Well, you know, I've -- I've spent a lot of time with this data. And this is what I do for a job. And I'm -- as Commissioner Stites did when he was working, I negotiate contracts for -- for a living. He did something more than that, but that was something he did. And I've spent a lot of time with surveys and a lot of time with data. And to me the data provided us -- looking only at the data, not thinking about policy -- and I'll get to my thoughts about the policy in a minute -- would strongly support restoration of the -- of the -- of both cuts in -- in salaries.

Our Governor -- looking outside the State briefly, our Governor is paid less than the Governors of New York, Illinois, Pennsylvania, Michigan, New Jersey, and Virginia. The Staff Report contains a typo. The Governor of Connecticut does not make 1.5 million, it makes 150,000. So not more than Connecticut. But those six states the Governor makes more.

Our Attorney General is paid less than the Attorney Generals of New York, Illinois, Pennsylvania. Not a surprise. But Washington, Tennessee, and Alabama, a surprise.

Looking at the final page in our -- in our tab on salary surveys, I'll -- we see that our Governor is paid less than the City Manager of Los Angeles, San Diego, San Jose, San Francisco, Sacramento, and in fielding a press call yesterday I can add Bakersfield to that list. The City Manager of Bakersfield makes more than the Governor of the State of California.

Our Governor is paid less than the county Executive Officer of Los Angeles, San Diego, Orange, San Bernardino, Santa Clara, Alameda, and San Francisco counties.

Our Attorney General is paid less than the District Attorney in Los Angeles, San Diego, Orange, San Bernardino, Santa Clara, Alameda, and San Francisco counties.

Our legislators are paid less than the county Supervisors in Los Angeles, San Diego, San Jose, San Francisco, Sacramento, Alameda, and San Francisco.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

A county Supervisor in Los Angeles makes 243, \$244,000 a year. A legislator here makes 90,000. The legislators and constitutional officers make less than superior court judges, let alone Court of Appeal and Supreme Court.

We've learned today that any increase that we vote on, that we vote into effect, will not have a -- will not have an impact on the budget. And we also know that our -- our primary reasoning for the five percent reduction last year was the furlough, the one-day-a-month furlough which will not be present this year.

So based on all of that -- that's what the data says. Policy considerations are different. I mean I -- I think if we just acted strictly based on the data, seeing that there -- there is a surplus, it's not going to have an effect on the budget, they're paid less than the locals, you know, the -- the -- the data, if that's all we looked at, would be to go probably above where we were in 2008.

However, the -- the people of California didn't create a formula that could be applied by a machine. They put seven human beings with our real life experience here. And I am convinced by the -- the sentiments of those that have been expressed saying that we should -- we -- we ought to restore the five-percent cut last year.

So for the purposes of getting a discussion going I move that the wages for constitutional officers and -- and legislators be as -- as those that were found in paragraph one of our Resolution dated April 14, 2011. So that is prior to the five percent cut. And that's easier than saying increase by 5.263681 percent, which is what's necessary to get from 95 percent back up.

So the motion that I make is to -- is to set the salaries as we set them in April of 2011.

Is there a second for my motion?

COMMISSIONER STITES: Question.

CHAIRMAN DALZELL: Yes.

COMMISSIONER STITES: You're the Chair.

CHAIRMAN DALZELL: Yes.

COMMISSIONER STITES: I don't believe you make motions.

CHAIRMAN DALZELL: I just did.

COMMISSIONER STITES: You don't vote on them.

CHAIRMAN DALZELL: I will vote if I need to break a tie.

COMMISSIONER STITES: Robert's Rules of Order, Babe.

CHAIRMAN DALZELL: I will vote if I need to break a tie.

COMMISSIONER STITES: It's a motion.

CHAIRMAN DALZELL: Yeah.

Is there a second for the motion?

COMMISSIONER WALLACE: I'll second the motion.

CHAIRMAN DALZELL: All right.

Discussion.

COMMISSIONER SOMERS: A couple of things. It is

CALIFORNIA CITIZENS COMPENSATION COMMISSION

interesting to see, of course, what other people are paid. And it is -- it is also very typical that appointed individuals, particularly for a professional position, are paid more than elected people are. And, therefore, when you look at -- use the example of city managers. You know, you're looking for a senior executive that's going to run the city, and there's a certain pay scale on that. And -- and you feel like, okay, if you want the best city manager, you're going to have to pay that because that's what other people are paying. We don't seem to have a -- a -- durif (phonetic) of -- of -- of people willing to run for governor at the current salary.

Now, that being said, it doesn't mean we should -- we should ignore it, it just means that it is a very typical pattern that appointed individuals make more than elected individuals in -- in most places.

CHAIRMAN DALZELL: I -- I think that also supports why we've decided pretty unanimously not to look at the private sector because that comparison --

COMMISSIONER SOMERS: Exactly. Precisely.

CHAIRMAN DALZELL: Yeah.

COMMISSIONER SOMERS: Exactly. I mean you -- you don't expect to see, you know, the same kind of a thing. And nevertheless, I -- I think that -- I -- I fully support your measure. I -- I'm -- I was debating, and I've listened to what other people have had to say, and I'm -- I'm very strongly supportive of restoring really the -- the -- the pay that we -- that we cut before.

CHAIRMAN DALZELL: Further discussion?

Commissioner Miller.

COMMISSIONER MILLER: I -- yes. I have a -- a question on -- on -- first of all, I'd just like to make sure that the -- the concern was about the motion that our -- do we have counsel? Can our Chair make a motion? While you're looking at that I'll talk about something else, right? Is that okay?

Which is, your motion is to restore back what was the -- the salaries in the 2011 Resolution that you identified.

Was there any other cut made last year other than just the five percent salary?

CHAIRMAN DALZELL: No.

COMMISSIONER MILLER: Okay. Thank you.

COMMISSIONER SOMERS: Well, there's a comparable cut in benefits.

COMMISSIONER MILLER: That's what I thought.

CHAIRMAN DALZELL: Didn't do that -- that's not last year, that was before.

COMMISSIONER SOMERS: But -- no, but it -- it actually -- it -- it remains the same. In other words, the percentages remain the same.

COMMISSIONER MILLER: Right.

COMMISSIONER SOMERS: Do they not -- have I got that right?

CALIFORNIA CITIZENS COMPENSATION COMMISSION

COMMISSIONER MILLER: Because I'm read -- I'm looking at the May 2012 Resolution, and I'm looking at section -- well, it's four, five, and six that talk about --

CHAIRMAN DALZELL: I -- I am not --

COMMISSIONER MILLER: You're not looking --

CHAIRMAN DALZELL: -- addressing that now. I'm --

COMMISSIONER MILLER: Okay. All right.

CHAIRMAN DALZELL: -- addressing only the salaries through my motion.

COMMISSIONER MILLER: Thank you.

CHAIRMAN DALZELL: Then we'll move to the other components of the --

COMMISSIONER MILLER: Okay.

CHAIRMAN DALZELL: -- of the --

COMMISSIONER BARKETT: I have one question. It seems like in the past we've taken all of the salaries as a whole. Most of our discussion today has re -- revolved around the State Senate and the -- and the Assembly.

Can we say separately, you know, we want to make a motion on the Governor, the Attorney General, or -- or -- or has it historically always been that we package them all together, they go --

CHAIRMAN DALZELL: Oh, I think the answer to both of those is yes. Historically I think we've always packaged -- at some point the Commission -- and -- and it was probably before your time even. The Commission added the -- the premium for the minority leaders that did not originally exist.

But I think that historically the Commission has moved lockstep in percent -- in percentages for constitutional officers --

COMMISSIONER BARKETT: Every -- okay.

CHAIRMAN DALZELL: -- and legislators. And we could do otherwise.

COMMISSIONER MURRAY: If I could add a point.

Just -- just in -- in response to you, because I -- I have more gray hair than everybody, I guess.

If you go back through the records, when I first came on board, specific the compensation increases were given for like the superintendent of schools or for the Governor. No compensation was given for others. So, yes, you're right, we don't have to blanket an increase for everybody. We can choose which office gets -- gets an increase to do what.

COMMISSIONER BARKETT: Okay.

COMMISSIONER MURRAY: Oh, would you agree, Mr. Chairman?

CHAIRMAN DALZELL: Yes, we could.

COMMISSIONER MURRAY: Okay.

CHAIRMAN DALZELL: We haven't. We could.

So yes and yes to your -- to your questions. Yes, we could, no -- yes, that has been the historical practice.

And --

COMMISSIONER SOMERS: Mr. Chairman?

CHAIRMAN DALZELL: Yes.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

COMMISSIONER SOMERS: May I make -- may I make one other comment?

CHAIRMAN DALZELL: Sure.

COMMISSIONER SOMERS: That -- one of the things too that was -- has been persuasive to me in listening to this is sort of where the -- where other cuts might have to come from if the budget is set. If it's coming out of the -- if we increase the compensation for elected members of the Legislature and, therefore, the Legislature then has to find other cuts within the -- within the Legislature is what I understand is happening, frankly, I'm more comfortable with that than taking money out of other programs.

But secondly, we're really only cutting -- we're -- we're only adding a cost for seven months. Because this actually doesn't go into play -- into place until the first Monday of December. So we vote now for the new fiscal year, but it's only seven months -- we're only impacting seven months of the year, not the entire year.

COMMISSIONER MURRAY: Excuse me. If I could add a point.

You are right, but -- but in reality it goes through into November --

COMMISSIONER SOMERS: It goes to the next --

COMMISSIONER MURRAY: -- of next year, so that --

COMMISSIONER SOMERS: It does --

COMMISSIONER MURRAY: -- would be 12 months.

COMMISSIONER SOMERS: It -- it does. But in terms of affecting this year's budget, it only affects seven months of this year's budget, the budget that has been put to bed and for which the Legislature will have to find --

COMMISSIONER MURRAY: Oh, okay.

COMMISSIONER SOMERS: -- other changes.

COMMISSIONER MURRAY: Okay.

COMMISSIONER SOMERS: It's only seven months of the -- of the year.

COMMISSIONER MURRAY: I thank you for the clarification.

CHAIRMAN DALZELL: Commissioner Miller, did you have --

COMMISSIONER MILLER: I think that there is an answer to the earlier question.

MS. MEITH: We've been -- there's nothing in the Open Meetings Act, so we referred to Roberts Rules of Order. There's nothing that explicitly says the Chair can't make a motion, but generally the authorities are that a member makes a motion, it's acknowledged by the Chair and seconded by another member. So in an abundance of caution, if -- if someone else --

COMMISSIONER MILLER: I'll make the motion.

I make the motion that was previously made by the Chair.

Do we need another second?

MS. MEITH: Commissioner Wallace, if you would --

COMMISSIONER WALLACE: I will second that motion.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

MS. MEITH: Thank you.

CHAIRMAN DALZELL: Any further discussion?

COMMISSIONER MURRAY: Yes. Just -- just so it's clear, we're -- and again to -- to get it down to the lay level, we're talking about revoking the five percent increase, or the 18 percent increase, or both?

CHAIRMAN DALZELL: Not the 18 percent.

COMMISSIONER MURRAY: Okay. We're -- we're only speaking about the five percent, which is --

CHAIRMAN DALZELL: We are -- we are -- we are returning to the levels of salaries that existed before the five percent increase.

COMMISSIONER MURRAY: Okay. Five percent decrease.

CHAIRMAN DALZELL: It is slightly -- decrease.

It is slightly -- arithmetically it's slightly more than a five percent increase --

COMMISSIONER MURRAY: Right, right.

CHAIRMAN DALZELL: -- to get from 95 back up.

COMMISSIONER MURRAY: Right, right.

CHAIRMAN DALZELL: But we are going to the 2011 levels, paragraph one of that Resolution.

COMMISSIONER MILLER: That's how I understand my motion.

CHAIRMAN DALZELL: All right. And no further discussion?

Would you call the roll leaving me for last, please.

MADAME CLERK: Anthony Barkett?

COMMISSIONER BARKETT: Yes.

MADAME CLERK: Nancy Miller?

COMMISSIONER MILLER: Yes.

MADAME CLERK: Wilma Wallace?

COMMISSIONER WALLACE: Yes.

MADAME CLERK: Scott Somers?

COMMISSIONER SOMERS: Yes.

MADAME CLERK: John Stites?

COMMISSIONER STITES: No.

MADAME CLERK: Charles Murray?

COMMISSIONER MURRAY: Yes.

MADAME CLERK: Chairman Dalzell?

CHAIRMAN DALZELL: I will -- with the -- the Angel Stites sitting on my shoulder reminding me of my duties as a Chair I will not vote.

COMMISSIONER STITES: I think you should vote.

MADAME CLERK: The vote carries.

CHAIRMAN DALZELL: All right.

Do we want to take a break? Does anyone want to take a break?

COMMISSIONER STITES: I'm happy to press on.

CHAIRMAN DALZELL: Press on?

COMMISSIONER SOMERS: Let's press on.

COMMISSIONER BARKETT: It's up to you.

CHAIRMAN DALZELL: Press on?

COMMISSIONER MURRAY: Press on.

CHAIRMAN DALZELL: Press on.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

All right. I would like now to turn to the issue of benefits. And as -- when you look at last year's Resolution -- it's covered by paragraphs two, three, and four. And paragraph two which is the 20 percent reduction from the amount paid for State employees who are designated managerial came in 2009. Until 2009 members of the Legislature and the constitutional officers enjoyed the same premium copay as manage -- managerial level employees of the State. In 2009 that was changed.

So my question to the Commission is do we believe in -- in light of what we know about Proposition 140 and the State budget that for the coming year we should continue to require more of legislators and -- and constitutional officers than we require of State employees, or should we return to the parity on the issue of -- of health insurance? Of course, there's no parity on pension.

So, again, we'll go back to -- and start with you, Commissioner Murray.

COMMISSIONER MURRAY: I would -- I would like to hear from Scott, since he's the employee benefit guy, what -- what affect would this have on -- on the budget, the salaries. And since -- since the budget has already been put in and increases are already in the budget for this year, is there any need to restore those?

COMMISSIONER SOMERS: Let me ask if we could have our -- our -- our benefits expert here. Maybe you could give us a -- a -- a little bit more background on ultimately what happened when we reduced by 18 percent, what happened, and what happened last year. Maybe you could introduce yourself for the --

MR. COBB: Sure. Good morning. Ralph Cobb, CalHR staff.

COMMISSIONER SOMERS: Ralph has been very helpful and has been very helpful to -- to me in lots of discussions over the -- over the years on this.

MR. COBB: The Resolution that the Commission adopted in June of 2008 was the last Resolution where the legislators and constitutional officers had parity and received the same contribution for health and dental benefits that the State managerial employees received. Speaking for health, in 2009 the -- the Resolution that was adopted in 2009 there was an 18 percent across-the-board reduction from that level received by the State managerial employees that was applied to all benefits for the legislators and -- and constitutional officers. In two thousand -- the Resolution adopted in 2010 we made a modification -- I'm sorry, the Resolution adopted in 2011, we made a modification to the health because the across-the-board reduction was based on the contributions received by the State managers in 2009. And because health costs are -- were going up quite a bit linking them back to 2009 the officers were falling behind, year after year would fall a great deal behind. And given the cost of the -- the health premiums, we changed it, and we actually increased

CALIFORNIA CITIZENS COMPENSATION COMMISSION

the reduction from 18 to 20 percent, but it indexed to the amount the State managers received each year. And their contribution is a -- is established by formula, so it generally goes up automatically each year.

So that's where we've been at since two thousand and -- the -- since the Resolution adopted in 2011 it's been that 20 percent reduction off of the rate that the State managers receive each year.

COMMISSIONER SOMERS: To be -- to add something on that, it didn't necessarily imply that the -- and, again, we're only talking about the elected representatives here and -- and the constitutional officers. It didn't mean that they necessarily would be paying 20 percent more, it would mean that they would be getting 20 percent less from the State. So they could choose another program that ultimately might be less expensive or something else. But the State reduced the contribution by 20 percent.

COMMISSIONER MILLER: What is the managerial contribution level?

MR. COBB: The current State managerial contribution toward health benefits for a single person, single party enrollment, is \$526 a month.

COMMISSIONER MILLER: Okay. And that's -- so do they do that at -- do they require an employee share?

MR. COBB: Yes.

COMMISSIONER MILLER: Okay. And is that a percentage --

MR. COBB: These -- the --

COMMISSIONER MILLER: -- or is that an amount?

MR. COBB: On average -- it varies depending on which plan the -- the person enrolls in. But the basic premium sharing formula is the State contributes 85 percent toward the coverage for the employee themselves and 80 percent toward the coverage of dependents. So the employee would cover 15 percent, roughly, of their own costs and 20 percent for the dependents.

COMMISSIONER MILLER: For the dependents. Thank you.

CHAIRMAN DALZELL: In our tab -- in -- in -- in our book -- in our booklet under health benefits we see that a legislator with a family is paying two hundred and -- on an average \$263.80 a month more -- I believe this is what it tells us -- than a managerial State employee.

COMMISSIONER SOMERS: Do you have that, Ralph?

MR. COBB: I think Melissa -- I just wanted to make -- she wanted me to make sure that I'm clear that that 20 percent reduction off of the State managerial contribution that's indexed to what State managers receive each year is for the health benefit. Right.

And then the -- the dental benefits are still being reduced eight -- at a -- at a contribution level 18 percent under what State managers received in 2009. So here we're talking about health.

COMMISSIONER SOMERS: And I believe it was just those two, because the other benefits, life, et cetera, were sort

CALIFORNIA CITIZENS COMPENSATION COMMISSION

of de minimis.

MR. COBB: Correct.

COMMISSIONER SOMERS: So I think we -- we fundamentally said we weren't going to change those -- those benefits --

MR. COBB: Correct.

COMMISSIONER SOMERS: -- right?

MR. COBB: Correct.

COMMISSIONER SOMERS: Right.

MR. COBB: So I just want to make sure I'm referring to what -- seeing what you're referring to in the package of the two hundred and . . .

CHAIRMAN DALZELL: I'm on the tab that says health benefits.

MR. COBB: Okay.

CHAIRMAN DALZELL: And the first page is legislative officers. And there's a -- an adjusted health contribution beginning with the January 2013 pay period.

MR. COBB: Okay. I'm with you.

CHAIRMAN DALZELL: And that shows me that the 20 percent reduction, that delta, from what the managerial employee pays is \$263.80 for a family.

MR. COBB: Yes.

CHAIRMAN DALZELL: All right. So they are paying that -- that much more.

And I -- I -- my -- my question to the Commission is -- because I -- I don't remember -- I -- I wasn't here when this was done. I don't remember the original rationalization -- rationale for it.

But does the rationale still exist, or does a rationale still exist for requiring more of legislators than we require managerial and -- and constitutional officers than we require managerial State employees?

I would ask you -- would Gus' explanation from Proposition 140 also apply to medical benefits if the Commission were to --

MR. DEMAS: Yes, it would.

CHAIRMAN DALZELL: -- were -- were to reverse the -- reverse course on the 18 percent and 20 percent, you would still have to live on -- in your budget?

MR. DEMAS: That's correct.

CHAIRMAN DALZELL: All right, well, I -- I -- I opened the floor to commissioners on is there a rationale for continuing this disparate treatment of legislators with respect to medical benefits.

COMMISSIONER MILLER: So as I understand the rationale for this, but I -- I really would like to hear from some of the members that were on the Commission at the time. But just reading the transcript it appeared that it had to do with the budget crisis at that particular time. And -- and it was a response to what the Governor was doing at that particular time in terms of the budget and reductions in the budget.

COMMISSIONER SOMERS: Mr. Chairman, may I comment?

CALIFORNIA CITIZENS COMPENSATION COMMISSION

CHAIRMAN DALZELL: Yes, please.

COMMISSIONER SOMERS: I -- I think it was two things. It was when the 18 percent generally cut was made. That was primarily -- yes, there -- clearly the -- the financial condition of the State was -- was a factor. But it was also in looking at the total compensation of -- of -- of the elected officers. It was felt that relative to other positions that we needed to make an adjustment, and it was a significant adjustment, obviously.

In doing so we also paralleled what is happening in most other places, which is to increase the -- the percentage of health benefits in particular paid for by the employee. That basically is happening all over the State in -- now, it may not be happening in all the -- the -- well, I don't know, you tell me -- you tell us, Ralph. In general are State employees paying more of their health insurance today than they were five years ago?

MR. COBB: No. The -- for the most part the contribution formulas have been in place since the mid 2000s. And they -- there have been some very small changes, but not significant.

CHAIRMAN DALZELL: You know, I -- can I ask one question.

COMMISSIONER SOMERS: Well, that was the thinking -- and by the way, it was also the reason that we -- when -- even when we lowered compensation last year of five percent, it did not affect -- we didn't lower comparably more. In other words, we didn't take -- we didn't go to 25 percent which ultimately you would have done if you had wanted to lower benefits the same amount. So that was the rationale for it.

CHAIRMAN DALZELL: All right, so the -- I -- I think I understand. The 18, track the 18.

COMMISSIONER SOMERS: Exactly.

CHAIRMAN DALZELL: You -- you attach salary, and then you took the -- the big portion of the benefits down the same path and then adjusted that to 20 of something -- of something else a few years -- a few years ago, roughly equivalent to the 18, yet that remains disparate treatment than managerial employees. And I wouldn't have any problem -- problem linking it to managerial employees, good news or -- or -- or bad news.

Did you --

COMMISSIONER BARKETT: I have -- I have one question.

CHAIRMAN DALZELL: Yes.

COMMISSIONER BARKETT: You know, when you list all these -- all these factors -- before you mentioned this 85/15 split, but this looks like an actual benefit that is conferred upon the employee. Like in the case of two parties they get \$1,000 a month. What if they find -- what if they find a health program that's like 900 bucks a month? Do they still have to pay anything?

COMMISSIONER SOMERS: No.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

COMMISSIONER BARKETT: They don't.

MR. COBB: In order to be eligible for the State contribution they have to be enrolled in a health plan that's administered or approved by CalPERS because that's where State employees' health benefits are administered. So if they have -- if they want to get coverage elsewhere, the State does not pay a share of that cost.

COMMISSIONER BARKETT: Anything. Okay. And -- and still based on any CalPERS program they have to pay that 15 percent, or . . . or, no, that's the --

MR. COBB: The -- they -- if they enroll in a CalPERS approved health plan, they get the contribution amount, and then whatever the difference is between the State contribution and the premium the employee pays.

COMMISSIONER BARKETT: Okay.

COMMISSIONER MILLER: What -- I think his question is what if --

MS. MEITH: But some plans are completely paid for by the State. The cost is below --

COMMISSIONER BARKETT: Yeah, because that's what I was --

MS. MEITH: -- of the available --

COMMISSIONER BARKETT: -- getting at, okay.

MS. MEITH: -- contribution.

CHAIRMAN DALZELL: On --

COMMISSIONER MILLER: Right. Or --

CHAIRMAN DALZELL: The lowest cost premium. So it's -- it's not 15 and 20 for every plan. That is --

MR. COBB: Not for every plan.

CHAIRMAN DALZELL: -- that is the average --

MR. COBB: Exactly.

CHAIRMAN DALZELL: Yeah.

COMMISSIONER BARKETT: Is there a scenario where if -- it -- it's less than, then that person actually gets that money in compensation, or no? It's just up to that point?

MR. COBB: For -- for the State managers and -- and the constitutional officers, they receive what's a consolidated benefits allowance which has the health contribution and the dental contribution and the vision all together. So if they seek benefits where there is extra money left over, the overage enter -- or the underage enters to them.

With respect to the legislative officers, they have a separate health, dental, vision benefit, and so they would not get, to the best of my knowledge, at least with the State employees who have a separate contribution, if they -- if they select a cheaper health plan, they don't get the overage.

COMMISSIONER BARKETT: Okay.

COMMISSIONER SOMERS: Ralph, so just in -- I'm sorry -- I'm sorry.

CHAIRMAN DALZELL: Go ahead.

COMMISSIONER SOMERS: In terms of -- as I figure

CALIFORNIA CITIZENS COMPENSATION COMMISSION

the -- the potential fiscal impact of this, you've got, say, 132 times 263 is somewhere between 32 and \$35,000 a year that the State saves by this 20 percent reduction.

CHAIRMAN DALZELL: Well, if -- if it's part of the budget, it's part of the budget, and -- and it -- and I'm not sure that the State truly saves it compared to if -- if we were to restore, go back to 2008, it would not cost the State more. Because what -- the 33,000 more that they spend on the premiums would be offset by 33 -- \$33,000 reduction elsewhere in the Legislature's budget under Prop. 140.

COMMISSIONER SOMERS: And the constitutional officers. But as you point out, it's a small number when you've got a Governor -- or I guess Gus did.

CHAIRMAN DALZELL: But that -- that also -- we're using -- we're using the family coverage --

COMMISSIONER SOMERS: Right.

CHAIRMAN DALZELL: -- which is the high, and -- and I would expect that there's a fair number of single and a fair number of two party and a fair number of family. We don't -- we don't have the demographics on the -- on the -- on the coverage there.

MR. COBB: And not all -- not all of them will be enrolled in -- in benefits. You'll have some who either are business people and have benefits through their business -- when we looked at that in -- in 2009, there were about maybe ten legislators in each house that didn't take benefits at all, so . . .

COMMISSIONER BARKETT: I -- I apologize for -- maybe I'm getting confused.

But in that case do those -- is that compensation to those people, are do they waive that? Is that additional compensation if they . . .

MR. COBB: For the constitutional officers it's definitely not.

COMMISSIONER BARKETT: Definitely not additional compensation?

MR. COBB: Yeah.

COMMISSIONER BARKETT: Like if -- if your wife had a --

MR. COBB: Right.

COMMISSIONER BARKETT: Okay.

MR. COBB: The -- for the constitutional officers, if they have other coverage, they can get \$130 a month for not taking health.

COMMISSIONER BARKETT: Okay.

MR. COBB: But they don't get the State -- full State contribution --

COMMISSIONER BARKETT: Contribution, okay.

MR. COBB: -- you have to be enrolled.

COMMISSIONER BARKETT: Okay.

COMMISSIONER WALLACE: Commissioner, I have a question.

I don't know how relevant this is yet. But has leadership taken a position either in the Assembly or Senate

CALIFORNIA CITIZENS COMPENSATION COMMISSION

with respect to the 20 percent reduction? So -- I'll stop there.

MR. COBB: I wouldn't know.

COMMISSIONER WALLACE: It just seems to me that we are making a decision about a benefit, and I know that's what we're charged to do, but we're making a decision about a benefit that inures to the individual. It would be informative for me whether or not that's a benefit that is valued when the offset is finding the money elsewhere within the Legislative budget.

CHAIRMAN DALZELL: Well, it's a -- it's a much smaller amount than -- than the salary. If it's -- what was your arithmetic? I mean if everybody was at --

COMMISSIONER SOMERS: Yeah, it's \$263 times 132.

CHAIRMAN DALZELL: Times 12.

COMMISSIONER SOMERS: Oh, I'm sorry, yeah, this is . . .

CHAIRMAN DALZELL: And that's assuming everybody -- everybody at the family level. So we're talking about a couple hundred thousand dollars.

COMMISSIONER SOMERS: Yeah, yeah, yeah.

CHAIRMAN DALZELL: And they can probably save that in Post-Its.

MR. COBB: I think --

COMMISSIONER SOMERS: So you're talking three hundred and twenty --

COMMISSIONER STITES: If I may interject, we're all talking about small amounts of cash. And we have -- when it's compared to the entire budget of California -- which is whatever they voted for the other day. But in reality my concern is the money's going to come from someplace. So you're robbing Peter to pay Paul.

CHAIRMAN DALZELL: It's someplace -- we under -- we all understand it's someplace within the Legislature.

COMMISSIONER STITES: Well, according to everybody out there all the money is critical right now.

CHAIRMAN DALZELL: So the --

COMMISSIONER STITES: So now we're going to take it from one critical situation and put it into another situation.

CHAIRMAN DALZELL: That's their choice. I mean that -- that's --

COMMISSIONER STITES: No, it's our choice.

CHAIRMAN DALZELL: Well . . .

COMMISSIONER MILLER: But I think that's true, it is our choice, but this is a benefit that was -- that was -- you reduced it. So it was a benefit that at one point was paid, and then it was reduced. And I'm -- it was reduced in what year?

CHAIRMAN DALZELL: 2009.

MR. COBB: It was 2009.

COMMISSIONER MILLER: Okay. And -- and so I'm curious, the -- has the -- I know your health premiums have gone -- your negotiated health premiums have gone up in that

CALIFORNIA CITIZENS COMPENSATION COMMISSION

time, but the contribution that the State pays has not for managers; is that correct?

MR. COBB: Oh, yes, it has.

COMMISSIONER MILLER: Oh, it has.

MR. COBB: The State -- there -- it's that -- that formula. And it -- the formula is based on the average premium for the four largest health plans.

COMMISSIONER MILLER: Of whatever it is. Okay.

So I just get back to the question of when you -- when you reduced it at the time -- because I understand the robbing Peter to pay Paul, but it's also a little bit different because it was a benefit that was once -- was once -- was once enjoyed that was taken away during a budget crisis. And so if that budget crisis doesn't exist any longer, was -- is it your intention at some point of restoring that, or was it now never --

COMMISSIONER STITES: Well, it -- and -- and, again, I'll re -- review my comments of before. Yes, when we can clearly demonstrate that the State is on a firm foundation economically, we should go ahead and kick it back up. And that's the way it goes. And then eventually it will turn into raises again as they better prepare the State to face the economic realities of today's markets.

My concern is, is that we keep reviewing this and saying that, well, it was something they had before. There are millions of workers out there that have lost something they had before. These people still have a job. And if they do it well, it will reflect immediately on the condition -- the economic condition of this State, and we as a body can justify increasing, restoring, whatever word you want to use, their salaries and benefits. But I just don't see with this -- this \$232 million that everybody says is up there -- it was a \$16 billion shortfall two years ago. That seems like magic to me.

COMMISSIONER MILLER: Okay. Well, it doesn't seem like magic to me. I mean I think there is a -- we know the road that they followed to get to where we were today. It was a lot of cuts and then a tax increase. I mean we know that.

So the question is, is that enough to take another -- take this step. And I -- I get -- I understand what you're saying.

I'm just -- was anyone else on the -- on this -- on the Commission at this time?

So, Mr. Somers, just back to you in terms of the -- obviously the idea was once there -- once the economy was restored, then -- then we would think about restoring.

Are you in a -- are you -- what are you thinking at this juncture?

COMMISSIONER SOMERS: Well, I think it's -- you know, people may have had different under -- understandings about that, but -- but I think they're -- along with the financial condition of the State I think was -- there was this -- also a strong sense that the health care world -- world is

CALIFORNIA CITIZENS COMPENSATION COMMISSION

changing and that employees are paying more of their health care benefits and that in general maybe the State isn't doing that, but most cities are doing that, most county employees are doing that, are paying more. And so the idea was that -- that the State legislators and constitutional officers can pay more too and that it's ongoing, that it isn't just something we would restore.

COMMISSIONER MILLER: Yeah.

CHAIRMAN DALZELL: But -- but does the rationale exist for them to pay -- I wouldn't argue -- if the managerial went up, I wouldn't argue against the legislator going up too. But should the legislator be -- and the constitutional officer be treated differently than the managerial employee. And --

COMMISSIONER WALLACE: So, Commissioner, I think that's an important question I'd like to hear an answer to. What was the distinction that was made that allowed for the 20 percent reduction to be applied only to the constitutional officers in the Legislature?

CHAIRMAN DALZELL: Well, when you read the transcript, it was un -- unclear the amount of furloughs that there were going to be. There had been two days a month. It looked like there were going to be three days a month. Three days a month comes out to 13.6 percent reduction in earnings without any reduction in the hourly rate. And so the -- the Commission decided on -- landed on the 18 percent and tagged it to the -- to the -- to the benefits. And that was all driven by three days out of 22 being on furlough. And we now have zero out of 22 on furlough.

COMMISSIONER STITES: Reality, there was more to it than that. Originally -- the original motion was 26 percent, and we reduced that to 18. So it -- and it --

CHAIRMAN DALZELL: And that's --

COMMISSIONER STITES: -- and it wasn't strictly because of the furloughs. A lot of it was because since the establishment of this Commission in all the bad economic times that we had suffered since 1990 there had never been any action by this body and the people that were on it then to reduce the salaries of the constitutional officers and the Legislature. They either just -- it was status quo or increase. And we felt as a body -- or I did, that at this point, especially with the significant economic downturn, that we should do something. And I don't believe I made that motion, but I remember arguing it down to 18 percent.

CHAIRMAN DALZELL: Any further discussion on this issue? Is there a motion on -- on what we do with benefits, whether we --

COMMISSIONER MILLER: Well, I just want to say one -- just ask one more question of my colleagues that were here. The five twenty-six contribution -- because I'm mindful of the issue of health benefits in local government and with private businesses, I mean because the costs just keep going up, and so there is a -- there is a -- a push and

CALIFORNIA CITIZENS COMPENSATION COMMISSION

definitely an acknowledgment now that it's a joint problem for both the employee and the employer, so we're both contributing.

But five twenty-six for a single person is a fairly low rate given I mean what I can get in the market today. So it -- the contribution which I -- the local government one is one where they were paying a hundred percent typically of health benefits for a family. And it looks as if the State just contributes up to a certain amount, correct? And these are the amounts that you've provided us.

MR. COBB: Yes. The current amount for -- it's five twenty-six --

COMMISSIONER MILLER: Right.

MR. COBB: -- for a single, ten twenty-three for a two party, and thirteen nineteen for a family. That's what State managerial employees receive toward health today.

COMMISSIONER MILLER: Right. So the idea of restoring back what -- what -- restoring the cut, I think if you -- if the idea was we were looking at the -- at two things, the health of the economy and our State and our budget, I think -- in my mind I think I've answered that.

The second question, which I think is a good one, which is this -- this new sensitivity to benefits and -- and what our contribution levels should be as a government versus the cost. I think those -- those amounts don't seem high to me in terms of a contribution level of the State. I -- do you know what the -- what the average premium is for a single person on your health plans?

MR. COBB: The average premium for the four largest health plans was \$619 --

COMMISSIONER MILLER: Okay.

MR. COBB: -- for a single person.

COMMISSIONER MILLER: So that's . . . That's that 80/20, sort of?

MR. COBB: Yeah, five twenty-six is --

COMMISSIONER STITES: But --

MR. COBB: -- 85 percent of the --

COMMISSIONER MILLER: Yeah, okay.

MR. COBB: -- six nineteen.

COMMISSIONER STITES: How about the entry level plan?

COMMISSIONER MILLER: What's Kaiser's? What's Kaiser's?

MR. COBB: Bear with me for one second. Because I did put that in here. I thought I did.

COMMISSIONER MILLER: Well, that's fine. If you don't have it, you don't have it.

MR. COBB: Here we go. I'm sorry, just a page stuck together.

Currently the -- the least expensive plan is -- is the PERS Select plan, and that's \$463.12 --

COMMISSIONER MILLER: Okay.

MR. COBB: -- today. That's going to change pretty dramatically for 2014. And I don't think -- you know, I think they -- there will be much closer alignment between

CALIFORNIA CITIZENS COMPENSATION COMMISSION

the premium of the cheapest plan and what the contribution level's going to be.

PERS is adopting the -- their rates today as -- as we're doing this here. And they've introduced some changes in the way that they compute the rates. They're risk adjusting rates beginning in 2014, so kind of the -- the price points of the -- the most expensive and least expensive plans are going to be compressed more toward the center. So there will not be -- if there's a plan that's cheaper than the contribution, it will not be nearly as much cheaper.

COMMISSIONER STITES: But it doesn't mean that the employee will pick up the entire cost either. Generally it's kind of an agreed issue, somebody --

MR. COBB: It will vary depending --

COMMISSIONER STITES: -- two percent increase, you get a piece, you get a piece.

MR. COBB: Well, it will be, but the contribution will still be based on the average premium of the four largest health plans. So the -- the contribution will still be kind of aiming at a mid point. It's just across the range of premium choices for the employees, that's going to be compressed a little bit toward the middle.

COMMISSIONER WALLACE: So -- Ralph, is one way to think about this, that if you look at the average premium under the State managerial health plan, employees who qualify, in general, are expected to pay, roughly, 20 percent of the premium?

MR. COBB: Well, the -- yeah, the -- for the State managers it's roughly 15 percent --

COMMISSIONER WALLACE: Okay.

MR. COBB: -- of the premium for health.

COMMISSIONER WALLACE: And then the constitutional officers and the Legislature's pursuant to the Resolution from whenever, last year I guess --

CHAIRMAN DALZELL: 2009.

COMMISSIONER WALLACE: -- just recently -- originally 2009 result in paying closer to 35 percent?

MR. COBB: Correct. You're thinking of it exactly right. But prior to the Commission --

COMMISSIONER SOMERS: Exactly.

MR. COBB: -- imposing any reductions they were already paying a portion of premium, and then the reduction is on top of the portion of premium they were already paying.

COMMISSIONER WALLACE: Okay.

MR. COBB: So --

CHAIRMAN DALZELL: Oh, is it --

COMMISSIONER MILLER: That's -- that is --

COMMISSIONER STITES: If they kept the same policy.

MR. COBB: Yes.

COMMISSIONER STITES: Again, there's the --

MR. COBB: All other things --

COMMISSIONER STITES: -- assumption that you could --

CALIFORNIA CITIZENS COMPENSATION COMMISSION

COMMISSIONER WALLACE: Yeah, I understand.

MR. COBB: All other things being equal, that's exactly --

COMMISSIONER WALLACE: So --

MR. COBB: -- right.

COMMISSIONER WALLACE: -- that is -- that is almost determinative for me. The 35 percent certainly in the business world is exorbitant.

COMMISSIONER STITES: Mr. Chairman.

CHAIRMAN DALZELL: Although I -- I -- I think that -- I think that we have some mathematics problems here.

COMMISSIONER STITES: Yeah, I do too.

CHAIRMAN DALZELL: I don't think that you do 15 plus 20. I think you do 15 plus 20 percent of 85. Right?

COMMISSIONER STITES: That's closer. But we're also talking about the premium plans. You're talking about a premium plan. It's an elected plan. You determine -- you get offered eight, six, whatever plans. I did it with the county. If you pick the high dollar plan, you're going to pay. If you hit the HMO, you're not. And that's what it comes down to. I stay with the HMO. I had five kids.

CHAIRMAN DALZELL: And I -- so I think that the question is not about broad health care policy. I think the question, in my -- in my mind, and that's only one of seven minds up here, is should legislators be treated -- continue to be treated differently than managerial State employees. And I -- I'm not --

COMMISSIONER STITES: They are two different entities.

COMMISSIONER MURRAY: If -- if I could ask --

COMMISSIONER STITES: They're elected managerial -- or -- or are Civil Service hired, they attain that rank by progressing through the ranks, they're not elected officials. And our comparisons with anybody who's actually a city manager or anything like that really has no bearing with me. Because city manager hired. The contracts are negotiated. The management here probably is negotiated contracts. So we can't make comparisons -- well, you can do what you want to. I won't make comparisons between legislative and constitutional officers and managers within the State. I just can't do it.

CHAIRMAN DALZELL: Well --

COMMISSIONER STITES: The jobs are totally different.

CHAIRMAN DALZELL: -- this -- this Commission did it for all but four years of its existence.

COMMISSIONER STITES: Oh, I don't think so. I don't recall that coming up.

CHAIRMAN DALZELL: Well, we tie -- it -- it was tied to -- to the contribution made for and by managerial employees until 2009. Nine, ten, 11, 12, there was the 18 then 20 percent. But for all the four years it has been tied to managerial employees.

Does somebody want to make a motion?

COMMISSIONER SOMERS: May I add one other thing,

CALIFORNIA CITIZENS COMPENSATION COMMISSION

Mr. Chairman?

CHAIRMAN DALZELL: Please.

COMMISSIONER SOMERS: The -- the -- in the Legislature at 120 legislators times, roughly, a \$5,000 -- it's not quite that, but given where they are currently at 91 something and -- so figure 5,000. That's roughly a \$600,000 impact that -- of which, of course, as we talked about, is only seven months of the year that the Legislature's going to have to find cuts elsewhere.

If we add this, it ranges, depending on how many two-party or single or family people there are, but it ranges from -- I think your number of three twenty-four up to another 400,000 of additional cost to the Legislature that they will have to find cuts elsewhere.

So it's -- it's not insignificant in terms of --

CHAIRMAN DALZELL: No, it's less -- it's less than a percent, and it may be -- because we don't know what the Legislature and the leadership of the Legislature thinks. It may be that they decide even if we were to vote to restore, they could still say we're going to continue to have members pay what they have been paying. I don't know.

COMMISSIONER BARKETT: I'd like to see that.

COMMISSIONER SOMERS: I don't think so. I mean I think once we make a decision about what's -- what's going --

COMMISSIONER BARKETT: They get it.

COMMISSIONER SOMERS: -- to be offered they get it.

Which -- which in some respects raises --

CHAIRMAN DALZELL: But -- but they can decline. They can decline. Members -- there are members who decline --

COMMISSIONER SOMERS: And -- and decline. Yes.

CHAIRMAN DALZELL: -- they can decline -- they can -- they have members who've declined the salary. Not many, but there have been.

COMMISSIONER MILLER: Well, there are members that will decline benefits because they have them elsewhere. So I mean and that's very -- that -- that happens, so it's hard to know what the impact is.

I just -- but I think that given the rationale for why it was put in place, as far as I can understand it and from reading back, it appears that that -- to me, just to me, that that rationale really no longer exists. And so I -- and -- but I am mindful of -- of the health care costs. We're going to be in a whole different world I think in about another year, which will be interesting to see what that world will be.

But I -- I'd actually like to -- I'd actually like to make a motion. And the motion is to -- and I don't know how -- the best way of putting this. Is it to restore the benefit as it were -- as it was in 2009?

CHAIRMAN DALZELL: Eight.

COMMISSIONER MILLER: 2008.

CHAIRMAN DALZELL: Paragraphs one, two, and three of the 2008 Resolution. Is that your motion?

CALIFORNIA CITIZENS COMPENSATION COMMISSION

COMMISSIONER MILLER: That is my motion.

CHAIRMAN DALZELL: Is there a second?

COMMISSIONER WALLACE: I will second the motion.

CHAIRMAN DALZELL: All right. We've had a lot of discussion. But discussion on the motion?

COMMISSIONER MILLER: So if I -- since it's my motion, let me just start the discussion by saying that I really appreciate listening to your comments. And I know that you dealt with some very difficult times and very difficult issues. And I'm -- this motion I'm making mainly because it's -- it is, to me, one of -- when I read the transcript, there was a direct correlation between what you were doing and what was happening with State government at that time.

And -- and that looks to me to be kind of how you've -- how you've made all your decisions. I mean there's not a -- a process or a methodology that you follow or rules put in place. So it's all just -- I look back and I say, well, I understand why you did what you did. But I don't think that exists any longer.

And I'm one on -- in terms of employees, I mean it's -- seems fair to -- for us to have this discussion and at least have this motion to talk about how you feel about it too.

CHAIRMAN DALZELL: Further discussion on the motion?

COMMISSIONER STITES: Yeah. I'll take a shot.

The 18 percent that was reduced from the health benefits came as a direct result of 18 percent salary reduction. Now you're saying it's changed. Well, if that's true, if the economic situation is so much more beneficial now to the entire State, which I don't see it at all, then I think the motion should be made to restore the entire 18 percent on top of the five.

CHAIRMAN DALZELL: Is there a second for Commissioner Stites' motion?

COMMISSIONER STITES: Oh, I'll never do it.

CHAIRMAN DALZELL: Just -- just kidding. Just kidding.

COMMISSIONER STITES: But I'm just telling you that -- I -- I just don't understand the rationale.

Everybody keeps saying that the economic situation is so much better now. I've dropped about \$8,000 on my medical plan last year, that -- out-of-pocket expenses. And that is the same plan that I had before and didn't. So, yes, costs are increasing.

COMMISSIONER MILLER: Well, that's -- that kind of goes to my motion, which I think costs are increasing. And I do think that we need to be mindful of that. I mean we're just restoring something that they had in 2008.

CHAIRMAN DALZELL: Yes.

COMMISSIONER SOMERS: Correct.

COMMISSIONER STITES: So you're suggesting it's an entitlement, that anything that we've taken -- and that's why I keep going with this restore word.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

COMMISSIONER MILLER: It's called a benefit.
COMMISSIONER STITES: It's a benefit, yeah.
COMMISSIONER MILLER: It's called a benefit.
COMMISSIONER STITES: Well, I disagree with you.
COMMISSIONER MILLER: Okay.
CHAIRMAN DALZELL: Further discussion?
COMMISSIONER SOMERS: If I may make a comment.
CHAIRMAN DALZELL: Somers.
COMMISSIONER SOMERS: I struggle with restoring the whole thing. And I guess I do that for two reasons. One is as -- as John states, I think the -- the financial condition the State has improved, but to say that we're totally out of the woods, I -- I -- I have a hard time going that far. And secondly, I like the idea of, yes, it is true we're treating the -- the elected representatives a little bit different, but I like putting a little pressure on people to figure out ways to cut costs and not necessarily have it tied to what the rest of the State employees have. And, therefore, I guess I -- I would struggle to restore the entire 20 percent. But if you wanted to modify your motion to ten percent, increase half, I'll go along with that.
CHAIRMAN DALZELL: Want to accept a friendly -- friendly revision to the motion?
COMMISSIONER MILLER: I'll accept that.
CHAIRMAN DALZELL: Is there a second on the motion as modified?
COMMISSIONER BARKETT: I'll second that.
I'll second the motion.
CHAIRMAN DALZELL: All right.
Any discussion on that?
COMMISSIONER BARKETT: No. I -- I -- I do --
CHAIRMAN DALZELL: So we -- what we would do is we would take last year's Resolution --
COMMISSIONER STITES: Mr. Chair?
CHAIRMAN DALZELL: Yes.
COMMISSIONER STITES: Anthony had another comment.
CHAIRMAN DALZELL: Well, I just want to make sure we understand what the new Resolution -- new Resolution is. Go ahead and comment while I --
COMMISSIONER BARKETT: Well, one comment I would like for the future is I agree that costs have been going up, but it would be nice to see what benefit programs that they are choosing from so that we can actually see the -- the impact on people. We're -- we're looking at gross numbers. And without seeing what plans are available to them it's hard to see how it's truly going to affect them. So we're kind of operating in this world just of raw numbers. And I -- I can appreciate that 500 bucks for a single person is kind of low, but -- yeah, it -- you know, when you mentioned that there was a plan out there that was only 400 and something dollars, it -- it would just be nice to see what their choices are. Because if that's actually what we're here to determine is what their -- what their package should and could be, it would be nice to know how

CALIFORNIA CITIZENS COMPENSATION COMMISSION

much they actually have to pay if they choose one of -- one of the particular options.

So for a future -- for a future meeting if we're going to be asked to -- to look at this, it would be nice to know what they --

CHAIRMAN DALZELL: Much more detail --

COMMISSIONER BARKETT: Yeah.

CHAIRMAN DALZELL: -- what -- what the choices are, yeah.

MR. COBB: They can -- they can do that.

CHAIRMAN DALZELL: Although I -- I think it's a little bit with the tail and the dog. I mean there are how many hundred thousand State employees who -- and here we're talking about 132, you know, maybe 400 lives. But in -- in any event.

So the motion would be to -- paragraph two from last year would be -- say the premiums shall be reduced ten percent from the amounts that were made. And then we need a percentage for the paragraph three which is dental, vision, life insurance, and Employee Assistance Program. That's 18 percent.

Do you also wish that that be at ten percent?

COMMISSIONER MILLER: Mr. Somers?

COMMISSIONER SOMERS: Ten percent I think would be a good number.

COMMISSIONER MILLER: Okay. Ten percent. I want to make sure that staff is --

MS. MEITH: Yes, I want to be clear on that too. But it -- because if you continue to read in that paragraph three, that's the one that's tied to 2009. So you're saying ten percent from -- you -- you would basically not break out the medical benefit and the other benefits. You just say ten percent less than what a unrepresented or managerial --

COMMISSIONER MILLER: Managerial.

MS. MEITH: -- employee --

CHAIRMAN DALZELL: Wherever we now say --

COMMISSIONER MILLER: Right.

CHAIRMAN DALZELL: -- 20 or 18 percent will say ten percent.

MS. MEITH: But not tied --

COMMISSIONER MILLER: No, she's making it.

MS. MEITH: -- to the year 2009 --

COMMISSIONER MILLER: Correct.

MS. MEITH: -- paragraph three.

COMMISSIONER MILLER: That's -- that's the motion.

MR. COBB: Yeah, and you have the same -- paragraph three and paragraph four have the same . . .

COMMISSIONER MILLER: So, staff, you've got the wording of that?

MR. COBB: So let me --

COMMISSIONER MILLER: Right? Okay.

MR. COBB: -- let me read it back and make sure I've got it right.

So for the health contribution we're going to change

CALIFORNIA CITIZENS COMPENSATION COMMISSION

the reduction from 20 to ten. And then for the dental and ancillary benefits we're -- are we going to change it from 18 to ten off of the 2009 contribution, or are we going to 18 to ten off whatever current contribution the managerial employees receive?

COMMISSIONER SOMERS: Well, isn't that true of the other one too, Ralph?

COMMISSIONER MILLER: I think it's -- yeah.

COMMISSIONER SOMERS: It's true of both of them, isn't it?

CHAIRMAN DALZELL: It doesn't (unintelligible) the 2009.

COMMISSIONER SOMERS: I know it doesn't. But --

COMMISSIONER MILLER: That's my understanding, it's --

COMMISSIONER SOMERS: But what we should -- it seems to me what we should be doing is whatever -- whatever everyone else is getting today --

COMMISSIONER MILLER: Right now.

MR. COBB: Okay.

COMMISSIONER SOMERS: -- it's ten percent less than that.

COMMISSIONER MILLER: Ten percent less.

MR. COBB: Perfect. Okay, got it.

CHAIRMAN DALZELL: So leave the language as it is, just change 20 to ten and 18 to ten in the motion.

MR. COBB: And strike out the reference to 2009.

COMMISSIONER MILLER: Well -- yeah, we have to strike out that reference.

MR. COBB: That's --

CHAIRMAN DALZELL: All right, that's the motion.

There's --

COMMISSIONER STITES: You have a modified.

CHAIRMAN DALZELL: -- a clarified --

COMMISSIONER MILLER: Second.

CHAIRMAN DALZELL: -- second.

COMMISSIONER WALLACE: I think Anthony --

COMMISSIONER BARKETT: Yeah, I'll second it.

CHAIRMAN DALZELL: All right. Further discussion or are we ready to vote?

COMMISSIONER MURRAY: I would like to make a --

CHAIRMAN DALZELL: Please.

COMMISSIONER MURRAY: -- just a point, just a -- just a point in here.

The benefits is a totally different issue than the salaries as I'm sure all of us agree. The benefits are going down, the contributions -- or the costs, the premiums, are going up. I think we're looking at next year a whole new ballgame, okay, with Obama care and the Cal benefits and so on and so forth. So, you know, I -- I think to do the piecemeal patch right now doesn't make a lot of sense and, again, for the seven months.

So if -- if I were to vote, which I guess I am, it --

if I were to vote, I'd -- I'd vote for the status quo until

CALIFORNIA CITIZENS COMPENSATION COMMISSION

we meet again next year when Obama care is all sorted out and we know the plans of the State and what they plan to do.

CHAIRMAN DALZELL: So you're guaranteeing that the Affordable Care Act will be all sorted out in a year? That's a bold guarantee, Sir.

COMMISSIONER MURRAY: State -- State of California has done a great job --

CHAIRMAN DALZELL: But with the exchange they have --

COMMISSIONER MURRAY: -- in the benefits side with -- with setting up the exchange and setting up score for the small businesses. I mean it -- they've -- they have really done a good job. So the rule of thought right now is if any State's going to lead the way and show how it's going to be done, it is the State of California.

CHAIRMAN DALZELL: Yeah. All right, will you call the roll leaving me for last again, please.

MADAME CLERK: Anthony Barkett?

COMMISSIONER BARKETT: Yes.

MADAME CLERK: Nancy Miller?

COMMISSIONER MILLER: Yes.

MADAME CLERK: Wilma Wallace?

COMMISSIONER WALLACE: Yes.

MADAME CLERK: Scott Somers?

COMMISSIONER SOMERS: Yes.

MADAME CLERK: John Stites.

COMMISSIONER STITES: No.

MADAME CLERK: Charles Murray.

COMMISSIONER MURRAY: No.

MADAME CLERK: Tom Dalzell?

CHAIRMAN DALZELL: I will not vote.

COMMISSIONER STITES: Come on.

MADAME CLERK: The vote carries.

CHAIRMAN DALZELL: If -- if it had been a tie, I

would have voted yes, Commissioner.

All right, so those are the -- now, are there any further motions for this year's Resolution? I believe we have a printer here.

MADAME CLERK: Yes. I would like to ask all the members to stay so we can go ahead and do the Resolution when we -- when you're done.

CHAIRMAN DALZELL: So we -- to be clear, we have -- we have four paragraphs is what we have.

Are there motions for anything further, or are we ready to adjourn for the year?

COMMISSIONER MILLER: Meeting adjourned?

COMMISSIONER SOMERS: I call for adjournment.

CHAIRMAN DALZELL: All right.

MS. MEITH: Mr. -- Mr. Chair, since we're going to print it out and you're going to see it here the -- the alternative is to take a break, make sure that you're seeing --

MADAME CLERK: Why don't we do that.

MS. MEITH: -- and signing a document --

CHAIRMAN DALZELL: All right, we'll take a -- we'll

CALIFORNIA CITIZENS COMPENSATION COMMISSION

take a break. We'll take a break rather than reconvening if there's a problem.

MS. MEITH: Come back. And give us about half an hour perhaps.

MADAME CLERK: Twenty Minutes.

MS. MEITH: Twenty Minutes I'm told

CHAIRMAN DALZELL: Fifteen.

MADAME CLERK: Fifteen.

MS. MEITH: Fifteen.

CALIFORNIA CITIZENS COMPENSATION COMMISSION

---o0o---

CERTIFICATE OF CERTIFIED SHORTHAND REPORTER

---o0o---

I, DONNA K. NICHOLS, a Certified Shorthand Reporter in
and for the State of California, duly commissioned and a
disinterested person, certify;

That the foregoing pages were transcribed from DVD
recording;

That the statements of all parties made on the DVD
recording were thereafter transcribed into typewriting by me
to the best of my ability;

That the foregoing transcript is a record of the
audible statements of all parties made on the DVD recording.

Dated: JULY 29, 2013

DONNA K. NICHOLS, RPR
STATE OF CALIFORNIA
CSR NO. 5660