

CALIFORNIA CITIZENS COMPENSATION COMMISSION

CERTIFIED COPY

TRANSCRIPTION OF RECORDED HEARING AT

SACRAMENTO CITY HALL

HEARING ROOM - SECOND FLOOR

915 "I" STREET

SACRAMENTO, CALIFORNIA

HELD ON APRIL 29, 2009

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

1 CHARLES MURRAY: Hi, good morning. This is the --
2 the starting meeting for the 2008 -- 2009 meeting of the
3 California Compensation Commission. I would like to ask
4 Debbie Baldwin if she could read the roll to see if we have
5 a quorum. Debbie.

6 DEBBIE BALDWIN: Okay. Charles Murray.

7 CHARLES MURRAY: Here.

8 DEBBIE BALDWIN: Kathy Sands.

9 KATHY SANDS: Here.

10 DEBBIE BALDWIN: Ruth Lopez Novodor.

11 RUTH LOPEZ NOVODOR: Here.

12 DEBBIE BALDWIN: William Feyling.

13 WILLIAM FEYLING: Present.

14 DEBBIE BALDWIN: We have a quorum.

15 CHARLES MURRAY: We have a quorum, excellent.

16 RUTH LOPEZ NOVODOR: And I can't hear Murray very
17 well.

18 CHARLES MURRAY: What about that, is that any better,
19 Ruth?

20 RUTH LOPEZ NOVODOR: Yeah, it's a tad better. I will
21 be sure to listen closely.

22 CHARLES MURRAY: Okay, well --

23 DEBBIE BALDWIN: Just let us know if you can't hear,
24 Ruth.

25 CHARLES MURRAY: Just let us know and I'll -- I'll

1 move to another station or something. Whatever you want.

2 First off, I would like -- I would like to thank all
3 of you for -- to coming to this meeting. We have a unique
4 spot in that three of the members of the -- the prior group
5 were not asked to join, and so we have three spots that are
6 still available. One is being in the process of being
7 filled and approved by the governor. The other two are
8 still open. But we have four, and so that -- that is a
9 quorum, we can go from there.

10 First of off -- let me try to stand close to this or
11 move this up a little bit. First of off, I'd like to -- to
12 thank the staff of the Department of Personnel
13 Administration for establishing this meeting. Debbie
14 Baldwin, thank you very much for your help, and -- and
15 Nancy, also JoAnn Davis for putting all the presentation
16 together as well as all the material that's available
17 outside in the lobby. Obviously, Bill Curtis for your help
18 in -- and -- and the legal counsel. It seems like we've
19 been more of a pain to you this year than other committees,
20 but hopefully we'll get by that. Kathy Darling, thank you
21 for attending, and I hope you learn a lot.

22 So we've had the roll call. The first thing is to --
23 is to approve the minutes. Does anybody have any
24 modifications or the changes that they'd like included in
25 the minutes except for me?

1 KATHY SANDS: Yeah, what -- what is your change on to
2 the -- how we voted that one?

3 CHARLES MURRAY: Right, the count.

4 KATHY SANDS: How we voted on the one item. I don't
5 have it right here, but, yeah, why don't you do that.

6 CHARLES MURRAY: Okay.

7 KATHY SANDS: Tom, do (unintelligible).

8 WILLIAM FEYLING: I was on the phone but unable to
9 hear the meeting, so I --

10 CHARLES MURRAY: Oh, that's right.

11 WILLIAM FEYLING: -- don't have any omissions or
12 corrections, Mr. Chair.

13 CHARLES MURRAY: Okay. The only change I have is
14 when we voted last time on -- on the decrease, it was said
15 it was a -- a four-to-one vote, and it was actually three to
16 two. And so if we could make -- make that change. As in a
17 ball game, it's a lot closer than the score shows.

18 Any other changes?

19 KATHY SANDS: Well, you know, actually, Chairman
20 Murray, I had one. That -- you know, I wish these could be
21 numbered, the pages numbered next time.

22 DEBBIE BALDWIN: Okay.

23 KATHY SANDS: You know, it would be -- it would make
24 it easier.

25 So into the minutes, it's -- let's see, well, it's

1 right here. It was something you said, Chairman Murray, and
2 it was -- I personally feel that it will be resolved. I
3 think you said it will not be resolved when in the short
4 term -- I mean it will be resolved when the short term -- I
5 think you would have said it will not be resolved. Right
6 here. That's the only correction I'd really make. I just
7 think it should have been more specific. There are some
8 other little things, but . . .

9 CHARLES MURRAY: That's true, that's true.

10 KATHY SANDS: That will not be resolved.

11 CHARLES MURRAY: Good point.

12 KATHY SANDS: So I can show you after the meeting
13 what I'm talking about, all right? And that's my only
14 correction.

15 DEBBIE BALDWIN: Okay.

16 CHARLES MURRAY: How about you, Ruth, do you have
17 any -- anything to add to the prior minutes? Ruth?

18 DEBBIE BALDWIN: Ruth, can you hear us?

19 RUTH LOPEZ NOVODOR: I heard you say Ruth, and then I
20 didn't hear any more.

21 CHARLES MURRAY: Okay. I can't get the microphone
22 any closer, I don't think, can I?

23 RUTH LOPEZ NOVODOR: Yeah, just speak up, your voice.

24 CHARLES MURRAY: Okay.

25 RUTH LOPEZ NOVODOR: If you can pretend that I'm in

1 Los Angeles, that would be great.

2 CHARLES MURRAY: Okay. Do you have anything to add
3 or to change in the prior minutes of the prior meeting?

4 RUTH LOPEZ NOVODOR: No, but -- no. Other than what
5 the two of you mentioned I don't have any others.

6 CHARLES MURRAY: Okay. I -- I will move that we --
7 we will accept the prior minutes --

8 KATHY SANDS: Second.

9 CHARLES MURRAY: -- as modified.

10 KATHY SANDS: Second.

11 CHARLES MURRAY: All in favor?

12 (All said aye)

13 CHARLES MURRAY: Opposed?

14 (None opposed)

15 CHARLES MURRAY: It is passed.

16 The opening comments I will go -- I will go around
17 and ask if anybody has anything to add at the start of the
18 meeting starting with Bill Feyling.

19 WILLIAM FEYLING: No, I have no opening comments,
20 Mr. Chairman, thank you.

21 KATHY SANDS: Opening comments? Let's see, then
22 we're going to go into staff reports --

23 CHARLES MURRAY: Right.

24 KATHY SANDS: -- public testimony.

25 I guess I'll wait also.

1 CHARLES MURRAY: Okay, Ruth?

2 RUTH LOPEZ NOVODOR: Yes.

3 CHARLES MURRAY: Any -- any of the comments to start
4 off the meeting that you might want to express? Or would
5 you like to wait until the end when we get into -- into any
6 of the motions that we might have?

7 RUTH LOPEZ NOVODOR: Only that I am curious. I would
8 like -- I am interested in the following information.

9 After reviewing all of the material that was sent,
10 the first is a comparison of all of the benefits or a report
11 on the benefits currently being received by our group that
12 we're responsible for. Secondly, what the compensation
13 changes or the percentage of the furlough resulted in in
14 terms of a percentage of salary.

15 And basically those are the two pieces of information
16 that I'm interested in finding out beyond what we have
17 currently in our report.

18 CHARLES MURRAY: Okay, great. Okay, we will go down,
19 and I'm sure -- Debbie Baldwin has -- has made -- made --
20 made note of those -- those two requests, and we'll get
21 those to you as soon as possible.

22 I don't have anything to say right now. I will --
23 will at the end of -- end of the conference or towards the
24 end of the conference.

25 We have -- do we have any staff reports that are

1 completed that would be offered to us at this time?

2 DEBBIE BALDWIN: No. No.

3 CHARLES MURRAY: Okay. Let the record note that last
4 time we had asked for a report on the benefits, comparing
5 the benefits between our -- our assembly and the senate and
6 all of the other offices as compared to those in the other
7 states. We have adequate data on the salaries, but we do
8 not have adequate data on what the benefits are. So and as
9 of -- as of last night, I -- I -- I believe we did not have
10 that. We had tried -- if I could repeat what you said to
11 me, Debbie, you had gone to another department to get it
12 done, they had -- and this is prior to you coming on board,
13 so I'm --

14 DEBBIE BALDWIN: Correct.

15 CHARLES MURRAY: -- just -- just trying to paraphrase
16 what you've said that you've heard. And the other -- other
17 department agreed to do it, and then because of the
18 furloughs, the budget cuts, the layoffs, they didn't have
19 the staffing --

20 DEBBIE BALDWIN: Correct.

21 CHARLES MURRAY: -- oh, to do it, so that request is
22 still on the board. Okay.

23 DEBBIE BALDWIN: That's correct.

24 CHARLES MURRAY: Okay. Moving right along, you have
25 given me the -- the sign-in sheet, and no one would like to

1 speak to the committee.

2 DEBBIE BALDWIN: Let me double check. We're double
3 checking.

4 CHARLES MURRAY: Okay.

5 DEBBIE BALDWIN: But we have no sign-ins yet.

6 CHARLES MURRAY: Okay. There is one request which we
7 got that they requested we read into the minutes. Could I
8 ask you to read that in, Debbie?

9 DEBBIE BALDWIN: Sure.

10 CHARLES MURRAY: This came in as of late, and so it
11 was not included in the prior packages.

12 DEBBIE BALDWIN: Correct. It's a -- a short memo
13 from Steve Hurfert, West Covina City Council member.

14 Dear members of the California Compensation
15 Commission, the current economic crisis facing our nation
16 and the State of California requires leadership above and
17 beyond the call of duty. Our leaders must be examples of
18 the solution rather than part of the problem.

19 Today I'm asking this board to recommend a 50 percent
20 reduction in pay for every elected state legislator. This
21 action would demonstrate that our elected officials
22 understand the severity of the problem and are willing to
23 lead by example. Tough times call for tough decisions.
24 Steve Herfert, West Covina City Council member.

25 CHARLES MURRAY: Great. Just -- just for the

1 clarification and to -- to -- to add to the record, the
2 purpose of our group is to, what they say in the trade, size
3 the job; that is, what does the governor of the State of
4 California make, not what -- how has he performed, what has
5 he done, what are the tax increases, so -- and so it is
6 strictly to size the job. And so we don't look at our job
7 as anything -- anything close to being the punitive or
8 looking at the job every -- everybody's doing and trying
9 to -- to compensate them in -- in that level. It's -- it's
10 the purely what should the commissioner of insurance in the
11 State of California make as compared to the salary levels of
12 others like him in same type jobs. So but -- but we like
13 the comment, thank you very much.

14 We have checked, and there still isn't anybody that
15 would like to speak to us?

16 DEBBIE BALDWIN: No sign-ins.

17 CHARLES MURRAY: No one likes us.

18 DEBBIE BALDWIN: We're all shy.

19 CHARLES MURRAY: Okay. Okay, moving right along, we
20 have a -- our -- our agenda and what we feel like we
21 should -- should achieve today. I will go around the
22 committee and ask if they have anything that they'd like
23 to -- to -- to propose. I un -- understand I can't, oh,
24 propose a change, it has to be proposed by someone else.

25 Is that right, Counsel?

1 BILL CURTIS: That's correct.

2 CHARLES MURRAY: Okay. Bill, can I ask you to start
3 off if you have anything to add?

4 WILLIAM FEYLING: Well, sure. Thank you,
5 Mr. Chairman.

6 Given, you know, the task we have at hand, but also
7 the constraints that we have to do our job, I look back to
8 what the three primary criteria, as you referenced, in your
9 statement of what our -- what our responsibility is under
10 Proposition 112. And those are how much time is required to
11 perform the official duties, functions and services, as you
12 mentioned, the annual salary and benefits of other elected
13 officials, also looking at private sector, although
14 realizing that public sector and private sector there's a --
15 a large difference, and also the responsibility and scope of
16 authority of the -- of the position.

17 Also, we have to look I think to when thinking
18 about -- you know, because I think initially with the
19 frustrations that we see and the constraints that we have
20 around the budget, we start to think of cuts, I know I
21 certainly do. However, we also have to look to Proposition
22 6 which was passed in 1972 which limits our ability to
23 reduce salaries when elected officials are seated in their
24 term.

25 With those things in mind, looking at -- looking at

1 what we did last year of a freeze, we had a rise in the
2 consumer price index somewhere north of three percent.
3 We're going to have a similar situation this year, I
4 believe. If Proposition 1F passes, which current polling
5 indicates it's somewhere in the 80 percent approval rate,
6 our job is going to change significantly next year. So I
7 would anticipate a freeze next year.

8 Considering that we had a freeze last year and a
9 freeze this -- probably have a freeze next year, I would
10 make a motion that we freeze this year again. Effectively,
11 we would end up with about a ten percent reduction over the
12 three years due to erosion due to the cost of living
13 increase. So I would propose that we have a freeze this
14 year.

15 CHARLES MURRAY: Okay.

16 KATHY SANDS: We're still doing --

17 CHARLES MURRAY: Any second? There is no second.

18 KATHY SANDS: Well, I guess not yet. I think we can
19 have some more comments.

20 CHARLES MURRAY: Okay.

21 KATHY SANDS: Do you want me to go ahead?

22 CHARLES MURRAY: Why don't --

23 KATHY SANDS: Oh, okay. Well, I guess last year I
24 did, along with Chairman Murray, support a ten percent
25 salary reduction. And the motion didn't pass. And we did

1 approve the salary freeze. And -- and, you know, it -- it
2 might be we do that this year.

3 I did make mention last year that we were in this
4 fiscal crisis, as we still are, and that I wanted to send
5 and that we should all send a strong message to our elected
6 that we're concerned and that we strongly -- strongly
7 recommended that they voluntarily take a pay decrease, like
8 so many others have, so that they could really share in this
9 deficit that they really helped to create. And this didn't
10 happen.

11 So I am happy also that this ballot measure is --
12 come aboard this year. I think it -- I think it's going to
13 pass too. Of course, Sacramento Bee this morning was right
14 on it.

15 This year I actually would support a salary reduction
16 also. But I do feel sensitive that we only have four
17 members of our commission here. And I -- I understand that
18 this governor hasn't appointed the other three, and, you
19 know, things are busy, I guess, but I -- I just would feel
20 more comfortable with -- with our seven-member commission.
21 So I feel sensitive to that.

22 But I think we've got -- and I realize if we did have
23 a salary reduction this year, it wouldn't affect everyone --
24 every elected. I guess the elected who are in their seated
25 terms, it wouldn't affect them. That's right, says our

1 counsel.

2 BILL CURTIS: That's correct.

3 KATHY SANDS: Okay. So I guess those are my comments
4 for right now. I guess we'll hear from Ruth and Chuck.

5 CHARLES MURRAY: Okay.

6 KATHY SANDS: Okay, thank you.

7 CHARLES MURRAY: I think, Ruth, do you -- do you have
8 any -- anything to add to that?

9 RUTH LOPEZ NOVODOR: Yes. I'm a little torn only
10 because we do have others in the state experiencing, in
11 spite of all the arguments that have been presented,
12 experiencing a cut already.

13 My question before I want to finish my comments is --
14 my question is what is the net -- and I haven't received an
15 answer yet. What is the furlough result as a percentage of
16 salaries on others in the state that have had to participate
17 in that cut? What is that as a percentage? What has --
18 what does that result in in terms of a percentage of salary?

19 CHARLES MURRAY: Okay, Ruth, I have been advised that
20 Assemblyman Dan Logue would like to -- like to make a
21 statement. So if I could ask you to approach the podium and
22 share your comments with us. Well, thank you for coming.

23 DAN LOGUE: Thank you, Mr. Chairman, I appreciate
24 this.

25 Ladies and gentlemen of the commission, I'm

1 Assemblyman Dan Logue representing the third assembly
2 district, and I'm here to make one request. In these
3 economic hard times taxpayers and businesses are struggling.
4 The last thing that the people of California need is to see
5 any increases in legislative or statewide office holders'
6 salaries. I'm here on behalf of the hard working families
7 of my district and California to ask you to reject any pay
8 increases. Thank you.

9 CHARLES MURRAY: I thank you very much on behalf of
10 the committee.

11 Okay, we have -- we have a motion on -- on the floor
12 right now. Is that correct?

13 WILLIAM FEYLING: Well -- well, just, Mr. Chairman, I
14 think --

15 CHARLES MURRAY: Certainly.

16 WILLIAM FEYLING: -- Ruth had -- Ruth had asked a
17 specific question, and I think if -- if we do have an
18 answer, that would be great to be able to produce that at
19 this time.

20 DEBBIE BALDWIN: Okay. The effect of the furlough
21 was the -- was -- Ruth, was your question?

22 RUTH LOPEZ NOVODOR: Yes.

23 DEBBIE BALDWIN: Okay, 9.23 percent, unless you're in
24 Bargaining Unit SEIU. And if the contract is ratified, it
25 would be approximately 4.8, 4.9 percent..

1 FEMALE VOICE: It's 4.62.
2 DEBBIE BALDWIN: 4.2?
3 FEMALE VOICE: 4.62.
4 CHARLES MURRAY: 4.62 to be exact.
5 RUTH LOPEZ NOVODOR: Thank you for the answer.
6 DEBBIE BALDWIN: Sure.
7 CHARLES MURRAY: Excuse me, Ruth, if I could just ask
8 for the clarification. What is -- what is the difference
9 between the 9.23 and the 4.62?
10 RUTH LOPEZ NOVODOR: I can't hear you. I'm sorry?
11 CHARLES MURRAY: I'm -- I'm -- I'm asking Debbie what
12 is the difference between the 9.23 and the 4.62 so
13 everybody's clear on it.
14 DEBBIE BALDWIN: Everyone will -- is furloughed -- I
15 say everyone. There are some exceptions. But the majority
16 are furloughed 9.23 percent. Unless you're in bargaining
17 unit covered under SEIU, which Bargaining Unit One and Four,
18 et cetera, they will be cut 4.6 --
19 FEMALE VOICE: 2.
20 DEBBIE BALDWIN: -- 2 if the contract is ratified.
21 CHARLES MURRAY: So for -- for our discussion here,
22 non-union employees, if we could use that as a banner, have
23 been reduced 9.23?
24 DEBBIE BALDWIN: 9.23 percent.
25 CHARLES MURRAY: Okay.

1 FEMALE VOICE: No, I would --

2 CHARLES MURRAY: I thank you very much.

3 RUTH LOPEZ NOVODOR: Thank you for the information.

4 CHARLES MURRAY: We have someone approaching the
5 podium and bypassing the podium.

6 (Unintelligible conversation)

7 CHARLES MURRAY: Okay. Is there any change with that
8 sidebar?

9 DEBBIE BALDWIN: No. No. When we're talking
10 exclusion --

11 CHARLES MURRAY: Okay.

12 DEBBIE BALDWIN: -- we're talking managerial.

13 CHARLES MURRAY: Okay. Okay. So given the salary
14 reduction, given the -- oh, the motion that is on the floor
15 of keeping no change, I would say -- I will call the motion.
16 Okay.

17 KATHY SANDS: You don't want to make any --

18 RUTH LOPEZ NOVODOR: Excuse me, I can't hear you.
19 Can I speak --

20 CHARLES MURRAY: Sure, Ruth.

21 RUTH LOPEZ NOVODOR: -- to oppose the motion?

22 CHARLES MURRAY: Certainly.

23 RUTH LOPEZ NOVODOR: I feel at this point that our
24 last year, with all due respect, was an opportunity for
25 these things and the budget issues to get resolved. We are

1 currently in a budget crisis. And I would like to speak
2 against the motion of freezing and to say that if this
3 motion does not pass, I would like to propose another
4 motion. And I will not be voting to support this motion.

5 CHARLES MURRAY: Okay. I thank you.

6 Anybody else have any other comments to add before we
7 call the vote?

8 WILLIAM FEYLING: Just point of order -- point of
9 order, Mr. Chairman, there's --

10 CHARLES MURRAY: I thought you already seconded.

11 KATHY SANDS: No, uh-uh.

12 CHARLES MURRAY: Oh, okay.

13 KATHY SANDS: We -- I said that we were going to have
14 more comments.

15 CHARLES MURRAY: Okay.

16 KATHY SANDS: So it -- the motion was made, but it
17 hasn't been seconded.

18 CHARLES MURRAY: Okay.

19 WILLIAM FEYLING: I'll -- I'll withdraw my motion due
20 to lack of a second.

21 CHARLES MURRAY: Okay.

22 WILLIAM FEYLING: How's that?

23 KATHY SANDS: Okay.

24 CHARLES MURRAY: Fine. Now I'd like -- like to defer
25 to Kathy, and maybe you can tell us if you have any other

1 motions you would like.

2 KATHY SANDS: Well, I think Ruth -- Ruth said that
3 she was prepared with a motion. I'd like to hear for hers
4 first. Is that all right?

5 CHARLES MURRAY: Ruth?

6 RUTH LOPEZ NOVODOR: Yes.

7 CHARLES MURRAY: Do you --

8 RUTH LOPEZ NOVODOR: Yes, I was starting to feel --

9 CHARLES MURRAY: -- wish to make a motion?

10 RUTH LOPEZ NOVODOR: I'm a little choppy, because I
11 can't hear you very well.

12 CHARLES MURRAY: Okay.

13 RUTH LOPEZ NOVODOR: But I am prepared to make the
14 motion.

15 CHARLES MURRAY: If you are prepared, would you
16 please proceed.

17 RUTH LOPEZ NOVODOR: All right. I would like
18 to pre -- I would like to propose that a cut be made to
19 the -- by the California Citizens Compensation Commission
20 for those whom it is responsible for at a six percent
21 decrease in compensation which is a split between the nine
22 and the four, but I believe the executives need to lead by
23 example.

24 CHARLES MURRAY: Okay.

25 KATHY SANDS: Well, I'll second --

1 CHARLES MURRAY: The call for a second.

2 KATHY SANDS: I'll second the motion for discussion.

3 CHARLES MURRAY: Okay. Let's -- let's start off with
4 me, let's say.

5 KATHY SANDS: Okay, yeah.

6 CHARLES MURRAY: I think the motion is sound. I
7 think it's what we are here to do. I think the number is a
8 little low from the -- all the bodies that we're in charge
9 of, i.e., the senator, the legislature, the governor on
10 down. I think all of their staffs are faced with a nine,
11 ten, 12 percent cut. All of their staffs are forced to take
12 one to two days a month off. All of their staffs have to --
13 to close their offices. The workload does not change. But
14 they have to give up themselves, and I think anything less
15 than a ten -- the 12 percent, the pay reduction is -- is --
16 is not going to allow us, oh, to do our job in light of the
17 budget restraints. And those are my comments, but I will
18 defer to Tom.

19 WILLIAM FEYLING: I'll reserve my comments at this
20 point, thank you.

21 CHARLES MURRAY: Kathy.

22 KATHY SANDS: Well, thank -- thank you, Ruth, for the
23 motion. And I would support it, but I would really -- I --
24 I don't know, I think I'd like to amend it for ten percent.
25 I'd like to amend the motion for ten percent.

1 RUTH LOPEZ NOVODOR: Did you second it?
2 KATHY SANDS: I did. I did second your motion --
3 RUTH LOPEZ NOVODOR: Okay.
4 KATHY SANDS: -- for --
5 RUTH LOPEZ NOVODOR: I will -- I -- I will amend it
6 to the ten percent -- I will change it to the ten percent,
7 because I do agree that many are exposed to the ten percent
8 exposure currently.
9 KATHY SANDS: Right, okay, thank you. I second that
10 again.
11 CHARLES MURRAY: Okay.
12 KATHY SANDS: And we can vote on it then.
13 CHARLES MURRAY: Oh, to call the vote. Oops --
14 KATHY SANDS: Oops, go ahead. Now you want to --
15 WILLIAM FEYLING: I'd still like to --
16 CHARLES MURRAY: Okay.
17 KATHY SANDS: Okay.
18 WILLIAM FEYLING: Are we done with the comment?
19 CHARLES MURRAY: One more comment.
20 KATHY SANDS: Okay.
21 CHARLES MURRAY: You --
22 WILLIAM FEYLING: Well, I reserved.
23 CHARLES MURRAY: Do you have a last comment?
24 WILLIAM FEYLING: Okay. Let -- let me -- with --
25 with the thought that we can't reduce current elected

1 officials, I would like to ask legal counsel could you go
2 down the list and tell us exactly what we'd be voting on and
3 when it would take effect? Because it's my understanding
4 that anybody that's seated at this point would not actually
5 receive a cut. Is that correct? And could you just go down
6 each position that we have charge of and give us when the
7 cut would take effect, if it -- if we pass this motion,
8 please.

9 BILL CURTIS: That's -- that's correct. I believe in
10 your package you have a list of the positions --

11 KATHY SANDS: Yes, we do. It says Department of
12 Personnel Administration, page one of two.

13 BILL CURTIS: Yes.

14 KATHY SANDS: We have that.

15 BILL CURTIS: And that would be all the elected
16 officials, state officials, what we call the constitutional
17 officers -- I don't have that right in front of me -- plus
18 the --

19 KATHY SANDS: I have it.

20 BILL CURTIS: -- senators and the assemblymen --
21 assembly -- assembly people.

22 Right now it's an odd year, so there is no one up for
23 election. The next election will be, I -- I believe,
24 November of 2010. And those elected members will take
25 office the first Monday of December of 2010.

1 So any -- any pay adjustment -- or any pay cut that
2 you do now -- not adjustment, but any pay cut will not be
3 able to be implemented on any of the elected officials that
4 you have authority over.

5 KATHY SANDS: Is that right?

6 RUTH LOPEZ NOVODOR: Is this Mr. Feyling I'm speaking
7 to -- or I'm hearing from?

8 CHARLES MURRAY: Bill Curtis.

9 BILL CURTIS: This is --

10 CHARLES MURRAY: Legislative counsel.

11 RUTH LOPEZ NOVODOR: Oh, I see.

12 BILL CURTIS: Does that answer your question?

13 WILLIAM FEYLING: That does. Thank you, Bill.

14 So -- so as I look at the net effect of what we're
15 voting on here, while I -- I understand the symbolism of it,
16 again, I go back to the three main things that we're looking
17 at, how much time does it take -- is required to perform the
18 official duties and functions and services, the annual
19 salary and benefits of other elected and appointed officials
20 in California with similar responsibilities, including
21 judicial and private sector officials, and the
22 responsibility and scope and authority of the state
23 official.

24 And while I certainly understand the emotion behind,
25 and the fiscal need, I don't think it produces the effect

1 that we're seeking -- or that the motion maker is seeking --
2 and, Ruth, I don't mean to speak for you -- due to the fact
3 that it actually gets put off on to people that aren't in
4 office now.

5 So, again, I -- with this -- with those things in
6 mind, you know, I go back to my original comments. Last
7 year the elected officials basically took a -- a hit a
8 little bit north of three percent because as other folks
9 were getting increases, they were -- they were frozen. If
10 we do it again this year, that would end up being about a --
11 a six to six-and-a-half percent cut. And if 1F -- if 1F
12 passes, as it looks like it will, that would probably mean
13 next year somewhere in the neighborhood of another
14 three-and-a-half percent cut due to inflation eating away at
15 their salaries due to the freeze. So I think we're actually
16 accomplishing what folks are looking for by continuing to
17 freeze.

18 The -- the -- the -- you know, I guess the
19 responsibility then falls on to future commissioners not to
20 then some down -- somewhere down the road, it's been done in
21 the past, have a 12-percent increase. So those are the
22 things I tend to think about.

23 So at this time due to the fact that the three
24 primary criteria that -- that we need to use I don't think
25 are being met. The fact that due, again, to Proposition 6

1 passed by the voters in 1972 we're not actually able to
2 reduce the folks that are in office at this time. And it
3 would actually end up affecting people that aren't even in
4 the positions that we're talking about.

5 I can't support the motion.

6 RUTH LOPEZ NOVODOR: Well, what I'd like to comment
7 on is that we -- I do not expect, nor do many others, expect
8 the situation to change fiscally in the next 12 to 24
9 months. Therefore, I do believe that we need to take into
10 consideration the three components that you mentioned and
11 realize that salaries are declining across the board and
12 that they have already begun to decline for many people in
13 our state.

14 So I don't see that it's necessary just to cut the --
15 because it is not to be punitive, it is a fiscal decision at
16 this point. And if you recall, at our last meeting I felt
17 we weren't clear yet and, therefore, I voted to support a
18 freeze. I think we are clearly challenged fiscally, and
19 it's not going to go away next year. This is not a punitive
20 motion nor is it an emotional motion. It is a financial
21 decision based on the fact that salaries are declining
22 across the board, and they're more than three percent.

23 So if we already are administering a ten-percent
24 decrease on state employees, I believe it is appropriate for
25 us to make that exact same change. And I believe for those

1 that are coming in, they will understand that the state has
2 been in a financial challenge and they have a responsibility
3 to come in and put us back where we belong. And I think the
4 commission will use its best judgment in making the decision
5 next year, and hopefully it will still respond to the facts
6 that they have before them.

7 So I still believe that our motion is appropriate,
8 timely, and responsible.

9 CHARLES MURRAY: All right, Ruth, thank you.

10 Do we have any other comments from the panel?

11 KATHY SANDS: Well, I do. Thank you, Ruth.

12 CHARLES MURRAY: Kathy.

13 KATHY SANDS: I really agree with you. I agree with
14 you.

15 I think that so many people have already had salary
16 decreases, they've lost their jobs, they're furloughed. You
17 know, I -- I think that we haven't hurt the legislature at
18 all by having a freeze.

19 I completely still support the -- the motion. I
20 think we are in a -- in a terrible fiscal challenge and that
21 we sitting here as a board need to be fiscally responsible.
22 That's what we're doing. And I think this -- even though
23 maybe it's not going to affect everyone like we maybe would
24 like it to in dollars, it's still going to send a message
25 that we -- we've got to get to work and get things done the

1 way they're supposed to be done. And I support the motion.
2 I'm going to vote for it.

3 CHARLES MURRAY: Great, thank you.

4 I'll -- I -- I have saved my comments for -- for
5 last, and it's divided into two parts.

6 Bill -- Bill has said in Prop. -- Prop. 112 which
7 developed this body that there were three criteria that was
8 used on a -- the primary basis that we would base all of our
9 decisions on. In past years, past meetings, we have gone to
10 counsel, and they are the primary ones. It doesn't say that
11 we can use other factors to help to make -- make our choice.

12 And I think what we're looking at here is not so much
13 as -- as emotional as it is for the -- the people out of
14 work, the people having to give up two, three days a month
15 of the salary, firms being closed down, on and on and on,
16 that's not our job. Our job is to say given the economy,
17 given the budget, given the resources we have what should
18 the job be paid. And I think as of right now to have -- to
19 vote for -- to vote for a decrease across the board is the
20 only way we should go.

21 So if there are no other -- other comments by
22 anybody. Bill.

23 WILLIAM FEYLING: After listening to discussion
24 and -- and thinking about it, I certainly understand -- and
25 I appreciate your points, Ruth. And I thank you for your

1 comments.

2 While I -- while I think I -- I still can't support a
3 ten percent decrease, if -- I would support a five-percent
4 increase -- decrease. Ten-percent increase -- did I say
5 increase? Excuse me. A ten-percent decrease. I would
6 support a five-percent decrease on the -- on -- to take
7 effect at the end of the terms of the current -- well, in
8 accordance with Prop. 6 provisions.

9 CHARLES MURRAY: Okay. I'll add in the point here,
10 as the protocol, and I'll defer to Counsel if I'm wrong step
11 in, but as -- as -- as the protocol, whatever decision we
12 make goes into effect July 1st. Is -- is that correct?

13 BILL CURTIS: That's -- that's not correct.

14 CHARLES MURRAY: Okay.

15 BILL CURTIS: The Constitution -- Proposition 112
16 lays out that it goes into effect the first Monday of the
17 December after you pass it. You must pass a single
18 resolution --

19 CHARLES MURRAY: Right.

20 BILL CURTIS: -- each fiscal year before July 1st.

21 CHARLES MURRAY: Right. But -- but as of July 1st,
22 we cannot make any modifications until the following budget?

23 BILL CURTIS: Come July 1st you can -- you can have
24 another meeting and make another motion, but that won't take
25 effect until December --

1 CHARLES MURRAY: Right.

2 BILL CURTIS: -- 2010.

3 CHARLES MURRAY: Okay. So -- so as of July 1st, we
4 can say this is the way it is. The other laws come in to
5 play to say when it affects the legislature, when it affects
6 the senate, when it affects the governor, so on and so
7 forth?

8 BILL CURTIS: In summary, that's -- that's correct.

9 CHARLES MURRAY: Oh, okay.

10 BILL CURTIS: The other laws will come in -- the part
11 of the Constitution will come in and say that it's -- you
12 cannot lower the salary of a current --

13 CHARLES MURRAY: Right, right.

14 BILL CURTIS: -- elected state official.

15 CHARLES MURRAY: Right, right. Okay.

16 So -- so as -- as far as I feel -- and at the
17 conclusion of my remarks I will start to call the motion.
18 The --

19 KATHY SANDS: But -- but Bill made a motion for five
20 percent. You didn't?

21 BILL CURTIS: Through the chair. There's a motion on
22 the floor which you amended, it was received by the chairman
23 for a ten percent decrease.

24 KATHY SANDS: Correct.

25 BILL CURTIS: When there's a motion on the floor, you

1 can't make another motion.

2 KATHY SANDS: Oh, okay.

3 CHARLES MURRAY: Okay. But -- but what I -- what I
4 would like to do, maybe have a discussion. My -- my feeling
5 is -- oh, the motion on the floor has the right amount in
6 it, given what's going on, given everybody, and given what's
7 going to make -- to make the impact.

8 I'll ask --

9 KATHY SANDS: Yeah, I --

10 CHARLES MURRAY: -- ask Kathy what she feels.

11 KATHY SANDS: I -- I support the motion on the floor.

12 CHARLES MURRAY: Okay. Then I've saved you for last,
13 Ruth. It is up to you if you want to modify -- modify your
14 motion to reduce it from ten to five percent. Ruth, did you
15 hear me?

16 RUTH LOPEZ NOVODOR: Yes. My concern is that other
17 state employees are currently facing a 9.2 -- .23 percent
18 decrease. And I can't bring myself to support anything less
19 than that. And ten percent is where I keep my motion.

20 CHARLES MURRAY: Okay. Given -- given that we have a
21 motion on the floor, it's -- it's been -- been modified
22 once. Repeating the motion that -- that effective at -- at
23 the end of this meeting we have approved a decrease of ten
24 percent of all the salaries that are under our control as
25 soon as -- as legally possible.

1 I will call the motion. All in favor?
2 RUTH LOPEZ NOVODOR: Aye.
3 CHARLES MURRAY: Aye.
4 KATHY SANDS: Aye.
5 WILLIAM FEYLING: No.
6 CHARLES MURRAY: Okay. All opposed?
7 WILLIAM FEYLING: No.
8 CHARLES MURRAY: No.
9 WILLIAM FEYLING: Sorry.
10 CHARLES MURRAY: Three to one. It has been approved.
11 Debbie Baldwin, will you do what you do?
12 DEBBIE BALDWIN: Do what I do, okay.
13 BILL CURTIS: Mr. Chairman --
14 CHARLES MURRAY: Yes.
15 BILL CURTIS: -- if I may. The Prop. 111 -- or Prop.
16 112 states that the -- the resolution must be passed by a
17 majority of its members, which is four.
18 CHARLES MURRAY: Right.
19 BILL CURTIS: When there is an absence of -- of
20 members present, that does not change the membership number
21 as seven. So you must have four votes to pass a resolution.
22 We issued an opinion to the -- the commission in April of
23 1998 that outlined all these quorums and --
24 DEBBIE BALDWIN: Yeah, right.
25 BILL CURTIS: -- requirements.

1 So your -- your motion may pass, but your resolution
2 is still lacking one approved vote.

3 KATHY SANDS: Should we have another meeting?

4 BILL CURTIS: I --

5 KATHY SANDS: When -- when will we have more
6 commissioners?

7 CHARLES MURRAY: That's up to the governor.

8 BILL CURTIS: I can't answer that.

9 KATHY SANDS: Yeah, maybe we need another meeting.

10 RUTH LOPEZ NOVODOR: I'm sorry, I'd like to know
11 what's being said. I can't hear you.

12 CHARLES MURRAY: Basically, what -- what is being
13 said though, we have a quorum today of four, and there are
14 the seven seats. We need to have a majority vote of the
15 seven seats to pass a motion.

16 Is that correct, Mr. Curtis?

17 BILL CURTIS: That's correct.

18 CHARLES MURRAY: Okay. So even though it has been --
19 been passed by us, it is -- it is not effective until we get
20 the four votes.

21 Right, Bill?

22 BILL CURTIS: That's correct.

23 CHARLES MURRAY: Okay. So we will put that aside.
24 My feeling is, as the chairman, as soon as another member is
25 added to our group -- oh -- oh -- oh, unless Bill wants to

1 change his mind.

2 Okay, Bill, do you have some comments?

3 WILLIAM FEYLING: Well, again, I -- but -- I
4 appreciate Ruth's comments earlier today, and -- earlier in
5 the meeting. And if the motion were made and seconded, I
6 could support a five-percent decrease. And I'll leave my
7 comments at that.

8 CHARLES MURRAY: Okay. Okay. My comment there
9 was --

10 RUTH LOPEZ NOVODOR: Could -- could you -- this is
11 Ruth.

12 CHARLES MURRAY: Okay, Ruth.

13 RUTH LOPEZ NOVODOR: Could you do nine? We have
14 state employees facing a 9.23 percent cut, Bill.

15 WILLIAM FEYLING: I understand. And I understand
16 your -- your --

17 RUTH LOPEZ NOVODOR: And they will be employed next
18 year as well.

19 WILLIAM FEYLING: I understand your position, Ruth,
20 and I hope you can understand mine.

21 CHARLES MURRAY: Okay, we seem to have a stalemate
22 for lack of a better word. We will keep the motion live
23 as -- and I will call another meeting of -- of this group
24 when another member, two or three, have been added to our
25 group and recall the motion. Okay?

1 Moving right along, we got a -- we got a nod from
2 Counsel, so that's a good sign.

3 Any -- any other motions that anybody would like to
4 make as far as the process and what --

5 RUTH LOPEZ NOVODOR: Well, I have another one to
6 propose. Would you go to seven percent? Bill.

7 CHARLES MURRAY: I think it's addressed to you, Bill.

8 WILLIAM FEYLING: I'm going to stay with my five
9 percent, willing to go to five percent decrease, Ruth, with
10 all due respect. Thank you.

11 RUTH LOPEZ NOVODOR: Okay.

12 CHARLES MURRAY: Okay.

13 RUTH LOPEZ NOVODOR: Thank you.

14 CHARLES MURRAY: Okay.

15 KOREEN MARTONE: Can I (unintelligible)?

16 CHARLES MURRAY: Certainly.

17 KOREEN MARTONE: Koreen Martone with the Department
18 of Finance.

19 I just want to point out right now every single state
20 employee that is being furloughed is actively getting a 9.23
21 percent cut.

22 KATHY SANDS: Can you speak slower?

23 KOREEN MARTONE: Sorry.

24 KATHY SANDS: Yeah.

25 KOREEN MARTONE: Koreen Martone with the Department

1 of Finance.

2 Right now all state employees that are being
3 furloughed are getting a 9.23 percent cut, and it's been
4 coming out of their paycheck since February. So there's --

5 RUTH LOPEZ NOVODOR: Thank you.

6 KOREEN MARTONE: You're welcome.

7 KATHY SANDS: Thank you.

8 CHARLES MURRAY: I thank you very much.

9 Let's go to the motion. Bill?

10 WILLIAM FEYLING: Okay, Mr. Chairman?

11 CHARLES MURRAY: Bill.

12 WILLIAM FEYLING: Ruth, I just remind -- just to -- a
13 reminder. Your original motion was for six percent
14 reduction. So I'm at -- if -- if you want to make your
15 motion at five, your original motion was at -- at -- for a
16 six-percent decrease. It was amended by Kathy to go to ten
17 percent.

18 RUTH LOPEZ NOVODOR: Did the lady that just spoke say
19 that the 9.23 has been coming out of their checks since
20 February?

21 KOREEN MARTONE: Correct.

22 KATHY SANDS: Yes.

23 CHARLES MURRAY: That is correct.

24 KATHY SANDS: I really feel we -- we need to move on
25 and -- and try for ten percent.

1 CHARLES MURRAY: Right. I would agree.

2 KATHY SANDS: I really do. I --

3 CHARLES MURRAY: Why don't we -- we hold -- as I said
4 before, the motion is on hold until we can get -- get
5 support, if we can get support, of the four votes, which was
6 advised to us by -- by Counsel.

7 KATHY SANDS: So our -- our motion is -- is approved
8 and it stands as approved, but it isn't effective because we
9 don't have a majority. So it's not --

10 CHARLES MURRAY: I don't think it's approved.

11 KATHY SANDS: -- there will be no resolution.

12 CHARLES MURRAY: Bill -- Bill, can you give us a
13 little bit of a clarification here?

14 BILL CURTIS: Yes. The -- the Proposition 112
15 specifies the commission shall set state officers' salaries
16 and benefits through an annual salary and benefit resolution
17 adopted by a majority of its membership. That number is
18 four. So you must make a resolution annually --

19 KATHY SANDS: Yeah.

20 BILL CURTIS: -- and you have to do it before July
21 1st, which means June 30th.

22 CHARLES MURRAY: Okay. Okay. We -- we -- we will
23 leave that, excuse me, on hold until we learn from the
24 governor's office that others have been added to the
25 meeting, and then I will call another meeting on that topic

1 specifically. Okay.

2 Any other -- other comments? Okay.

3 Ruth?

4 RUTH LOPEZ NOVODOR: Yes.

5 CHARLES MURRAY: Any other comments?

6 RUTH LOPEZ NOVODOR: I think I've said where I stand.

7 Thank you.

8 CHARLES MURRAY: Okay. Okay, thank you.

9 I would like to -- like to renew a -- a request that
10 I -- I've had. Under Prop. 112 we -- anything that says is
11 the basis for what we do is salary and benefits, okay, not
12 just -- just the salary. And we have had a horrible time in
13 getting data on what are the benefits that everybody gets,
14 senators, other legislators, so on, so forth.

15 DPA has given me the last data that they've had which
16 outlines what the expenses are in the assembly and in the
17 senate. And some of these things are -- sort of stand out
18 to me as the owner of a small business.

19 First off, I have learned that as a senator or the
20 legislature, let's say, they are entitled to not only a car
21 in their home district but a car up here. Okay?

22 Two, they get free gas, and both places. And you
23 might not think that's -- that's a big deal, but on the
24 report that we have here, one of the senators last year
25 spent close to \$8,000 on gas. Now, I did a quick math on my

1 own use, and I spent about \$2,000 a year on gas. And this
2 is -- this is prior to the hike. This is sometime past.
3 Is -- is -- is that a benefit, is it a job requirement? I
4 don't know.

5 One of the other reports shows that they have the
6 reimbursement for the office supplies, the duplicating,
7 the -- the publication and a miscellaneous category. One of
8 the senators had a miscellaneous expenditure of \$21,000.
9 That's a lot of miscellaneous. I mean it wouldn't work in
10 my company. And I don't know anybody in the small business
11 area or in the large business area that could write off
12 \$21,000 in unallocated expenses.

13 On the assembly side we have one -- they are both
14 reimbursed for the car lease which is maxed out. And car
15 maintenance and the gas and oil, one senator had car
16 maintenance of \$5,519 in one year and gas and oil charges of
17 \$9,687. That's a lot.

18 I -- it's not our job to be an audit committee, it's
19 not our job to be the oversight to -- to look at this and
20 say, gee, is it right, because I'm sure there's an oversight
21 department somewhere up here that that is what they do. It
22 is our job, however, to include the benefits that someone
23 gets as compared to the benefits in other states.

24 So I will -- I will order -- order meaning as in a
25 restaurant as opposed to a drill sergeant, order a report be

1 made for us for -- for next year now, because -- because
2 we're -- we're through as of July 1st, but a -- a request be
3 made that this report we have to have or we can't do our job
4 unless we know the benefits.

5 We look at the salary. If you look at the report of
6 the expenditures of the senate or the assembly, salary is
7 ten percent of their total expenditures. So having us
8 restricted to just staring at the salary isn't -- isn't
9 giving us a fair chance to do a good job. So I would -- I
10 would request that that be done.

11 We've had talks. We have a budget of the \$15,000 a
12 year. I think every year we use two or \$3,000 of it and the
13 rest goes back to the General Fund. And so I don't know who
14 would be the party to go to to get this done. If -- if the
15 state can't do it, there are a handful of the placement
16 firms out there that I'm sure would be happy to do it.
17 Korn-Ferry, Heidrick & Struggles, you know, just -- just, oh
18 -- oh, to contact them and see what they would charge to
19 make the study.

20 But -- but I can't be stronger than I am right now
21 on -- on saying that we aren't effective, we aren't doing
22 what -- the job we were assigned to do without this data.
23 Okay? Thank you.

24 Any other comments?

25 Ruth?

1 RUTH LOPEZ NOVODOR: Yes. I am very interested,
2 given that we did the salary evaluation with other state
3 agencies that are similar and also state agencies that are
4 not similar, such as county and so forth, I think we need to
5 look at those as well.

6 CHARLES MURRAY: Okay. Very good. Good point.

7 Any other comments?

8 I will entertain a motion for adjournment.

9 RUTH LOPEZ NOVODOR: So moved.

10 KATHY SANDS: Yeah, okay.

11 CHARLES MURRAY: Do we hear a second?

12 KATHY SANDS: Second.

13 CHARLES MURRAY: Second, okay.

14 The meeting is closed. Thank you very much for your
15 time and your attendance.

16 KATHY SANDS: Bye, Ruth.

17 RUTH LOPEZ NOVODOR: Bye.

18 CHARLES MURRAY: Thanks, Ruth.

19 (End of recording).

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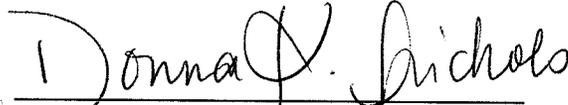
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