CALIFORNIA CITIZENS COMPENSATION COMMISSION

TRANSCRIPTION OF RECORDED HEARING

HELD ON APRIL 22, 2010

ORIGINAL

TRANSCRIBED BY: NATHALIA HABIBUW, CSR NO. 13490, and

JENNIFER WHITE, CSR NO. 13429

Following is an addendum to the April 22, 2010 California Citizens Compensation Commission meeting notes held at the Marriot, Burbank California. Page 1A

Chuck Murray: Debbie will you please call roll?

Debbie Baldwin: Charles Murray?

Charles Murray: Here

Debbie Baldwin: Kathy Sands?

Kathy Sands: Here

Debbie Baldwin: Ruth Lopez Novodor?

Ruth Lopez Novodor: Here

Added to the transcribed April 22, 2010 meeting notes on May 27, 2010 by Debbie Baldwin.

D Baldwin

DEBBIE BALDWIN

1 DEBBIE BALDWIN: William Feyling?
2 WILLIAM FEYLING: Present.
3 DEBBIE BALDWIN: John Stites?
4 JOHN STITES: Present.
5 DEBBIE BALDWIN: Scott Somers?
6 SCOTT SOMERS: Present
7 DEBBIE BALDWIN: We have a quorum.
8 CHARLES MURRAY: Thank you very much.
9 First off, I would like to thank everybody who
10 flew down from up north. I know maybe the weather is a
11 little better down here than it is up there, but you
12 still keep sending those rain storms to us which we
13 appreciate.
14 But I'd also like to thank Joanne Davis for her
15 coming down. She -- at the DPA, she's the brains
16 behind the operation, and she does all the work. So
17 thank you for coming, Joanne.
18 Next of course is Bill Curtis who's our
19 in-house lawyer who's given us a lot of advice on what
20 to do and what not to do, and I'm not going to say we
21 followed it in each case, but I appreciate it, Bill.
22 Last but not least, Debbie Baldwin who has done
23 just a magnificent job for us. I think whether it's
24 during the week, on the weekends I'll send out an
25 e-mail, Saturday I'll get an e-mail back from her

1 saying here's what I'll do when I get in the office
2 Monday.
3 I mean, just on top of everything, I think the
4 greatest thing that shows what she has done is, you
5 might recall from meetings in the past as you come in
6 there are stacks of reports and the paperwork outside.
7 Now we don't have any of that because the DPA and
8 Debbie and her team have spent a tremendous amount of
9 time putting everything on the Web site, DPA.cal.gov.
10 And so every opinion, every report, minutes of all the
11 meetings are on the Web site, and you can access them
12 at any time.
13 So not only did she provide total transparency
14 for any data we have, but she saved a few trees in the
15 meantime. So I thank you very much, Debbie.
16 I'd like to go through a couple different items
17 to lay the groundwork for -- for the meeting today.
18 DEBBIE BALDWIN: Are we going to have approval
19 of the minutes?
20 CHARLES MURRAY: Okay. Let's do the minutes
21 first.
22 For approval of the minutes, do we have any --
23 any of the changes or modifications?
24 I think you have one, Scott.
25 SCOTT SOMERS: I do.

1 Yes, Mr. Chairman. I would like to make a
2 motion to correct the minutes of our last meeting on
3 page 45, lines 14 and 15. If you all want to access
4 that, it's page 45 line 14 and 15.
5 There is a reference to pension benefits. And
6 the reference to pension benefits for constitutional
7 officers should be removed. As a result lines 13 and
8 14 would read, "flexible benefits, long term care,
9 deferred compensation, and optional benefits."
10 This new language is consistent with the actual
11 resolution signed by all committee members as well as
12 my original intent in the -- making the motion. This
13 removes any reference to pension benefits.
14 As you know, this change reflects advice from
15 counsel that the signed resolutions are binding, and
16 any inconsistency in language reflected in the minutes
17 should be corrected at the next meeting which is this
18 meeting today.
19 CHARLES MURRAY: Okay. Having that change, I
20 would like to ask for a motion to --
21 UNIDENTIFIED SPEAKER: I'll move to --
22 CHARLES MURRAY: -- to accept the minutes?
23 UNIDENTIFIED SPEAKER: I'll move for approval
24 of all 54 pages, isn't it?
25 CHARLES MURRAY: Yes. It's a long one.

1 UNIDENTIFIED SPEAKER: Yes
2 CHARLES MURRAY: Which is on our Web site if
3 you want to refer to it.
4 Any second?
5 JOHN STITES: I'll second it.
6 CHARLES MURRAY: All in favor?
7 (Multiple voices saying aye)
8 CHARLES MURRAY: Opposed?
9 It is passed.
10 The minutes are approved from the June 30th
11 meeting of last year.
12 UNIDENTIFIED SPEAKER: With the change.
13 CHARLES MURRAY: Oh, with the changes.
14 I think in the -- out in the agenda -- is that
15 right? Approve the minutes from the June 30th --
16 shouldn't that be 2009?
17 UNIDENTIFIED SPEAKER: It should be.
18 DEBBIE BALDWIN: Yes.
19 CHARLES MURRAY: Because I was going to say,
20 gee, that hasn't even occurred yet. Okay.
21 Starting comments, there are three items that
22 I'd like to state just to have the stage set.
23 First off, there has been an article on our
24 members singled out, if you will, for not submitting
25 forms to the State of California as is required.

1 I've been advised that all forms have been sent
2 in and have been received, and so we're up to date on
3 that.
4 But as our commission, we should be the leader
5 in this, not a follower. So what I have asked to have
6 done, and has been approved, that anybody who is late
7 on the forms, I will be advised of, and I will
8 personally have to follow up to see that it is done on
9 time so this will not occur again.
10 I apologize on behalf of our committee that it
11 did, but we have a problem, we solve it. That's what
12 we have done, and that's what we are doing, and that's
13 what we will do.
14 Part two is we received a slew of e-mails,
15 somewhere in the neighborhood of 80 to 100 -- and
16 here's a stack of them -- trying to assist us in what
17 we are doing, giving us some advice; a lot of it good,
18 a lot of it bad.
19 But for the most part, they have expressed
20 their feelings not only on what is going on in -- in
21 the Sacramento area, but moreover, what's happening in
22 their own life.
23 Many of them, they comment that, you know, we
24 have the salaries, we have the cars, we have the per
25 diem, so on and so forth, but both the wife and the

1 spouse are out of work. And how can you -- you,
2 Mr. Murry, allow this to happen, and so on and so
3 forth.
4 We appreciate getting the comments. We
5 encourage the comments to come in. Unfortunately, the
6 scope of our job isn't to react to the job performance
7 or react to what -- what is spent.
8 It is more we have to, what is called in the
9 business, "size packages." That is, we have to size
10 the package of what the Governor of the State of
11 California should make in terms of salary and
12 benefits.
13 And -- but what I'd like to do -- I think it's
14 very important what we've done -- I'm going to instruct
15 Ms. Baldwin to send these on to the President Pro Tem
16 of the Senate, Head of the Assembly and to the Governor
17 so he's aware -- which I'm sure he is -- but he is
18 aware of what we're getting, as it will reflect on the
19 job that is being done for the People of the State of
20 California.
21 Third and last, we have been advised that
22 Proposition 1F that was passed last year which says
23 that the Treasury Department -- the Finance Department
24 of the State of California has to issue a report to us
25 to state that they do not -- they do or do not have a

1 positive balance in the surplus fund.

2 And we had thought that the report would be

3 given to us prior to this meeting. Now it's due the

4 latter part of May. And so, many have agreed that it

5 would be improper for us to pass any resolution owed

6 today. So we've moved to have another meeting in June

7 in Sacramento.

8 And so what we'll use today for is to discuss

9 what action needs to be done; what are the resolutions

10 that will be proposed at that time; and then we'll go

11 up there and put them to bed, and have an up or down

12 vote on each one. Is that okay, Debbie?

13 DEBBIE BALDWIN: That's fine.

14 CHARLES MURRAY: Okay. Having said that, do we

15 have -- should we move into the staff reports? Do we

16 have any staff reports that have to be done?

17 DEBBIE BALDWIN: We have no staff reports. We

18 do have speakers.

19 CHARLES MURRAY: Okay. We have staff reports

20 -- any staff report -- just for clarification, any

21 staff report, any legal opinion, any of the commentary

22 is received by us, and is put on the DPA Web site so

23 anybody can look at the DPA Web site and see exactly

24 what we see.

25 DEBBIE BALDWIN: And that is on -- through a

1 link through DPA's Web site, but it is for the
2 Citizen's Compensation Commission. So it -- you can
3 find a link on DPA's Web site.
4 CHARLES MURRAY: Okay. Do you have a list of
5 anybody that would like to speak -- to address the
6 Commission?
7 DEBBIE BALDWIN: Gus Demas would like to speak.
8 CHARLES MURRAY: Okay. Mr. Demas, would you
9 care to address the group?
10 GUS DEMAS: Thank you very much, and good
11 morning.
12 I just wanted to clarify one issue that I
13 believe DPA staff may be working on as well, but when
14 we looked at the survey -- by the way, for the record,
15 my name is Gus Demas, and I'm the fiscal officer for
16 the Assembly.
17 And we looked at the survey that DPA had posted
18 on their Web site in late March, and we saw that the
19 information for other states, perhaps, did not have
20 some very vital information we feel. So that you
21 could -- if you're going to be looking at other states,
22 we thought it would be appropriate to mention issues
23 that are missing there.
24 And so what we did, we asked the Office of the
25 Legislative Analyst to prepare a little summary. And

1 if you would like, I can give you a copy of that at
2 this point.
3 CHARLES MURRAY: Certainly. Thank you.
4 GUS DEMAS: The two issues -- and I can go
5 through the chart quickly and then open it up for
6 questions -- but the two issues are that New York which
7 is touted as the next highest state, generally, with
8 legislature salaries, they receive a retirement or a
9 pension. And California, as you know, since 1990, does
10 not. And that is a substantial difference.
11 Secondly, most of New York's legislators
12 receive what they refer to as a "stipend," some may
13 call it an allowance.
14 Whatever it's called, it does need to be looked
15 at because the base salary is only provided to about 20
16 percent of their members. The vast majority of them
17 get some type of a stipend.
18 So what we did, we had the legislative analyst
19 put this little table together so you see what the
20 impact is of those differences -- and I think it's
21 highlighted in the middle section of the chart -- if
22 you go there where it talks about the average annual
23 salary.
24 And because New York has two hundred and twelve
25 members, we felt it was appropriate to look at the 80

1 assembly members in New York and compare them to the 80
2 assembly members in California, and then look at just
3 at the 40 senators from New York, because otherwise you
4 go beyond the hundred and twenty, obviously.
5 And so if you look at just those top one
6 hundred and twenty legislators, you see that the
7 average salary in New York is 95,138.
8 In California which includes the leadership
9 stipend for four leaders in each house, of course,
10 that's 95,827.
11 On the Senate side you see New York is 99,160,
12 California is 96,363.
13 And then when you combine the two numbers, you
14 see that New York is at 96,428, and California is at
15 96,000.
16 And additionally, a little further down the
17 chart there, you see that the retirement program --
18 which is something that I believe your later survey may
19 cover, they have a -- I think they have five different
20 tiers, but the one that members enjoy now, you can see
21 on the bottom line there, the average annual
22 contribution would be around $17,000, roughly, per
23 year.
24 And so just one other point too, is the number
25 of constituents that are represented per member. There

1 is a significant difference there.

2 So we just wanted to point those items out when

3 you're comparing with New York because you had one of

4 the articles in your binder, and also there were other

5 editorials and articles that appeared, that keep saying

6 that California legislators are the highest paid in the

7 nation. And I don't believe they are.

8 So I just wanted to set the record straight.

9 So if you have any questions, I'd be happy to answer

10 them for you. Otherwise, thank you very much.

11 CHARLES MURRAY: I thank you, Gus.

12 GUS DEMAS: Thank you.

13 CHARLES MURRAY: Next speaker, Debbie.

14 DEBBIE BALDWIN: David Roberti.

15 DAVID ROBERTI: Thank you, members of the

16 Commission. My name is David Roberti. Maybe you know,

17 maybe you don't know, I'm the author of the California

18 Compensation Act, constitutional amendment and the

19 accompanying statute that was passed at that time. For

20 better or (unintelligible), and you have my apologies

21 at times.

22 Um, this actually is the first time I've ever

23 testified before the Commission, so thank you for the

24 opportunity.

25 Um, the Commission -- if I could just make a

1 few recollections before I get into my points -- the
2 Commission was established for a number of reasons.
3 One, so that legislators wouldn't have to set their own
4 salaries.
5 Two, so that the compensation would be, at that
6 time, sufficient so that legislators would give up some
7 of the perks that were controversial but were there to
8 help make people make ends meet.
9 Among those perks were gifts. Now gifts are
10 radically restricted. Honoraria, a legislator cannot
11 receive an honoraria, I believe, from any source.
12 And the revolving door. The revolving door was
13 instituted because in California, unlike -- unlike even
14 the federal government, California now -- a legislator
15 has to wait before he can or she can get a job, and in
16 effect lobby or contact the state legislator.
17 That, actually, even has an indirect reflection
18 on compensation because before, a person could, you
19 know, if he wasn't compensated or didn't think he was
20 compensated enough, could move quickly into another
21 job.
22 Now at least when you're at the point of
23 retirement you -- you hopefully, at least 10 years ago,
24 would have sufficient funds that you could, you know,
25 balance and wait it out without having the need to go

1 jump in the first -- the first place that offers you --
2 it's usually somebody who is, uh -- who's interested in
3 your influence or interest in the state legislature.
4 So reforms were taken, and they were serious.
5 And they were the most radical reforms. They were
6 supported by common cause in addition to the
7 establishment of the compensation commission itself. I
8 guess nobody at that time envisioned reductions,
9 although it was certainly a possibility.
10 Today before you and before you in June will be
11 the issue of whether there should be a further
12 reduction in a legislator's salary.
13 One more aside, I used to -- when I left the
14 legislature -- I teach political science both at USC
15 and Loyola Marymount for 10 years, and one of the most
16 frequent questions of the young people in the audience
17 was, how do you get into politics? How do you win an
18 office? You know, as if there's a magic way of doing
19 it, and there isn't as everybody knows.
20 Today if I were still teaching those courses, I
21 would tell the young person that came up to me, don't
22 run for office. The stress, the polarization, and,
23 really, the lack of compensation just doesn't balance
24 out, especially if you're a young, about to raise your
25 family, middle income person.

1 Not somebody who's wealthy or not somebody
2 who's happy, you know, because this is the only job
3 they'll ever be able to get, but a young, middle
4 income, about to raise your family -- why would you do
5 it? There's no pension, and the remuneration is always
6 under the gun -- always under the gun.
7 If the things you believe in strongly aren't
8 consistent, maybe with another panel -- and I'm not
9 saying that's the case. I'm talking in theory now --
10 you run a risk.
11 I would tell that young person, male or female,
12 your first obligation is to your family. Don't run for
13 office. Wait till you make your first billion dollars,
14 then run for office.
15 Now, that's unfortunate because we're not going
16 to get a mix that the legislature requires to
17 adequately reflect the sate of California.
18 Another point is that -- my apologies. And if
19 I could -- it's me. This is the first time this has
20 ever happened.
21 CHARLES MURRAY: First time's free, so.
22 DAVID ROBERTI: First time's free. Lock it and
23 there we go.
24 Another point is, in order to put a distance
25 between what was the -- essentially, the executive

1 power, which sometimes has a conflict of interest with
2 the legislative power, but these are executive
3 appointments, and fine and rightly so. We put in -- we
4 put in -- um, we put in criteria which were to act as
5 restraints on the executive so that the executive could
6 not move to far afield.
7 Think of this, to glamorize ourselves a little
8 bit, as a constitutional convention, is not directed
9 toward any one person or any one state of affairs at a
10 given time. It is directed truly at keeping a proper
11 division of powers.
12 And one of those restraints I will read to
13 you. It's Section 8, as you probably know, the amount
14 of the annual -- and excuse my cataracts. I have to
15 look a a little bit closer -- the amount of the annual
16 salary and the medical, dental insurance, and other
17 similar benefits for other elected and appointed
18 officers and officials in this state with comparable
19 responsibilities, the judiciary and to the extent
20 practical, the private sector. These are the other
21 entities that we have to look at.
22 Let me, I must mention again, other elected and
23 appointed officers and officials in this state with
24 comparable responsibilities, the judiciary, and to the
25 extent possible, the private sector recognizing,

1 however, that state officers do not receive and do not
2 expect to receive a compensation.
3 In addition to what you are doing, and that is
4 looking at the rates of pay and other -- and other
5 legislatures. The judiciary -- the judiciary, we put
6 that in on purpose. In fact to go back -- to go back
7 to the period of time -- I cannot believe this.
8 To go back -- to go back to what was going on
9 at that time, the judiciary was the standard which the
10 city of Los Angeles and the county of Los Angeles also
11 used for their compensation.
12 Now, I'm not recommending that this board raise
13 legislative salaries to a $179,000, what the judiciary
14 is receiving, but that language is not a dead letter
15 either. That language has to be taken into
16 consideration. And when it says you have to look at
17 what judiciaries receive, in effect cutting the
18 legislators' salaries to half of what a superior court
19 judge makes is not consistent with what the language of
20 the statute says.
21 And that is the guideline that was inserted in
22 order to keep a reign, a handle on what the
23 compensation commission might do.
24 Um -- getting back to my little parallelization
25 to my students. Why would I tell them not to run? You

1 don't get a pension. That's the main reason. That's
2 the main reason.
3 You can almost at times -- you can almost at
4 times deal with a bad salary, although I'd recommend
5 not to run because of that too, but if you go back in
6 your archives as to when the first jump took place, not
7 when I was in office, unfortunately for me, but when
8 the first real jump took place in compensation, I think
9 it was, like, in 19 -- um, let me think -- maybe,
10 1998. I can't remember.
11 The then chair and members were quoted in the
12 press -- and maybe if you look in your archives you'll
13 be able to find it too -- well, we've given this jump
14 to allow people to be able to buy their own pension
15 plan or to be able to, maybe, purchase a 401(k), or put
16 your own retirement program together because you don't
17 have one.
18 Go look at your archives. I'm glad you've got
19 a couple more months to do this in. I hope you find
20 them, but it's there. It's there.
21 That was a stated reason, maybe not the only
22 reason, but a stated reason. A legislator does not get
23 a pension.
24 Making California comparable to, say, New
25 York, Michigan, or Illinois is not fair because they

1 all get pensions, and you don't get one in California.
2 And the reason why that passed was punitive. Why
3 California is to be the subject of the punitive
4 legislation -- that goes with the turf of running for
5 office, but it's not necessarily deserved.
6 That California deserves it more than Illinois,
7 than Louisiana, than New York or Mississippi -- and at
8 some point you have to say enough.
9 It's not just a question of economy. It's a
10 question, maybe, of people so upset and so frustrated
11 that you have to strike out at someone. But don't
12 strike out at the basis of good government and tell
13 that young person who is wondering what are they going
14 to do with their lives, and they want to become public
15 servants and run for office, and that the best answer
16 for you is not to do it.
17 I hope you take my words into consideration.
18 I hope you look at the section -- I'm sure you will --
19 of Section 8 which stress judiciary as well as other
20 legislatures. Remember that a hundred and seventy-nine
21 thousand dollars goes to judges.
22 And having been a legislator, don't live under
23 the stress, unless you have the hot case that
24 legislators do on a daily basis, especially at budget
25 time. And to think of that, that -- that can't be the

1 standard, but it has to be a factor when you make your
2 decision.
3 Thank you very much.
4 CHARLES MURRAY: Thank you, Senator.
5 (Unintelligible).
6 DAVID ROBERTI: Oh, sure, sure.
7 CHARLES MURRAY: I have a few points since we
8 talked before --
9 DAVID ROBERTI: Yep.
10 CHARLES MURRAY: -- trying to put our arms
11 around the background of, I think, it was Proposition
12 112.
13 DAVID ROBERTI: It was 112. Thank you. I
14 couldn't remember.
15 CHARLES MURRAY: I have it tattooed on my arm.
16 You -- you made a point and some of the valid
17 points some of which we have heard.
18 DAVID ROBERTI: I'm sure you have.
19 CHARLES MURRAY: Because we have toured and met
20 with a lot of the assembly men and a lot of the
21 senators, and it's not an easy job. I mean, none of us
22 up here thinks they go there, and it's a gravy train.
23 We -- we've met with young senators with young families
24 and, you know, just to say what do they do here --
25 here, but it's a choice, and that -- that is -- that is

1 the way it is.

2 Subsequent to the passage of 112, which you

3 authored, a term limit statute was passed. Now, what

4 to me that would negate because I've been in the

5 private sector all my life. It would negate having a

6 retirement or the pension because you're only there for

7 four to eight years and then you're out.

8 DAVID ROBERTI: I think the average is you're

9 there about 12 years, and those are the 12 best

10 years --

11 CHARLES MURRAY: Oh, really?

12 DAVID ROBERTI: -- earning years of your life.

13 Most pension packages -- and I've only talked about

14 ones I'm more familiar with. I've had occasion to sue

15 CalPERS on items, so I'm a little bit familiar with the

16 state pension system over and above whatever I may get

17 myself -- have what you have service credit.

18 You can't recoop that service credit. That is

19 for every year that you're working, you get one year.

20 And then you can multiply that by a percentage of what

21 either your highest salary was or your lowest salary,

22 every pension's different. And I'm speaking more about

23 CalPERS, but as far as the service credit's concerned,

24 that's one year.

25 If you run for office, say, at 34 -- which I

1 think is probably 34, 35 in age which many people do --
2 you're in the Assembly for eight years, that's 34 to
3 42. You're not going to recoop those best years.
4 That's lost. That's gone.
5 And most pension packages, even if it's only a
6 401(k) it would work comparably because why a 401(k)
7 really works well is that you can build interest upon
8 interest over a period of time. But if you lose your
9 thirties and part of your forties, you're not building
10 that interest over a period of time.
11 What was advised -- the -- the advice from the
12 member -- and I'm trying to recollect correctly, so I
13 advise you to check your archives -- that advice was
14 given after -- after the term limit propositions
15 passed. Because it took away the pension, and he
16 understood that people had to use that period of time
17 that they're going to lose for pension purposes --
18 purchases.
19 If you start thinking about pension when you're
20 55 years old, forget it. Forget it. You're not going
21 to be able to build up enough to sustain yourself. So
22 I think it's probably more important than not, to have
23 those years accredited to you.
24 CHARLES MURRAY: I would agree.
25 The other point I -- I have and Gus Demas was

1 very, very good to us in bring us around and meeting
2 some of the senate and -- and speaking to them on a one
3 by one basis. So and -- and just so -- just -- oh,
4 okay. Just as long as I have the spotlight, that's all
5 I care about.
6 The -- the other thing is -- what you're saying
7 is, if I can paraphrase it back to you is it's good
8 only if someone wants to continue in the role of
9 politics, ie, a Jerry Brown and not --
10 DAVID ROBERTI: Well, Jerry is an extreme --
11 yeah, I understand what you're saying. Jerry is the
12 extreme case.
13 CHARLES MURRAY: But I mean that's only how I
14 can relate to it. A lot of these people have spent
15 their life in politics and have gone from one job to
16 the next.
17 DAVID ROBERTI: Right.
18 CHARLES MURRAY: My own feeling, and I'm not
19 speaking for anybody else, but my own feeling is if you
20 run for office or decide not to run for office, it's --
21 it's -- it's a decision where you have to make and take
22 into account a lot -- a lot of elements, factors.
23 One of the things is, as I have heard on the
24 federal level, given the vetting that someone has to go
25 through, a lot of good people have said no, I'm not

1 going to run for the office. Not that I've done
2 anything wrong, but I've done things that might look to
3 be wrong --
4 DAVID ROBERTI: Sure.
5 CHARLES MURRAY: -- and it's too hard to
6 explain to the press, so I think there are those
7 elements.
8 Thirdly, I think you're right on the pension,
9 and I appreciate you coming up here to speak to us, but
10 I think -- okay. There are other elements which come
11 into play like the car, the per diem, so on and so
12 forth.
13 DAVID ROBERTI: Can I address those?
14 CHARLES MURRAY: Sure.
15 DAVID ROBERTI: We hear about the car --
16 because I had a state car, you have to -- at least if
17 things haven't changed since the last years since I was
18 there -- you have to keep a record. And you can only
19 use that car for state business. You can't be driving
20 your girlfriend to the movies. You can't be going to
21 the next golf tournament.
22 I think people have a misconception of the car,
23 and the telephone, credit card are used for. They can
24 only be used for state business.
25 Remember, you represent a big district. You

1 represent a big district, you've got to travel a lot.
2 Assembly -- senate districts are bigger than
3 congressional districts. Assembly districts are almost
4 as big as congressional districts.
5 So yeah, you have the car, but, you know,
6 unless you want to spend all your time at business, or
7 if you want to break the law -- I'm sure there are
8 people who break the law, but they better be careful.
9 CHARLES MURRAY: So you are saying that the car
10 that is leased by the senator or the representative is
11 a hundred percent business?
12 DAVID ROBERTI: No. If you're going to use it
13 for yourself, you have to pay a portion of it.
14 CHARLES MURRAY: Okay.
15 DAVID ROBERTI: Now, these are the rules while
16 I was there, and that was a while ago. So if you're
17 going to use it yourself, you have to pay a portion of
18 it. If you have a state car which is, you know, the
19 white Taurus, you can't use that for anything. The one
20 you have for yourself --
21 CHARLES MURRAY: That would be in a carpool?
22 DAVID ROBERTI: That would be in a -- yeah, I
23 guess it would be in a carpool, yeah. But if you have
24 your own car, you have to pay a portion of it.
25 CHARLES MURRAY: Okay. For personal use.

1 Which is -- I mean I -- I have worked for large firms
2 and they come up with a rule. 18 percent, whatever,
3 you have to pay for it (unintelligible).
4 DAVID ROBERTI: I -- I -- I
5 CHARLES MURRAY: I think the IRS has a rule.
6 DAVID ROBERTI: The IRS -- well, when I was
7 there, we had to follow the IRS rules.
8 CHARLES MURRAY: Right.
9 DAVID ROBERTI: And we -- I -- we were subject
10 to IRS audits. One of the most unhappy moments of my
11 life is the IRS called me, and they said they wanted to
12 audit me, and I knew they weren't going to be -- it
13 wasn't going to be -- I won, but I knew it wasn't going
14 to be a happy audit because they didn't say Senator
15 Roberti, they said Mr. Roberti. It sounded like this
16 is business. But you -- you're audited. You're
17 audited by the IRS.
18 CHARLES MURRAY: Okay. Okay. Good.
19 Ruth, I --
20 RUTH LOPEZ NOVODOR: Senator Roberti --
21 CHARLES MURRAY: -- I think you had something.
22 RUTH LOPEZ NOVODOR: Yeah.
23 Thank you so much for this overview. It's
24 really helpful.
25 DAVID ROBERTI: Very good. Thank you.

1 RUTH LOPEZ NOVODOR: (Unintelligible) -- origin
2 of it. But I had a question. On the judiciary, who
3 determines their salaries? And is it a citizen panel?
4 DAVID ROBERTI: No, it's not a citizen panel.
5 The first determination is made by, I believe,
6 in lot -- in the -- by the statute that says the
7 legislature makes the determination of what, I think,
8 by statute the legislature makes the initial
9 determination, and then the -- the voters can vote.
10 In Los Angeles County the judges get an
11 increment voted on by the county supervisors for
12 reasons that I don't know, you know, you can figure
13 that out yourself, and -- but that's in the statute.
14 Now, we recognize that it shouldn't be the only
15 guideline. I understand that. And that's not here
16 saying that, A, let a judicial salary -- should be the
17 guideline for a legislator salary as it is in the city
18 counsel of Los Angles. It just point blank -- it's --
19 it's -- it's a ditto salary. But it is a guideline.
20 It is a guideline. It's not a dead letter. It means
21 something. And I would say somewhere between --
22 somewhere between total comparability --
23 RUTH LOPEZ NOVODOR: Um-hum.
24 DAVID ROBERTI: Which I not -- do not think
25 would be correct. And 50 percent, which I think makes

1 it a dead letter, is proper. And, you know, that would
2 be closer to what was a couple of years ago the
3 legislative salary. So I recognize that that salary is
4 set by statute, in part, and the legislature passes the
5 statute.
6 CHARLES MURRAY: Thank you.
7 Ruth, do you have anything else?
8 RUTH LOPEZ NOVODOR: No. Thank you.
9 CHARLES MURRAY: Scott?
10 SCOTT SOMERS: The -- your comment about the
11 structure of the -- of the legislature and, you know,
12 should -- can young people mid-career people
13 essentially run. It's sort of -- it's kind of a
14 personal philosophical issue. And maybe when the --
15 DAVID ROBERTI: Sure.
16 SCOTT SOMERS: -- the state voted in '76, I
17 think it was, to actually move people from part-time to
18 full-time, sometime in the 70's I believe that
19 happened.
20 UNIDENTIFIED SPEAKER: (Unintelligible)
21 SCOTT SOMERS: I'm sorry?
22 UNIDENTIFIED SPEAKER: '67.
23 SCOTT SOMERS: '67. So presumably there's kind
24 of a -- a recognition that the state is moving in that
25 direction.

1 There are clearly many different models. If
2 you look at the state of Texas, I think, they're paid
3 $9,000 a year. And, I think, the legislator --
4 legislature meets ever other year. Now, you could say,
5 well, do we really want to look like the state of Texas
6 or do we want to look more like the state of New York?
7 And everybody, again, can have their own
8 philosophical aspects about that. While -- and I'm not
9 sure it's our job, frankly, just as it's not our job
10 officially to consider performance. Neither is it our
11 job officially to consider what compensation might do
12 to the composition of the legislature. It's a factor.
13 We should always consider every factor in my opinion.
14 On the performance comment, it is true by the
15 definition of it, and you put it together, that
16 performance, per se, is not a criteria that we should
17 look at, even though the people of California don't
18 know that. And in all of those letters -- and I read
19 most of them -- a hundred percent of which, basically,
20 said cut their compensation.
21 And by the way, not one of them said the
22 Republicans are doing a bad job and the Democrats are
23 doing a good job, or the Republicans -- Democrats are
24 doing a bad job and the Republicans are doing a good
25 job. And it said cut them all.

1 The legislature -- the legislative -- the
2 legislature approval ratings are abysmal, and the
3 Governor is not much better. So at least the people of
4 California if they as the employers of the legislature
5 say they're for whatever reason -- and I think this is
6 a major issue for the legislature, for the Governor,
7 for the whole -- is that there's the perception that
8 they're doing a really lousy job. And they want us to
9 cut their compensation because they're doing a lousy
10 job.
11 I will say it's hard to ignore that, even
12 though we will officially ignore that, and -- but the
13 other factor that I would say in this -- and Gus, by
14 the way, I thought this was very useful -- and too
15 often the information we have doesn't give us good
16 apples to apples.
17 As the compensation expert on this, and
18 compensation people will tell you, you always have to
19 consider retirement packages, pension benefits as part
20 of the total compensation in the fact that they get
21 them in New York and other states and we don't get them
22 here, is a very significant factor in looking at the
23 total compensation package which has to be looked at.
24 The factor that, frankly, most influences my
25 thinking right now is the fact that the state remains

1 in a very strong, very difficult fiscal situation.
2 I have seen city counsels and city counsel
3 members who control their own salaries saying, we're
4 not going to reduce our compensation until we see what
5 the unions are going to do. Personally, I think that's
6 very, very poor leadership.
7 We had people testify last year, a particular
8 Senator Maldonado saying, please reduce our
9 compensation because we really can't reduce other
10 people's compensation as long as -- if we're not
11 touched ourselves. I believe that remains a very
12 significant issue this year.
13 How much -- 18 percent was a big cut last year.
14 There's no question about that. Personally, I don't
15 favor anything near that, but I do still lean in the
16 direction of some cut for the reason I just mentioned.
17 DAVID ROBERTI: I guess we disagree. I think
18 18 percent was -- and I'm not here testifying on that.
19 SCOTT SOMERS: Right.
20 DAVID ROBERTI: That's a done deal. That's on
21 the books right now. And that is more, to the best of
22 my knowledge, than any other public body has taken or
23 for that matter any other constitutional officer in
24 another state has taken.
25 And to sort of say that, you know, a worldwide

1 depression, in some places worldwide recession, which
2 is the underlying reason -- not the only reason -- but
3 the underlying reason for the budget crisis in
4 California is, you know, those -- those lazy so-and-sos
5 in Sacramento who aren't doing their job.
6 I -- I mean, I -- I just think it's
7 eegregiously unfair.
8 SCOTT SOMERS: I agree with you.
9 DAVID ROBERTI: Yeah. And I don't love
10 everyone including some in my own party. But I -- I --
11 who's up there, but I feel really whetted, in my own
12 humble way, to the intent of this legislation.
13 CHARLES MURRAY: All right. Thank you,
14 Senator.
15 DAVID ROBERTI: Thank you very much.
16 CHARLES MURRAY: We have one more question.
17 DAVID ROBERTI: Sure.
18 CHARLES MURRAY: Bill.
19 WILLIAM FEYLING: Good morning. Thank you for
20 coming in and addressing us today. I find it very
21 interesting and insightful.
22 When looking at 112 and kind of looking at the
23 framework with which it was crafted for this commission
24 to -- to -- the framework that this commission was
25 crafted to work within, some of the things that were --

1 that we were to consider was the time required to
2 perform the official functions and duties and services
3 of these officials to which we govern their
4 compensation package.
5 In your opinion -- I know you've probably been
6 a way from the job a little while -- do you think that
7 that has increased or decreased, again, the time, you
8 know, the officials duties, functions and the time
9 required to perform those duties?
10 DAVID ROBERTI: My wife will get mad at me with
11 this answer.
12 WILLIAM FEYLING: I apologize.
13 DAVID ROBERTI: But -- but when you have a
14 budget crisis of these enormous proportions the
15 immediate response of the public is they're not doing
16 their job. When the reality is you're working harder
17 than ever.
18 Now, we had a major budget crisis in the -- my
19 last years, and I think the first years of Governor
20 Wilson which was almost as bad as this, but not quite.
21 And you just are working all the time to reach
22 compromise.
23 But you know, were dealing in a state -- I'm
24 not telling you anything that you don't know -- where
25 let's say 50 percent of the people, you know, want

1 services -- I guess a hundred percent of the people
2 want services. And everybody else wants somebody else
3 to pay for it.
4 You know the thing we always used to say as a
5 joke is, "Don't tax me. Don't tax thee. Tax the guy
6 behind the tree." Tax the guy who should be paying the
7 taxes. You know there's only so much you can charge
8 for cigarettes.
9 And the reality is -- the reality is that
10 people -- people reach impasse because we have
11 Democrats and Republicans in the public, not only in
12 the legislature but in the public.
13 One side saying, don't cut our benefits. Cut
14 that waste that the other guy is doing. And the other
15 side saying, don't raise taxes. And then the public.
16 And then the public deserves a little bit of
17 the blame. I can say this now because I'm not running
18 for office. But do you know of any proposition that
19 sounded good that the public defeated that cost money?
20 Or of any tax that tax the other guy that they
21 defeated? I don't think so.
22 What has constrained the legislature is we
23 have, you know, if you vote for every tax and for every
24 benefit, you know, you're going to have problems like
25 this. And then okay. Let's blame -- let's blame the

1 people in Sacramento when you take all their power
2 away, or whether you put mandates on them, you know,
3 you're going to resolve this.
4 This is not to exonerate legislators. I mean,
5 I actually was in Sacramento yesterday in a democratic
6 senator's office -- and I have to say it was the most
7 insulting experience I ever had. Won't tell you who.
8 In fact I almost had a Marie Antoinette moment, I call
9 it. Why am I going down there to testify? Let them
10 eat cake.
11 But I care about this bill, and I care about
12 the subject matter, and I care about the underlying
13 constitutional provisions. And I really care because I
14 was there for so long of getting blamed for everything
15 including worldwide depressions sometimes by people who
16 write letters, who vote for all the appropriations when
17 they get a chance on the ballot and for every -- and
18 against every tax. That's my estimation.
19 This is not to exonerate legislators who
20 deserve a lot of criticism, and I think you guys in
21 your own unofficial way last year meted out quite a bit
22 of criticism to them. And fine, enough already.
23 WILLIAM FEYLING: So to -- I'm sorry but to
24 bring it back to the original point. Some of the main,
25 three criteria that we were to look at in 112, one

1 was --

2 DAVID ROBERTI: Oh, time

3 WILLIAM FEYLING: The amount of time required

4 to perform the official duties and functions and

5 services. So in your opinion you believe that that is

6 one of the criteria --

7 DAVID ROBERTI: Yes. And if the public -- if

8 the public wants to do something about it, it's not

9 writing e-mails, as important as that is.

10 If they want to vote for a part-time

11 legislature -- I'm not in favor of that, but it's very

12 easy to put a part-time legislature on the ballot. And

13 if the public doesn't want these guys or gals to work

14 that hard, vote for a part-time legislature that's the

15 answer. And we'll have it out that way. I'm against

16 it. But that's the public's role.

17 But don't assume that under the current context

18 people aren't working really hard away from their

19 families all the time.

20 WILLIAM FEYLING: So -- so you've also I think

21 you spoke to one of the other main criteria which was

22 that based on the, you know, that we should look to

23 other comparable state officials and in part the

24 judiciary.

25 DAVID ROBERTI: Yeah.

1 WILLIAM FEYLING: The other -- the other main
2 section, I believe, that we were to look to, was the
3 responsibility, scope, and authority of the state
4 officials. In your mind, has that decreased at all --
5 DAVID ROBERTI: No.
6 WILLIAM FEYLING: -- over the years?
7 DAVID ROBERTI: No. No, no,. A lot of power
8 has been taken away in the specific areas, but the
9 problem is that in other areas that has just increased
10 your need to find solutions that are fair and that are
11 equitable.
12 So yeah, some power has been taken away, but
13 with the increased population in California and the
14 conflict of conflicting needs, no. It's frankly
15 increased.
16 When I was a legislator, my Senate district, I
17 think, had like, um, 600,000 people. Now, somebody can
18 correct me. I think there are almost a million.
19 UNIDENTIFIED SPEAKER: 850.
20 DAVID ROBERTI: 850. That's a huge
21 difference.
22 I mean, if I wanted to go back home and see --
23 and visit with my constituency that took up all day.
24 And I don't know what you do once you start approaching
25 a million, and 850. What do you do? What do you do?

1 And have a home life at the same time.
2 So I think it's increased only because
3 California has increased, and the number of senators
4 and assembly members has stayed the same.
5 WILLIAM FEYLING: Thank you for your time.
6 Appreciate your answers.
7 DAVID ROBERTI: Okay.
8 CHARLES MURRAY: I thank you, Senator.
9 DAVID ROBERTI: Thank you for hearing me out.
10 CHARLES MURRAY: Anybody else have any other
11 comments for the Senator? I have one last thing.
12 DAVID ROBERTI: Okay. And I really enjoyed
13 myself.
14 CHARLES MURRAY: And we really -- I speak for
15 all of us -- appreciate you as the author and father of
16 us being here today and give us the background of it.
17 One thing that you know, and it's an election
18 year, especially in the state of California, the
19 commercials are -- are abound and Meg Whitman has one
20 that is on every five seconds.
21 DAVID ROBERTI: Yeah. One?
22 CHARLES MURRAY: Well, the one that I'm
23 referring to. And she said Sacramento isn't like the
24 private sector and should not be, you know. And then
25 she goes into 80 percent is talk and 20 percent is

1 doing, and so and so on.

2 But what do you think now that you're back in

3 the private sector? Is the basis we could use to say,

4 well, this is what's happening in the private sector.

5 This is what should happen in the Sacramento.

6 DAVID ROBERTI: Well, the biggest thing --

7 okay. The biggest thing -- I'm going to give you my

8 ideas on state finance -- the biggest thing is when you

9 run a surplus -- when you run a surplus sometimes --

10 there's sometimes a tendency to think that a surplus is

11 going to last forever.

12 And so if I had to think of any one thing, an

13 error I would point to the legislature and say you

14 know, when you made -- and, you know hope they don't do

15 the same to me and go back and pass history -- I would

16 say that, um, the legislature succumbed a little bit to

17 pressure when surpluses were run up, maybe, seven or

18 eight years ago, and put that money to some extent into

19 on going expenses.

20 And I think a private business really watching

21 the bottom line more than any legislature should, but

22 really watching the bottom line would be less apt to do

23 that.

24 CHARLES MURRAY: But what you're saying is you

25 obviously read these articles.

1 DAVID ROBERTI: Oh, yeah.

2 CHARLES MURRAY: With much more vigor than I

3 do. But didn't the Governor propose that and the

4 populous said no to set-up a sinking fund, or?

5 DAVID ROBERTI: Yeah.

6 CHARLES MURRAY: Or a reserve fund.

7 DAVID ROBERTI: Yeah, yeah. Because yeah

8 because they thought -- they thought -- they thought I

9 mean, yeah. See that get's me -- yeah.

10 But that gets to the whole point I'm trying to

11 make, and that is -- and the reason why they voted no

12 is, they thought it would infringe upon expected -- I

13 hate to use a Republican word -- entitlements. That's

14 the one thing that keeps coming into my mind. And so

15 they didn't want to infringe upon that and because I

16 guess there was no cigarette tax to pay for it.

17 CHARLES MURRAY: Um-hum.

18 DAVID ROBERTI: But people -- the public -- the

19 public votes -- because propositions have gone crazy --

20 for almost every feel good proposition.

21 CHARLES MURRAY: Um-hum.

22 DAVID ROBERTI: And vote against almost every

23 tax, unless it's, you know, cigarettes, or, you know,

24 maybe if you're multi, multi, multi-billion dollar

25 category, you know, you get a tax. But that's the

1 way -- that's human nature.

2 CHARLES MURRAY: Right.

3 DAVID ROBERTI: A legislature, and what creates

4 their work, is they have to balance this stuff, at

5 least try to.

6 CHARLES MURRAY: Right.

7 DAVID ROBERTI: The public doesn't have to do

8 it, you know. You know, instant answers are easy. But

9 part of the problem we're in right now, and I guess I

10 can say it because I'm not going to -- you're not going

11 to see my name on the ballot, is that you can't have

12 ballot-box budgeting --

13 CHARLES MURRAY: Right.

14 DAVID ROBERTI: -- and expect to survive and

15 then blame the legislature that had -- in this case,

16 might have had nothing to do -- do with it.

17 CHARLES MURRAY: My -- my attitude which is one

18 I borrowed from someone that I've spoken to in the

19 past, is that in the private sector, the CEO isn't

20 there because of the popularity contest. Someone's in

21 the Sacramento or the governorship because of a

22 popularity contest.

23 DAVID ROBERTI: Right.

24 CHARLES MURRAY: So that to me is the

25 ying-yang, but -- anybody else have anything to ask of

1 the senator? Thank you very much, Senator.
2 DAVID ROBERTI: Thank you.
3 CHARLES MURRAY: We --
4 DAVID ROBERTI: I enjoyed myself.
5 CHARLES MURRAY: We really appreciate the
6 insight you've given us. Thank you.
7 Any other speakers, Debbie?
8 DEBBIE BALDWIN: No other speakers.
9 CHARLES MURRAY: No other speakers. Excuse
10 me. That being concluded, we'll go right into a
11 discussion of a proposed salary reduction.
12 Could I start with you, Bill, and then we'll
13 work our way down the panel.
14 Do you have any comments?
15 WILLIAM FEYLING: No, I don't have any comments
16 at this time.
17 CHARLES MURRAY: Okay. Okay. Scott?
18 SCOTT SOMERS: Well, you all heard most of
19 what, I guess, I have to say about -- about the
20 situation. The one thing I guess I would say is I am
21 leaning -- I am still leaning in the direction of a
22 salary cut, but I think 10 percent is too much.
23 I'm not quite sure what the right number is
24 today, but for many of the reasons the Senator says --
25 gus, for additional information you've provided, and at

1 the same time I continue to believe that with the --
2 with the current state's financial situation, and
3 frankly, maybe the state of New York maybe should be
4 doing the same thing. So ultimately just because some
5 other state is doing something at a certain level,
6 doesn't mean that we necessarily have to always follow
7 that.
8 So I'm leaning in the direction of a cut but I
9 think 10 percent is too much.
10 CHARLES MURRAY: Ruth?
11 RUTH LOPEZ NOVODOR: I do believe that there
12 are probably still some adjustments that need to be
13 made. Oh.
14 I'm of the position, without giving a lot of
15 background, that there may be some adjustment that
16 still needs to be made.
17 But what I'm hoping for is to get a better
18 picture of the issue that we brought up last time is
19 which -- were the benefits. And in that context
20 looking at the total picture, I would have a better
21 position, I mean, I believe I could give a better --
22 give you a more concrete decision on what it would look
23 like for the salary portion.
24 CHARLES MURRAY: Okay. Thank you.
25 RUTH LOPEZ NOVODOR: Okay. Well, I made some

1 notes.

2 Here we are again with tough decisions to

3 make. We all know California is in a fiscal crisis and

4 things are getting worse. We have over a twenty

5 billion dollar deficit. Our Governor and elected

6 representatives, I think, are busy cutting expenses.

7 And I think they are all working hard.

8 But it's our job to look at the salaries and

9 the benefits. And I'm sure there still needs to be

10 some reductions somehow.

11 I received -- or I reviewed the Governor's

12 2010, -11 budget summary, maybe a lot of you did that

13 also, and our budget gap has grown from 6.9 billion

14 last year to you know at least twenty billion now.

15 We, as commissioners, are looking for the right

16 thing to do and what is appropriate. Furloughs for the

17 state employees are scheduled to end in June and the

18 governor's proposed budget for the 2010 to -11. In it

19 he proposes to restore those respective

20 furlough-fundings to the department budgets. So that's

21 good.

22 However, to continue cost saving to the state,

23 the Governor's proposing several cost saving measures.

24 One of them is what it would amount to a 10 percent

25 reduction to state employees pay. Now, and maybe if

1 you know that, he's looking at reducing -- and that
2 would be achieved by cutting the employees' salaries by
3 5 percent. And number two, increasing the employee's
4 retirement contributions by 5 percent, and thus this
5 would reduce what the state's contribution would be
6 accordingly.
7 This is the Governor's proposed budget.
8 Therefore, I feel the elected official should share in
9 the pains and sacrifices of the state employees and the
10 rest of the state.
11 I do feel we should reduce salaries and
12 benefits. And I'm thinking maybe another 10 percent.
13 But we'll have to wait and see what the May revise
14 comes in at. So that's where I'm at.
15 CHARLES MURRAY: Thank you. John?
16 JOHN STITES: Well, on the salary issue, I'm
17 not afraid of a 10 percent. And I'm not afraid of
18 asking more, but I also am concerned of -- that I don't
19 have enough information to make that decision. So I
20 have to actually do more research on my own to insure
21 that I'm comfortable.
22 Again, a reduction at this point, doesn't seem
23 out of character.
24 Mr. Demas, if I may, this -- these figures that
25 OLA's office put together, these are just basically

1 salary; right? We're not talking about a full package,
2 you know, that all the compensation and medical and all
3 the other? We don't have a total package, do we?
4 Does New York receive some kind of a medical
5 benefit?
6 GUS DEMAS: They do.
7 JOHN STITES: They do. Okay. I can check that
8 out. I can pull that up online.
9 GUS DEMAS: I believe the survey that we gave
10 this commission should provided that.
11 JOHN STITES: It should be in there. Okay.
12 UNIDENTIFIED SPEAKER: I sure hope so.
13 GUS DEMAS: New York is in there.
14 JOHN STITES: Is it? Good. This issue of
15 judicial salaries is a whole separate entity. I'm not
16 sure how they achieve that. I do know that LA County
17 supervisors are also locked into that salary program.
18 And I know it doesn't involve voters at all. It was a
19 legislated years ago, and that's why it's consistently
20 grown. I don't think they've ever had a reduction or
21 they ever will based on how the legislation was
22 written. So I feel obligated to ask for, if I could,
23 Mr. Chairman, some kind of a document that explains how
24 that salary is achieved.
25 And perhaps back in 1990 it was very -- it

1 wouldn't have seemed you know a $179,000, I know it
2 wasn't that then. It's probably more around 50 if it's
3 followed the salary increases that everyone else has
4 enjoyed. But that made it very interesting, so I'd
5 like to know a little bit of the history behind that.
6 But again I haven't made a decision. In my
7 mind, I'm not set on anything. And hopefully this
8 panel when we come together in June we'll have enough
9 information so we can make an informed decision.
10 CHARLES MURRAY: Is there any report that --
11 that the DPA can provide to help you make a decision?
12 JOHN STITES: I'd like to know about the
13 judicial salaries. I may be able to research that on
14 my own.
15 GUS DEMAS: The judicial salaries are set by
16 statute.
17 JOHN STITES: Right.
18 GUS DEMAS: That the legislature has passed.
19 And they can summarize those statutes. Those statutes
20 provide a tie to what state employees get. So I'm not
21 sure because I'm not a finance or accounting expert on
22 this kind of stuff. I'm not sure if when the state
23 employees' salaries is reduced that the legislative,
24 judicial salaries get reduced. I don't know that.
25 UNIDENTIFIED SPEAKER: They do.

1 GUS DEMAS: They do. So they are tied to what
2 the state employees get. And that's how they got up so
3 high. They set at a certain year and then every year
4 thereafter they go with some kind of average what the
5 average state employee increase is. And that's how the
6 judges get their pay raises.
7 UNIDENTIFIED SPEAKER: Do you think they'll get
8 decreased the same way?
9 GUS DEMAS: I don't know. Obviously over the
10 period of years it's been increased.
11 JOHN STITES: When the furlough days were
12 implemented, I do recall that the judges did
13 voluntarily --
14 GUS DEMAS: Yes
15 JOHN STITES: Took them with them, but they
16 weren't obligated.
17 GUS DEMAS: Yes. They took furlough days
18 themselves.
19 We just got a decision I just read from the
20 California Supreme Court that was put out yesterday,
21 but it didn't get posted because they were on furlough.
22 JOHN STITES: Oh.
23 GUS DEMAS: (Unintelligible) -- we can give you
24 -- I think we can give you a background on the basis of
25 judicial salary. It is pretty much statutory. And

1 then some facts on what they actually get, and that's
2 what you need --
3 JOHN STITES: Yes.
4 GUS DEMAS: -- to compare?
5 JOHN STITES: Yeah. And LA is -- it kind of
6 convolutes the process if you have -- you know, if
7 we're looking at judicial salaries, and that's governed
8 by a separate statute, how can we consider it if we
9 have no input into it nor the voters do either.
10 GUS DEMAS: Well, I --
11 JOHN STITES: Because there's definitely an
12 answer.
13 GUS DEMAS: I would just look at the word
14 consider.
15 JOHN STITES: Yeah.
16 GUS DEMAS: If you consider it, you've done
17 your job.
18 JOHN STITES: And LA county is an aberration
19 anyway. They get another 19 percent for mega-flicks,
20 and another 20-grand for education, and so it's
21 strange.
22 UNIDENTIFIED SPEAKER: I have --
23 JOHN STITES: That's all I have.
24 CHARLES MURRAY: Let me just step in here a
25 moment.

1 Can I ask a report be made up for us for John
2 doing the background of all the raises, the
3 legislation, the history not unlike you've done here
4 for the Governor and the senators and so on.
5 DEBBIE BALDWIN: We'll be able to do that.
6 CHARLES MURRAY: Okay. If DPA could do that,
7 that would be great.
8 JOHN STITES: (Unintelligible) -- I just -- I'm
9 interested.
10 CHARLES MURRAY: Your turn, Kathy.
11 KATHY SANDS: Yes. I forgot something.
12 UNIDENTIFIED SPEAKER: (Unintelligible)
13 KATHY SANDS: Yeah, the Senator mentioned, you
14 know, it's hard, and he doesn't want to discourage good
15 people running for office, but I feel that so many of
16 the elected have other businesses. They have other
17 jobs anyway. And so as you look at pensions I think
18 that's where they're getting their pensions. That's
19 where they're maybe really getting their retirement is
20 from other jobs and other businesses.
21 CHARLES MURRAY: Good point
22 KATHY SANDS: In my area, you know, I mean, we
23 just know so many of the elected have other
24 businesses.
25 So I -- would it be appropriate to have a

1 report of how many do have other businesses? I mean --
2 I know, but -- and to me that -- that's kind of a ways
3 too that, you know, people say they're elected not for
4 their paychecks but to serve. People say that to me.
5 We've heard that here somewhere.
6 CHARLES MURRAY: Which is you.
7 KATHY SANDS: Well, yeah, maybe.
8 CHARLES MURRAY: Well, no -- well, no. When
9 you served as the mayor of Auburn.
10 KATHY SANDS: Right. Right. I was not elected
11 for -- not for $300 a month. No. No. So.
12 I think -- do you feel that would be
13 appropriate because so many of them they have -- you
14 know, we have a surgeon. We have insurance brokers.
15 We have, you know -- they all have other businesses.
16 WILLIAM FEYLING: Mr. Chairman, if I may.
17 CHARLES MURRAY: Certainly.
18 WILLIAM FEYLING: The only thing I would think
19 about that is that when we look at 112, that's not
20 really mentioned in there what their outside income is.
21 That's not something that we're really charged
22 with. It might be an interesting study. It might be
23 something that -- that you might be interested in
24 looking at, but I don't know that it fulfills our
25 official duties of something that we should be

1 considering.

2 And I would just hazard to guess that it would

3 be a monumental task for staff to try to compile that.

4 I don't even know how you would go about approaching

5 it, quite frankly, just from a staff prospective.

6 So I mean, it might turn into a situation

7 where, is the juice worth the squeeze? The amount of

8 time we have to have the staff really go into it, is it

9 really going to affect our decision that much?

10 CHARLES MURRAY: Okay. It's a good point, if

11 (unintelligible).

12 KATHY SANDS: Um-hum.

13 WILLIAM FEYLING: I don't know.

14 CHARLES MURRAY: I guess I'm the chairman so I

15 count.

16 KATHY SANDS: Sure. Okay.

17 CHARLES MURRAY: Bill, that's a good point.

18 I would say if the Senator did not make a stand

19 saying why they're paid so much is because they don't

20 have the retirement benefits or 401(k), so on and so

21 forth, I would say you're absolutely right.

22 But since he said in developing the law, the

23 Proposition 112, this was an account that they lost the

24 retirement benefits, hence you have to compensate for

25 it because their raises make them provide their own,

1 and Kathy said they have other jobs so they really
2 don't care.
3 And I would go back to and not to try to
4 tell -- tell the DPA how to do their job, but it seems
5 the infamous Form 700 would disclose this; correct?
6 UNIDENTIFIED SPEAKER: Correct.
7 CHARLES MURRAY: And so this isn't a massive
8 task.
9 I -- I spent a lot of time myself in getting
10 that issue of our compliance in que which is now in
11 compliance, and I was told that that information -- I
12 was a little miffed that we were informed that, you
13 know, someone was late on a report, yet someone from on
14 of the media could call up and get it, the chapter and
15 verse.
16 But they had told me that it's available to
17 anybody --
18 UNIDENTIFIED SPEAKER: That gets on the phone.
19 CHARLES MURRAY: -- that makes a call to them.
20 So I think that as far as the complexity to fill the
21 request, other than sheer volume, isn't that involved,
22 but. Okay.
23 SCOTT SOMERS: Mr. Chairman.
24 CHARLES MURRAY: Certainly.
25 SCOTT SOMERS: One thing, Kathy, addressing

1 your question. These are defined as full-time
2 positions. They're not part-time positions.
3 KATHY SANDS: Yeah, but.
4 SCOTT SOMERS: And therefore, I don't know what
5 the official employment -- because oftentimes
6 employment agreements basically say that you will spend
7 full-time, essentially, and that your only part-time
8 will be for personal investment or other sorts of
9 things.
10 I don't know whether that's required here, but
11 that is usually required in employment agreements, if
12 you have a full-time job.
13 So I guess I would be surprised if you know if
14 somebody is operating a half-time surgery business.
15 KATHY SANDS: Oh, yeah. We have an oral
16 surgeon. I mean --
17 SCOTT SOMERS: That is what? That's an
18 assembly person you mean.
19 KATHY SANDS: Yeah. Um-hum.
20 SCOTT SOMERS: And he actually operates?
21 KATHY SANDS: No. Senator. Senator.
22 SCOTT SOMERS: And he continues to operate?
23 KATHY SANDS: He's an oral surgeon. Yeah.
24 They have other jobs. I think they do.
25 CHARLES MURRAY: Well, you'd have to do it.

1 (Unintelligible).

2 SCOTT SOMERS: A question, Debbie. Are they

3 required to report outside income separate from the

4 Form 700, do you know?

5 DEBBIE BALDWIN: Oh, you're asking someone that

6 doesn't know anything, (Unintelligible).

7 SCOTT SOMERS: Bill, do you know?

8 CHARLES MURRAY: Bill Curtis.

9 SCOTT SOMERS: Bill Curtis -- sorry.

10 KATHY SANDS: They're not required?

11 BILL CURTIS: I don't know (Unintelligible).

12 KATHY SANDS: Oh. Well, according to the Form

13 700, they're supposed to (unintelligible).

14 GUS DEMAS: Just really quick, they are

15 required to file a Form 700. The code is a little

16 different for them than for you, but they do have to

17 show outside income. It's shown in brackets.

18 But I don't know that from that form you can

19 determine if an oral surgeon is working seven hours

20 every day of the week.

21 KATHY SANDS: I know (Unintelligible).

22 GUS DEMAS: But having said that, I can also

23 say that they are required to be in floor sessions.

24 The body itself and each house has to excuse a member

25 from floor session. So they at the minimum have to be

1 there for floor sessions, committee hearings, other
2 legislative business.
3 If they do continue an outside business as some
4 I'm sure do, I don't think you have any easy way of
5 finding out how much time they devote to that.
6 KATHY SANDS: Yeah, I'm not saying -- I'm not
7 worrying about the time. I just know they do, and they
8 have other income. This really isn't their only income
9 for a lot of them.
10 GUS DEMAS: I don't know if you can say a lot
11 of them, but I do know that some do have outside
12 businesses and continue those businesses and have
13 income.
14 But how much time they devote to those
15 businesses has to be restricted, and it varies per
16 person.
17 RUTH LOPEZ NOVODOR: Kathy, that's probably --
18 I mean, I understand what you're saying. But, if we
19 gathered that information, that would probably be the
20 last thing I'd be looking at right now. I'd be looking
21 more at the performance -- not the performance, that
22 was a mistake.
23 KATHY SANDS: No.
24 RUTH LOPEZ NOVODOR: But more at the comparable
25 salaries and the fiscal condition of California.

1 That's -- those to me are the most important components
2 that I would like to get --
3 KATHY SANDS: That's right.
4 CHARLES MURRAY: Agreed. Agreed.
5 RUTH LOPEZ NOVODOR: -- handled and a broad
6 scope of what the total package looks like is what I
7 would like to see before I make a decision, and I'm
8 speaking for myself, of course.
9 CHARLES MURRAY: I would agree.
10 Anybody else have any other comments?
11 JOHN STITES: If I could, Mr. Chairman.
12 CHARLES MURRAY: John.
13 JOHN STITES: Just to comment on the issue of
14 what we can consider when looking at this, I believe it
15 clearly states in there, that there are some specific
16 issues they would like us to look at including the
17 salary of the judiciary.
18 But it also says that as a commission, we can
19 look at anything that we deem as appropriate, and
20 deciding what tact we'll take. And that was in my
21 brand new instruction manual that I received last year,
22 and I'll stick with that.
23 So if I believe something is relevant or this
24 commission does, I think we can look at it.
25 CHARLES MURRAY: Oh, someone's brief case is

1 ringing.

2 JOHN STITES: Thank God it's just ringing.

3 CHARLES MURRAY: Okay. That's fine. But I

4 will go back to what I said at the onset. I think the

5 issue hasn't put on the table that the salary, the

6 increase in the salary or the level of salary that

7 everybody is being paid now is because they don't have

8 any of the main retirement benefits.

9 And if what Kathy Sands said is true, I think

10 we have to explore that.

11 JOHN STITES: Oh, we do.

12 CHARLES MURRAY: And -- and -- and -- so if you

13 could do that, Debbie, I'd appreciate that.

14 Any other -- other comment on the salary --

15 salary adjustments?

16 Since we can't make the resolution, I will just

17 go on the record that at the next meeting we will

18 review it. And on the table is a range of five to ten

19 percent change -- change, a decrease, but that might

20 change between now and then based on all the data we

21 have. We've asked for a few reports, and so we will

22 look at it at that time.

23 Moving on to -- moving on to the benefits. I

24 think John has made a study on -- on -- on the car

25 situation and what changes might be affected there.

JOHN STITES: The vehicle issue is interesting.

Initially, last year, when we asked how the process worked, and I -- and this is the way I understand it, is that once elected, they pick a vehicle that they like, there isn't, as far as I understand though, there's no cap on the price.

GUS DEMAS: There is a cap.

JOHN STITES: There is? What is it?

GUS DEMAS: I believe it's $44,000 on the (Unintelligible).

KATHY SANDS: It is defined. It has to be defined as reasonable.

JOHN STITES: Is $56,000 reasonable?

That's what I heard someone paid, and it was listed in one of our reports. It was a Cadillac.

CERTIFICATE AND

DECLARATION OF TRANSCRIBER

I, NATHALIA HABIBUW, a Certified Shorthand Reporter in the state of California, do hereby certify that the pages 1 through 59 of said recorded hearing was transcribed from CD (compact disc) to the best of my ability within the limits of the quality of the recording.

I further certify that I am not of counsel for any of the parties to said proceeding.

IN WITNESS THEREOF, I have hereunto set my hand this 24th day of May, 2010.

Nathalia Habibuw, CSR NO. 13490

GUS DEMAS: Just -- just quickly, they're not given $400, and technically they're not given a car allowance. What happens is, you're correct, a vehicle is purchased that the assembly member or senator selects within those limits, and then the monthly amount is computed as a lease payment. But the car is, in essence, leased from either house to the member, that's why it's referred to as a lease --

JOHN STITES: On that particular house?

GUS DEMAS: Yes. So it's leased to the member. So a lease payment is computed, and that's in order to extract at least 10 percent from each member for any incidental personal use; and if they go above that cap, the $350, or $400 in the assembly, then their 10 percent increases as well, because they're required to pay with personal funds, that 10 percent or above 10 percent.

And now, of course, with the change that the commission made last year, it's more than 10 percent -- that amount is deducted from their paycheck. The additional amount of that monthly-lease payment that I mentioned is then charged to their budget. So when that's charged to their budget, at least in the assembly, that means they can't spend that money on something else, whether it's salary, postage, office supplies, whatever.

JOHN STITES: But it's in addition to -- the funds

1 are in addition to whatever the budget is set at, right?
2 So...
3 GUS DEMAS: No, not -- not the way the assembly
4 works. The assembly right now has a base budget for each
5 assembly member.
6 JOHN STITES: Right.
7 GUS DEMAS: It was reduced 10 percent last year.
8 So it went from $292,000 to $263,000.
9 JOHN STITES: Right.
10 GUS DEMAS: So this year, they have $263,000 for
11 staff, postage, many other expenditures -- there are a few
12 exceptions to that, but the car payment comes within that
13 $263,000.
14 JOHN STITES: Okay. Then -- another, then, issue
15 that came up was, initially we were told it was a set
16 amount for -- and now I understand there's different
17 plans.
18 GUS DEMAS: In the assembly --
19 JOHN STITES: It has to two plans; two-year plans
20 and four-year plans.
21 GUS DEMAS: Yes. The assembly has a three-year
22 and a four-year plan.
23 JOHN STITES: And a three year and a four year.
24 GUS DEMAS: Correct.
25 JOHN STITES: How do we come to that decision?

1 What is -- what -- number one, why are the options there,
2 and number two --
3 GUS DEMAS: Um-hum.
4 JOHN STITES: How does that -- how is that
5 decision made? If they have set budget --
6 GUS DEMAS: Um-hum.
7 JOHN STITES: -- and this funding is coming out of
8 that budget --
9 GUS DEMAS: Um-hum.
10 JOHN STITES: -- so if they say: I want the
11 two-year, $500-a-month plan, how does that happen? Is --
12 are they just going to draw that $500 out of that
13 $263,000?
14 GUS DEMAS: Yes. It would only be $400 maximum in
15 the assembly, but it would come out of the $263,000.
16 JOHN STITES: And the assembly, it's three-year
17 and four-year plans.
18 GUS DEMAS: Yes. The three year and four year --
19 JOHN STITES: $400, and $350.
20 GUS DEMAS: Correct.
21 JOHN STITES: I -- any time I see an offering in
22 plan -- now, understand --
23 GUS DEMAS: Um-hum.
24 JOHN STITES: -- I work for L.A. County Sheriff --
25 GUS DEMAS: Um-hum.

1 JOHN STITES: -- so any time I see money moving
2 and an offer of different plans, I'm always suspicious.
3 GUS DEMAS: Um-hum.
4 JOHN STITES: And it's -- cops are suspicious
5 naturally. But -- I don't know why, and it hasn't been
6 explained to me -- well, we weren't made aware of this
7 until November, then we found out there were different
8 plans for different things. And I don't know how that
9 would have impacted our vote in June. The information
10 wasn't provided, so...
11 GUS DEMAS: Um-hum.
12 JOHN STITES: But I'd just like to understand --
13 somebody tell me how this process works, and why you would
14 offer a two-year plan and a four-year plan in the senate,
15 and a three and a four -- and they're different amounts.
16 GUS DEMAS: Um-hum.
17 JOHN STITES: It just doesn't ring with me.
18 GUS DEMAS: The -- the --
19 JOHN STITES: With L.A. County, they give you car.
20 GUS DEMAS: Um-hum.
21 JOHN STITES: And they give you a credit card to
22 buy the gas. There's no additional funding -- is this
23 just a -- is this just a funding issue so that they can
24 account for the money that's moving?
25 GUS DEMAS: The option of a three or four year?

1 JOHN STITES: Right. I --
2 GUS DEMAS: No. The option of a three or four
3 year is, if they want to pay more money, they would be
4 able to then trade in that vehicle after three years and
5 get new one and do a three- or four-year lease at that
6 point. If they're elected into four-year lease, then they
7 can't trade in their car after three years. So it's
8 just --
9 JOHN STITES: So two years at $500, and then you
10 can trade it in. And I understand they have an option to
11 purchase it also.
12 GUS DEMAS: No, they do not have an option to
13 purchase it.
14 JOHN STITES: No?
15 GUS DEMAS: No, no. The -- some -- some members
16 may be purchasing vehicles from brokers when they leave,
17 but both houses sell the vehicles to brokers if a new
18 member doesn't take it.
19 When new members are sworn in every two years in
20 the assembly -- this year we'll have at least 28, they're
21 sworn in in December -- they will be looking at the
22 vehicles that the 28 or fewer -- because 12 don't have
23 cars -- left behind. And so if they want to select one of
24 those vehicles, that's their option.
25 Any vehicles that are not continued are sold to a

1 broker. They usually get at least three bids, and then if
2 the individual -- individual member wants to go to the
3 broker and buy the vehicle, then they can do that. The
4 broker is free to sell it to any citizen, actually, but
5 they cannot buy the vehicle directly from either house.
6 JOHN STITES: Strange.
7 CHARLES MURRAY: So either way just --
8 GUS DEMAS: Um-hum.
9 CHARLES MURRAY: -- just for my information, the
10 State pays for -- either through the budget they're given
11 for their overhead expenses, except for the personal
12 usage, which might be --
13 JOHN STITES: They calculate --
14 CHARLES MURRAY: -- 10 percent?
15 JOHN STITES: They calculate it as to the --
16 GUS DEMAS: Right. The calculated amount; which
17 now is much more than 10 percent, because we took
18 18 percent of the amount that was being charged to their
19 budget, the the $350 or $400 or less, and we moved that
20 over to the member's side. So they're paying, on the
21 assembly side -- I don't know what the senate is paying,
22 but on the assembly side, the 67 or so members are now
23 paying a $125,000 a year for those 67 cars.
24 CHARLES MURRAY: So they pay it out of their own
25 funds?

1 GUS DEMAS: They're -- no. That's --
2 JOHN STITES: That's the deduction.
3 GUS DEMAS: That's deducted from their paycheck.
4 It's taken out of their paycheck every month, and it
5 totals to $125,000 in a 12-month period.
6 UNIDENTIFIED SPEAKER: And that's for their
7 personal use?
8 GUS DEMAS: That's to cover their personal use.
9 But I can tell you that some were not even using the
10 10 percent personal use, because -- again, on occasion, as
11 you know, the IRS regs are very strict. If a member is
12 driving from their home to their district office, that is
13 considered personal use.
14 JOHN STITES: Um-hum.
15 GUS DEMAS: And that's what the 10 percent is
16 intended to cover.
17 JOHN STITES: And the feds tax that.
18 GUS DEMAS: Not if they pay for it. They tax it
19 if they then --
20 UNIDENTIFIED SPEAKER: Yeah, but if they pay for
21 it...
22 GUS DEMAS: -- pay the 10 percent.
23 JOHN STITES: Hmm.
24 GUS DEMAS: Because -- see, they have paid the
25 10 percent.

1 JOHN STITES: Okay.

2 GUS DEMAS: So that's with personal funds. If

3 they exceed that, then that's reported to -- you're

4 correct, that's put under W2, and they're taxed on it.

5 JOHN STITES: Okay.

6 UNIDENTIFIED SPEAKER: Okay.

7 UNIDENTIFIED SPEAKER: I have a question

8 UNIDENTIFIED SPEAKER: Excuse me. Scott?

9 SCOTT SOMERS: Gus, just in terms of how people

10 use their cars normally --

11 GUS DEMAS: Yes.

12 SCOTT SOMERS: -- are -- most of them in their

13 home districts --

14 GUS DEMAS: That's --

15 SCOTT SOMERS: -- and presumably if they're close

16 enough to Sacramento, they would use them to drive back

17 and forth as well.

18 GUS DEMAS: That's --

19 SCOTT SOMERS: I think they're reimbursed for

20 those expenses then and some mileage?

21 GUS DEMAS: That's a good question. That's good

22 question. Because the 80 districts are so diverse and so

23 spread out, the member that generally fly to Sacramento

24 every week while we're in session have a vehicle available

25 in the capitol -- a pool vehicle, excuse me, that they can

1 drive. So their leased vehicle that we talked about a
2 minute ago stays in their district, typically, and they
3 use it there for business use. In some cases, they may
4 even drive it to the airport, leave it there until they
5 get back later in the week. But the members that are
6 close enough will general -- generally drive. And we have
7 some driving from, I believe, the Fresno area right now
8 each week.
9 SCOTT SOMERS: And they're reimbursed for that
10 cost on a mileage basis or...
11 GUS DEMAS: No, no. They're using the vehicle
12 that the assembly appointed to them, or the senate --
13 SCOTT SOMERS: Right.
14 GUS DEMAS: -- and they're paying 10 percent -- or
15 now it's more than 10 percent, with personal funds, but
16 they're using that vehicle; and then they can use a charge
17 card. So the assembly or senate does pay for the gasoline
18 as well.
19 SCOTT SOMERS: I see. I see.
20 GUS DEMAS: Yeah. Now, if they --
21 JOHN STITES: And maintenance, right?
22 GUS DEMAS: And maintenance is paid for --
23 JOHN STITES: Got it.
24 GUS DEMAS: -- as well. Yeah. Routine
25 maintenance and --

1 UNIDENTIFIED SPEAKER: What about insurance?

2 GUS DEMAS: -- and insurance, they do pay for

3 insurance as well. The State, though, is self-insured.

4 JOHN STITES: Self-insured.

5 GUS DEMAS: But the Department of General Services

6 collects a flat amount, I think it's around $600 or $700

7 per year, right now, they collect that for each vehicle.

8 JOHN STITES: From the --

9 GUS DEMAS: From the assembly or senate.

10 JOHN STITES: -- financial legislator.

11 GUS DEMAS: Right.

12 UNIDENTIFIED SPEAKER: From the their budget.

13 GUS DEMAS: And it's charged to the budget,

14 correct.

15 JOHN STITES: It comes out of their budget.

16 GUS DEMAS: It comes out of their budget.

17 CHARLES MURRAY: No -- so it doesn't -- when you

18 say, "they pay for it," it's actually paid for out of

19 their budget.

20 GUS DEMAS: Correct.

21 CHARLES MURRAY: Which is State funds.

22 GUS DEMAS: Correct. The assembly --

23 CHARLES MURRAY: Okay.

24 GUS DEMAS: -- and the senate pay it.

25 CHARLES MURRAY: Okay.

1 GUS DEMAS: It is State funds, but it does go to a
2 State self-insurance fund or account.
3 CHARLES MURRAY: Right. Okay. Okay.
4 Scott, anything else?
5 SCOTT SOMERS: No. That's it. Thank you.
6 CHARLES MURRAY: Okay.
7 John? You sure?
8 JOHN STITES: No -- what I would like to have
9 better understanding of -- of why -- and we don't have
10 anyone here representing the senate, so I --
11 CHARLES MURRAY: Yes, we do.
12 JOHN STITES: Oh. Okay. I'm sorry. I apologize.
13 I'd just like to know how'd this process work, if somebody
14 could put it on paper: Here's what happens; this is
15 why; this is why we offer the plans --
16 UNIDENTIFIED SPEAKER: Okay.
17 JOHN STITES: -- so I can have an understanding of
18 it.
19 CHARLES MURRAY: Why not ask the question of her,
20 and then maybe we can put on (unintelligible) --
21 UNIDENTIFIED SPEAKER: Okay. And I have a
22 policy -- give me your e-mail -- like your e-mail --
23 JOHN STITES: Okay.
24 UNIDENTIFIED SPEAKER: -- but it's good to
25 understand there's a two-year/four-year program. And as

1 Gus said, a member can choose to turn the car in every two
2 years and get a new vehicle.
3 JOHN STITES: Right.
4 UNIDENTIFIED SPEAKER: I don't have any member
5 that does that; they're all on the four-year plan --
6 unless something happens to the car like an accident or
7 something like that. But everybody's on the four-year
8 plan, except maybe one exception with a member whose
9 leaving soon.
10 But there's $500 and there's $350. If you're on
11 the four-year plan, it's less. If you're on the two-year
12 plan, it's a huge amount of money that a member pays
13 because the -- because the value of the car doesn't
14 depreciate as fast.
15 JOHN STITES: Until it's --
16 UNIDENTIFIED SPEAKER: Yeah, so most members don't
17 choose to do that, because it's pretty expensive. So
18 they --
19 JOHN STITES: So in general, most of our -- most
20 of our legislators are on the extended plans.
21 UNIDENTIFIED SPEAKER: Four-year years, yes.
22 JOHN STITES: Okay.
23 UNIDENTIFIED SPEAKER: Yes. Maybe one exception,
24 but I'd have to check. But I can e-mail you our policy
25 that explains the two- and four-year plan --

1 JOHN STITES: Sure, I'll give you my e-mail.
2 UNIDENTIFIED SPEAKER: -- for the members.
3 CHARLES MURRAY: If --
4 UNIDENTIFIED SPEAKER: Will that help?
5 CHARLES MURRAY: If I could ask you as far as --
6 UNIDENTIFIED SPEAKER: Sure.
7 CHARLES MURRAY: -- protocol, to e-mail it to --
8 all to Debbie Baldwin.
9 UNIDENTIFIED SPEAKER: Oh, she can send it to
10 everybody. Sure.
11 JOHN STITES: Yeah. She'll flash it out.
12 UNIDENTIFIED SPEAKER: Sure. Sure.
13 CHARLES MURRAY: And she'll put it on our Web
14 site.
15 UNIDENTIFIED SPEAKER: Okay. I would be more than
16 happy to do that.
17 JOHN STITES: Okay.
18 UNIDENTIFIED SPEAKER: Okay.
19 JOHN STITES: Thank you.
20 UNIDENTIFIED SPEAKER: You're welcome.
21 JOHN STITES: Mr. Demas, do you have access to a
22 policy that's similar on paper that would explain --
23 GUS DEMAS: I believe there is. Off the top of my
24 head, yeah, I'm sure there is one, and we can certainly
25 forward that to you.

1 JOHN STITES: Then, Mr. Chairman, could we ask him
2 for the same courtesy?
3 CHARLES MURRAY: Okay. And also we'll have Debbie
4 (unintelligible).
5 JOHN STITES: Thank you so much.
6 CHARLES MURRAY: Okay. Scott, do you have
7 anything to add?
8 SCOTT SOMERS: No, unless you have a specific
9 question.
10 CHARLES MURRAY: Just that -- is there any change
11 we could propose that we could look at in the upcoming
12 meeting?
13 SCOTT SOMERS: Well, on the -- I guess, on the
14 auto policy, I guess --
15 CHARLES MURRAY: Right.
16 SCOTT SOMERS: -- what I would like to volunteer
17 to do --
18 CHARLES MURRAY: Okay.
19 SCOTT SOMERS: -- is work with John to see
20 about what would be appropriate as a potential change --
21 THE CHAIRMAN: Okay.
22 SCOTT SOMERS: -- for that. I have to admit, I
23 find -- I find the level of the amount -- and my
24 understanding of a lot of different organizations,
25 increasingly -- at least private organizations, are giving

1 cars away less -- less often. When I say that, they're
2 providing cars less often.
3 And when they do, the type of vehicle or the total
4 amount -- that -- of the vehicle is typically lower, in
5 many instances, than what we're talking about here. And
6 if someone wants to purchase a vehicle that's higher than
7 that, they'd pay for the difference themselves -- $35,000,
8 for instance, is very common, at least in the private
9 world. And if you want a $50,000 vehicle, you pay the
10 other $15,000 yourself. So I would be very interested in
11 sort of understanding more about exactly what the policies
12 -- and looking at some of our comparative data and working
13 with John to come up with recommendations for our next
14 meeting.
15 JOHN STITES: Not understanding all the
16 ramifications on your policies, I would, just running
17 figures -- and if it was on a four-year plan between the
18 senate and assembly, if we had all the members having a
19 vehicle -- which I understand there's a couple of vacant
20 seats now -- we're looking at about a half a million
21 dollars a year being expended toward vehicles -- which now
22 I understand comes out of their budget.
23 UNIDENTIFIED SPEAKER: Yeah.
24 JOHN STITES: And over about a five-year period,
25 that would be two and a half mill.

1 CHARLES MURRAY: So what -- if you have the data
2 and everything, would you still propose --
3 JOHN STITES: Well, we've got --
4 CHARLES MURRAY: -- (unintelligible) structure?
5 JOHN STITES: What I think -- what I think we're
6 in a position to do, you know -- and I just work upon past
7 experience both from a private corporation and how that
8 was run, and also from a public organization, the L.A.
9 County Sheriff's Department, most were put on mileage
10 because it was cheaper. And you have to fill out the
11 forms and all the ridiculous -- and then you submit it,
12 and then you're compensated.
13 So I think, in reality, we'll look at that. But I
14 don't -- I couldn't give you a -- an honest answer saying
15 that would save us any money in the state or not. But we
16 have to look at it and see, you know, what our options
17 are. Because I do know that most states in -- in --
18 across the nation, there were only two states that
19 subsidized to the extent for legislators and
20 constitutional officers like we do here in California, it
21 was California and Pennsylvania. Pennsylvania's cut their
22 stuff in half, and of their last 32 elected people, only
23 four of them have asked for car. So they've just simply
24 went on to a mileage system themselves.
25 And I don't know -- that started somewhat -- about

1 two years ago. So that's something to examine, you know.
2 There is a national trend on this; so how do we look at
3 it? But again, we've got to look at the entire package.
4 KATHY SANDS: Yeah. I would say --
5 CHARLES MURRAY: Kathy?
6 KATHY SANDS: Yeah. I really think that company
7 cars and car allowances are really not a part of very many
8 employment packages now. Everybody seems to have gone
9 mileage. But when I see that the cars are actually paid
10 from their budget funds for the assembly and the -- and
11 senate, if the money isn't there, they're going to spend
12 it anyway. You know, I mean it's kind of hard one.
13 And, of course, mileage -- we don't know, maybe it
14 wouldn't be any savings. I guess it's something -- I
15 think we should look at it. I do.
16 UNIDENTIFIED SPEAKER: Are we look --
17 UNIDENTIFIED SPEAKER: I agree.
18 UNIDENTIFIED SPEAKER: -- are we looking at the
19 budget allowance?
20 KATHY SANDS: Yeah. Compared to how many miles
21 they're driving...
22 UNIDENTIFIED SPEAKER: No. I'm talking about the
23 total budget allowance --
24 KATHY SANDS: But the thing is --
25 UNIDENTIFIED SPEAKER: -- that's not on any of

1 these --

2 KATHY SANDS: -- you're spending lot of money on

3 gas.

4 CHARLES MURRAY: Right.

5 KATHY SANDS: A lot of money on gas and the

6 expenses and with all of that -- and just mileage, it's

7 got to save a lot of money.

8 JOHN STITES: What's a mileage standard for a

9 State worker right now? Is it running with the fed's,

10 $0.51?

11 UNIDENTIFIED SPEAKER: $0.50.

12 JOHN STITES: $0.50? About $0.50.

13 UNIDENTIFIED SPEAKER: $0.50.

14 JOHN STITES: Yeah. So it runs with the federal

15 standard.

16 SCOTT SOMERS: Right. And that's where the IRS --

17 JOHN STITES: Okay.

18 SCOTT SOMERS: -- (unintelligible) $0.51.

19 CHARLES MURRAY: Okay. I -- I think what we

20 should do to, you know, just to put our arms around it for

21 the next meeting is -- is really delve into what the costs

22 are and the cost savings. Because the reports that all of

23 us have gotten -- you have the cost of insurance, you have

24 the gas reimbursement, you have the cost of the car

25 whether it was paid by them, what is paid by the State --

1 whether it comes out of their budget or not, it's still
2 the State money. You have the cost of all the repairs,
3 which is another column.
4 So I -- I would look at this, and one of the
5 options that I look at is, change everything either to
6 flat allowance or to reimbursement on a per-mile basis,
7 and not counting -- as Gus said, you know, there is an
8 extensive report where they keep track of all their miles,
9 and just go to a straight -- straight mileage basis. And
10 that's -- that's what I would see as a resolution coming
11 up in June, whenever the June meeting is. But again, we
12 need more data --
13 UNIDENTIFIED SPEAKER: Um-hum.
14 CHARLES MURRAY: Okay. Or in order to make a
15 decision, but -- but that I think we can put in a -- put
16 in a -- as a place marker of one of the resolutions that
17 will -- we will address at the meeting in June.
18 Any other -- excuse me.
19 UNIDENTIFIED SPEAKER: I just have --
20 CHARLES MURRAY: Go ahead.
21 UNIDENTIFIED SPEAKER: -- a question. Because now
22 that the budget has come up, is that within or without our
23 purview in terms of the total budget allocation per
24 legislator?
25 CHARLES MURRAY: I think the policy is within --

1 or the purview, how it's paid for, is up to the policy
2 decisions. I mean whether the --
3 UNIDENTIFIED SPEAKER: Because --
4 CHARLES MURRAY: -- whether it's a budget item or
5 not, I don't --
6 UNIDENTIFIED SPEAKER: I don't recall us
7 addressing the budget allocation --
8 CHARLES MURRAY: Well, no --
9 UNIDENTIFIED SPEAKER: -- at all.
10 CHARLES MURRAY: -- that's -- that's what I'm
11 saying, is that's how they pay for it rather -- I mean
12 right now, both of -- of the bodies buy their cars. The
13 State owns them. Okay?
14 UNIDENTIFIED SPEAKER: Oh, I see. But they're
15 allocating it within the budget --
16 CHARLES MURRAY: Then they're setting up a phantom
17 lease, for lack of better word, I'm not saying anything
18 wrong, I'm saying --
19 UNIDENTIFIED SPEAKER: Yeah.
20 CHARLES MURRAY: -- the phantom lease --
21 UNIDENTIFIED SPEAKER: And I'm saying --
22 CHARLES MURRAY: -- to calculate what the --
23 UNIDENTIFIED SPEAKER: Independent of the cars --
24 CHARLES MURRAY: Okay.
25 UNIDENTIFIED SPEAKER: -- I'm talking about the

1 subject, the topic of, how much budget does each
2 legislator get?
3 CHARLES MURRAY: That's out of our realm.
4 UNIDENTIFIED SPEAKER: Thank you. I wanted to --
5 UNIDENTIFIED SPEAKER: May I --
6 UNIDENTIFIED SPEAKER: -- clarify. Thank you
7 CHARLES MURRAY: Okay. But if we can find some
8 way to include it with (unintelligible.)
9 UNIDENTIFIED SPEAKER: The voters can approve
10 that.
11 CHARLES MURRAY: Okay. Any other -- any other
12 comments on the per diem or the insurance benefits?
13 SCOTT SOMERS: The only thing is, as you know, we
14 are still looking at new data that's being -- comparative
15 data on benefits, and we hope to have that in -- clearer
16 for our next meeting. As -- I think as you all know, we
17 did reduce, across the board, the insurance-related
18 benefits by 18 percent last year; the big one, I mean the
19 8-hundred pound gorilla in there is health care costs, of
20 course.
21 And we need on a comparative basis -- and to
22 understand more how that has actually impacted people, one
23 of the things that I think we do need to be careful about
24 with health care costs is that while we reduced by
25 18 percent what they were paying the previous year --

1 because health care costs are often times rising at, you
2 know, 12 to 18 percent a year -- the total impact to
3 people can be very substantial. So I think we have to be
4 careful about what that -- you know, what recommendation
5 we might make with -- particularly with health care costs
6 this coming year.
7 But I will be prepared to have a recommendation at
8 the next meeting with regard to what we do with
9 insurance-related benefits. And --
10 CHARLES MURRAY: Just -- just -- just for your
11 background --
12 SCOTT SOMERS: Yeah.
13 CHARLES MURRAY: -- Debbie Baldwin and I spoke,
14 and she did the research on what effect the Obama health
15 care ruling will have on this; and as of now, they haven't
16 been able to -- able to quantify what it's going to do to
17 health care costs to the State, but they are working on
18 it.
19 DEBBIE BALDWIN: Right, benefits section is
20 looking at --
21 CHARLES MURRAY: Okay.
22 DEBBIE BALDWIN: -- something they can see
23 (unintelligible).
24 CHARLES MURRAY: Okay.
25 UNIDENTIFIED SPEAKER: Probably go up.

1 UNIDENTIFIED SPEAKER: Probably.
2 CHARLES MURRAY: Okay. Definitely.
3 Any other items that anybody up here would like to
4 speak about, address?
5 Okay. I will entertain -- entertain a motion to
6 adjourn.
7 UNIDENTIFIED SPEAKER: Make a motion that we
8 adjourn, Mr. Chairman.
9 UNIDENTIFIED SPEAKER: Second.
10 CHARLES MURRAY: Thank you, second.
11 I would like to thank everybody on our panel, our
12 commission for the hard work they've done and also the
13 work they're going to do over the next month or so. And
14 we'll see you in Sacramento in June. Thank you very much.
15 UNIDENTIFIED SPEAKER: Yes.
16 CHARLES MURRAY: The meeting is adjourned.
17 UNIDENTIFIED SPEAKER: Good meeting, Chuck. Good
18 meeting.
19 UNIDENTIFIED SPEAKER: Thank you.
20 (End of recording.)
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2 DECLARATION OF TRANSCRIPT

3 I, JENNIFER WHITE, a Certified Shorthand Reporter

4 in the state of California, do hereby certify that the

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10 IN WITNESS THEREOF, I have hereunto set my hand

11 this 24th day of May, 2010.

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