

**TRANSCRIPTION OF RECORDED CALIFORNIA CITIZENS COMPENSATION
COMMISSION MEETING HELD AT CITY HALL SACRAMENTO, CALIFORNIA
ON MARCH 21, 2013**

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CALIFORNIA CITIZENS COMPENSATION COMMISSION

CHAIRMAN DALZELL: Good – good morning. I hereby call the California Compensation Commission to order. Madame clerk, would you please call the roll.

MADAME CLERK: Tom Dalzell.

CHAIRMAN DALZELL: Present.

MADAME CLERK: John Stites.

COMMISSIONER STITES: Here.

MADAME CLERK: Scott Somers.

COMMISSIONER SOMERS: Here.

MADAME CLERK: Charles Murray.

COMMISSIONER MURRAY: Here.

MADAME CLERK: Wilma Wallace.

COMMISSIONER WALLACE: Here.

MADAME CLERK: Nancy Miller.

COMMISSIONER MILLER: Here.

MADAME CLERK: We have a quorum.

CHAIRMAN DALZELL: On behalf of the Commission I welcome Commissioner Miller. Thank you for joining us. And it's a thankless task. But here we are. We're in it together. You're in the soup, Commissioner.

COMMISSIONER MILLER: Thank you.

CHAIRMAN DALZELL: Counsel, would you please explain for the record the terms under which Commissioner Murray may participate today under the Brown Act.

MS. MEITH: Under the Open Meetings Act for state -- state organizations like the Commission, the Bagley-Keene Act, Commissioner Murray's not being here in person was sort of a last-minute, airline-caused issue. Under the – if you're going to have a teleconferencing meeting, it needs to be noticed as part of the Agenda, and there's certain other criteria that have to be met. So given the timing here that has not occurred, but that doesn't stop him from participating.

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COMMISSIONER MURRAY: I can't hear any of that.

MADAME CLERK: Maybe you can try to speak up.

MS. MEITH: Okay, let me -- can you -- can you hear me now, Chuck?

COMMISSIONER MURRAY: No, I can't. I'm sorry.

MS. MEITH: I think it's --

COMMISSIONER MURRAY: Just (unintelligible).

MS. MEITH: I'm sorry. You want me to come up there and try to --

COMMISSIONER MILLER: Let me try to turn his mic on.

MS. MEITH: Okay, let me see ...

COMMISSIONER MILLER: Do you want to come sit up here?

MS. MEITH: Can you hear me now, Chuck?

COMMISSIONER MURRAY: Yes, much better.

MS. MEITH: Okay. Under the Bagley-Keene Act a teleconferenced meeting is appropriate with certain criteria that have to be included in the Agenda for the meeting. So in this instance because this was a last-minute, airline-related problem, Commissioner Murray is participating and able to participate. If -- if the Commission were to take any votes, he could not participate in the vote because it wasn't made part of the Agenda. But he's welcome to -- to be on the phone certainly and participate in any way he wants. And if -- as I said, if we make a vote, then we'll have to -- to deal with that separately. Is that sufficient, Mr. Chair?

CHAIRMAN DALZELL: Yes. Do you -- do you understand, Commissioner Murray?

COMMISSIONER MURRAY: Yes, I do.

CHAIRMAN DALZELL: All right.

MS. MEITH: Thank you.

CHAIRMAN DALZELL: Thank you. Our next order of business will be to review and approve the Minutes from our meeting of May 31, 2012. Do any commissioners who were present at that meeting offer any corrections or additions to the transcribed record of the meeting?

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COMMISSIONER SOMERS: Mr. Chairman, I have one very minor, and it's really kind of a typo, on page 42, line 16. Instead of in -- it says if fact. It should be in fact.

CHAIRMAN DALZELL: Yes.

COMMISSIONER SOMERS: See, that just proves that I actually read all these things. That's all I have.

CHAIRMAN DALZELL: With that correction is there a motion to approve the Minutes of May 31, 2012?

COMMISSIONER STITES: Yeah, John Stites. I'll make the motion to approve.

CHAIRMAN DALZELL: Second.

COMMISSIONER SOMERS: Second.

CHAIRMAN DALZELL: In favor?

(Multiple voices saying aye)

COMMISSIONER MILLER: And I will abstain.

CHAIRMAN DALZELL: All right. The motion to approve the Minutes is adopted. Madame clerk, would you please review the material which has been gathered for the Commission for this meeting and -- and I understand will be placed on the Commission's website?

MADAME CLERK: Yes, I will. Thank you. In your binders you will have the -- the prior meeting Minutes from the May 31st meeting last year, the Resolution that was adopted after your first meeting, some legislator's pension information nationwide.

COMMISSIONER MURRAY: Debbie, I'm having a hard time hearing.

CHAIRMAN DALZELL: Can you move him down there?

MADAME CLERK: Can you hear me now, Chuck?

COMMISSIONER MURRAY: A lot better.

MADAME CLERK: All right. As I was saying, in -- in your binders you'll have the meeting Minutes from May 31st of last year, the Resolution that was adopted May 31st meeting last year, legislator's information on pensions nationwide. There is a legal opinion from outside counsel.

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There is also a letter from Melissa Meith to the commissioners, salary surveys nationwide for both state officials and county and city officials, and then health benefits information from CalHR. Also included is a memo from CalHR to the State Controller's Office giving the salaries for the last 2012 reduction. And there were no other correspondence or public information that was put in the binder.

CHAIRMAN DALZELL: Counsel -- one more?

MADAME CLERK: One more item. We handed out to you the Agenda and some source information the salary survey was derived from as a handout, and some travel expense forms. That's it.

CHAIRMAN DALZELL: Counsel, Commissioner Stites expressed concerns last year and requested that you recuse yourself from giving the Commission advice. Is your response and the response of the -- the attorneys the matter -- the -- the material that is included as legal opinion here from the California Department of Human Resources Julie Chapman and then from you?

MS. MEITH: The -- the letter from Ms. Chapman I was not involved in at all.

CHAIRMAN DALZELL: Okay.

MS. MEITH: That was -- I had not seen it previously, I didn't see it prior to being given my Commission binder. That I think was in response to the Commission's request to hire an independent counsel. So that's -- that's -- I believe is what that letter was about.

CHAIRMAN DALZELL: All right.

MS. MEITH: My letter was just an effort to try to clarify and put some information out there that might be of use to the Commission when considering the nature of my work or -- or really anybody who is provided by CalHR to service legal for the Commission.

CHAIRMAN DALZELL: Thank you. Our enabling such, it allows us to consider raising salaries only if the Director of Finance certifies to the Commission based on estimates for the current fiscal year that there will be a negative balance on June 30th of the current fiscal year in the

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Specific Fund for Economic Uncertainties in an amount equal to or greater than one percent of the estimated General Fund revenues. Madame clerk, have we received any such certification?

MADAME CLERK: No, we haven't. We normally receive it closer to the end of the fiscal year. We will request it in May, and hopefully mid to late May we would have that information back from Finance.

CHAIRMAN DALZELL: Late May?

MADAME CLERK: Yes.

COMMISSIONER STITES: Mr. Chairman, I have a question about that, if I may. Is -- is -- is -- does the Director of Finance normally issue this on some regular basis? I mean presumably it's not just issued because we request it.

MADAME CLERK: We have -- in May in anticipation of the second meeting of the Commission I have gone ahead and taken it upon myself to go ahead and request it. They are to issue it, but their issue would probably -- they wouldn't issue it until closer to the very end of the fiscal year, which would be a too -- too tight of a time frame for the Commission to have its second meeting and be able to consider that information.

COMMISSIONER STITES: I see.

MADAME CLERK: So I hope that answers --

COMMISSIONER STITES: Thank you.

CHAIRMAN DALZELL: At this point I -- I now ask for opening remarks from the Commissioners. Commissioner Murray, would you -- would you like to go first?

COMMISSIONER MURRAY: Well, first I would like to welcome the new member. The -- it's a -- it's a great, great bunch of folks you're with, and we have accomplished a lot in years past and hopefully with your help will be able to do more so in the future. Having said that, I think the meeting today is relatively moot because no increases can be considered until May, so I would defer to -- defer, oh, to the chairman whether, oh, the meeting should go on or be tabled until after May.

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CHAIRMAN DALZELL: Thank you, Commissioner. I -- I think that there's some purpose to be served today in terms of discussing the information that we have, perhaps setting the table for -- for a meeting in May as we -- as we did last year, and perhaps we'll have a full Commission by then too. But I think there is some purpose to be served by fact finding today based on the facts of -- as presented and perhaps requesting further information from staff before the May meeting.

COMMISSIONER MURRAY: Okay. Well stated.

CHAIRMAN DALZELL: Commissioner Stites.

COMMISSIONER STITES: Ms. Miller, welcome aboard.

COMMISSIONER MILLER: Thank you.

COMMISSIONER STITES: And it will be fun, you'll enjoy it. I was kind of interested if we would go back and review the letter that was sent by the HR director. One, it was unsolicited. But maybe she felt she had to step in. Don't know her, never met her. But I was just a little concerned that -- I don't recall anybody saying that -- if the Commission members wished to pay for our own legal representation using our own private funds, we could. Does anybody remember that? I went -- I went pretty thoroughly through there. I don't ever remember it being offered. But, you know, now it's an option. I'm sure we can find somebody pro bono if that's what they wanted to do. And some we'll discuss, not today, later. Other than that -- oh, also just a real quick rehash, and this is the only figures I have on it, was a news story that said we saved somewhere in the vicinity of a quarter of a million dollars on transportation costs by placing the legislators on a mile basis. There's still some confusing issues in there, but it was never an accusation toward anyone, it was just trying to clean up shop and do things within our budget. As you all know it, there's no accountability or no rules of accountability. People just kind of gradually move in to where they're spending more. It happens in every walk of life. And I think that's what happened here. Now there's some accountability, people see what they're actually doing and see what kind of a cost that they're placing upon the citizens of California, and everybody seems to be on board. Maybe it changes later when we have another bursting

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economy, but right now I think it was the appropriate action to take. And that's all I've got, Mr. Chairman.

CHAIRMAN DALZELL: Thank you. Commissioner Wallace.

COMMISSIONER WALLACE: Good morning everyone. And welcome, Nancy.

COMMISSIONER MILLER: Thank you.

COMMISSIONER WALLACE: I am now officially not the newest commissioner, which I'm grateful. And it has been fun and an honor to serve with these gentlemen and be able to support this great State of California. My I guess question to the chairman would be to have addressed at some point is the historical reason for having the meeting called and adjourned prior to having whatever facilitating documentation we need authorizing either a potential increase or not. So I'd be interested in understanding the -- the calendar supporting having a meeting before we have such an important document. That having been said, I agree that the -- the intent and the objective of this meeting can still be fulfilled simply by going through some of the information that we have. And those are my remarks.

CHAIRMAN DALZELL: I think our -- our fear in scheduling only in May when the document is available, that that doesn't leave us time for a second meeting if a second meeting is needed. And before my tenure a second meeting was needed, was not needed in 2011, was needed in 2012. And we don't want to engage in brinkmanship in scheduling it late where we have to act. It gives us an option. You know, if -- if the -- if my fellow commissioners would rather next year only schedule in May, we may. But I -- I think the thought is just to give us a fallback position if a second meeting is required. And by circum -- because of circumstances beyond our control there today are only five commissioners who could vote because Commissioner Murray is -- is not here, wasn't noticed, and we don't have the seventh position filled. We need to have four votes to move anything. And while it's possible that four of the five of us could agree on something, it's also possible that we couldn't. So that is why we have started in March to give us

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a fallback for May if we need a second meeting. Would any of the other commissioners who've been here longer than I have like to add to that or comment on that issue?

COMMISSIONER SOMERS: Mr. Chairman, I would like to comment on the issue. And I am a big fan of two meetings. I think the – the -- the topics that we're covering are extremely important. And by the Brown rule we are prohibited from talking to each other by phone as a group through the rest of the year. I think this topic deserves enough attention that two meetings are--- are clearly within what I would describe as -- as appropriate. But in addition to that I think in -- in the first meeting there are things that we're talking about today, there's information we get, it gives you a chance to think about it a bit more. If we have questions from counsel, we have a chance to address that. And -- and then we can come back for a second meeting after we get the opinion of the Director of Finance and we can then, I think, be much more prepared to make a motion and -- and act on it.

CHAIRMAN DALZELL: Commissioner Stites, do you have anything to add on this issue?

COMMISSIONER STITES: Mr. Chairman, I always wondered why we were put under those time constraints. And we discussed this pretty extensively about three years ago and why -- it just didn't make sense. They established us as an independent, but we're relying upon the State to provide us with information that places us down into a very narrow window to act or react to anything. Perhaps maybe if somebody was interested they could kind of review that legislation, maybe improve it a little bit so that it would give us an opportunity to, you know, really sit down and understand where we're at on the economics of the issue before we're down to the wire on - - by 1 June. But I've never really understood it. It -- it – it inhibits our ability to make good decisions. But as my compatriot Scott said here, we need this first meeting just to figure out what information we have so we have a little time to think about it and maybe we can come to a decision when we actually know what we're facing.

CHAIRMAN DALZELL: Do you -- do you believe that this first meeting would be -- we would be better served holding it earlier than March?

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COMMISSIONER STITES: No, not really.

CHAIRMAN DALZELL: All right.

COMMISSIONER STITES: We've done them in April, and we usually have plenty of time to ...

CHAIRMAN DALZELL: Right. Yeah, I -- I -- I think that the -- aside from a contingency for having a second it really gives us a chance to get together and listen to each other, analyze and come back. And they're relatively short meetings. So, that said. Commissioner Somers, do you have opening remarks?

COMMISSIONER SOMERS: I do. One, I also would like to welcome Nancy --

COMMISSIONER MILLER: Thank you.

COMMISSIONER SOMERS: -- to the group. And by the way, Nancy, we have a longstanding tradition that the new member buys everyone dinner.

COMMISSIONER MILLER: I figured that was coming.

COMMISSIONER SOMERS: So we'll -- we'll talk more about that, but ... At any rate, I also would like to comment on the question of Melissa's appropriateness as our counsel. I don't see - - and I read that letter too, and I mean it seems to me that -- that she is far enough distant she doesn't have a direct conflict of interest. I think we all should be sensitive to conflicts of interest, but -- and I certainly have never found her opinions or guidance to us to -- to fall into what I would consider biased or -- or inappropriate. And, therefore, I -- I don't have an issue with that at all. And and I would support -- I -- I think I would probably resist the idea of an outside counsel unless -- unless somebody else develops and we feel like it's -- you know, it's -- it's a problem. I would like to point out one other thing just for purposes of -- on the salary figures. The salary figures for California in fact, over last year's salary figures. They're not the current salary figures. So we need to be careful to make sure that we're looking at the current salary figures which, in fact, are shown in the Resolution that was passed. But the comparison figures, for instance, it says the governor makes \$173,981. In fact, the governor makes 165,288 based on the

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Resolution that was passed last year. So I think it would be -- you know, make sure that all of us look at the appropriate numbers when we're comparing to other states there.

CHAIRMAN DALZELL: Madame clerk, would it be possible before our next meeting to update this data to 2013 data --

MADAME CLERK: Yes, it would be.

CHAIRMAN DALZELL: -- so we could compare across the board 2013?

MADAME CLERK: Yes.

COMMISSIONER STITES: Good point, Commissioner.

COMMISSIONER SOMERS: And that's all I have.

CHAIRMAN DALZELL: I -- I just have several observations. You know, I -- I think that the -- the car expense issue is a glass half full, glass half empty. There are two ways of looking at it. In 2011 we spent 38 cents a mile for legislator's cars. In 2012 we spent 53 cents a mile. That's one way of looking at it, a fairly substantial increase due to the Commission's action. On the other hand, the overall expenses were lower. Correlation is not the same as -- as causation.

Commissioner Stites may well be correct saying that accountability resulting from the reimbursement rather than the -- the leased cars was the cause for the reduction. We don't know. But I -- I -- I take your point. On the -- the salary survey, you know, this -- this is of interest -- of interest to the people of California and certainly was of interest to the people of

Pennsylvania because I got several media calls from Pennsylvania wanting to -- to see the survey because their governor is the highest paid in the nation -- or at least was in 2012. But I think that the the numbers speak for themselves. There are New York, Illinois, Pennsylvania, Michigan, New Jersey, and Virginia all pay their governors more than we pay ours. With the Attorney General many of the states are the same, but there's one fairly shocking difference.

New York, Illinois, Pennsylvania, Washington State, Tennessee, and, surprisingly, Alabama pay their Attorney General more than we pay our ours. That said, there are -- there are lots of different ways to go with these numbers. It appears from published reports that there will be a --

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a surplus this year. It appears un -- completely unpredictable whether it is a one-time phenomenon or one that will carry on, whether we've really turned the corner. It would surprise me if we had a -- a motion today to adopt a Resolution. I'll certainly entertain it. Again, we only have five of us who can vote, and there have to be four votes for. Commissioner Murray, do you believe that you will be able to attend in person in -- in May?

COMMISSIONER MURRAY: Yes, I will. If -- if there is a main meeting, I would like to see at the end of the day that if the report comes out that we did not meet the (unintelligible) in order to do a increase in the salaries we not have a meeting.

CHAIRMAN DALZELL: Could you say -- could you -- say that again. Don't meet if what?

COMMISSIONER MURRAY: Well, all -- all I'm saying is rather -- rather than schedule another meeting, I think another meeting is relatively moot if the Special Fund is in a negative amount less than the one percent as -- as stated in Proposition 1F.

CHAIRMAN DALZELL: Well, we -- we are required to adopt a Resolution one way or another, whether it is reduction, status quo, or increase. So if we do not act today, we must act at another meeting.

COMMISSIONER MURRAY: Okay. I mean -- I mean in order -- I mean I -- I -- I just can't see the meet to meet, meet -- let's have a meeting to -- to say that we had a meeting. Is there any way -- I think there's a way we could adopt a Resolution for today and have it stand, and if the report comes out and it would change -- would have changed what we would have voted on had we known the report as of right now, we can have another meeting and invalidate the -- the Resolution we made today. Is that acceptable?

CHAIRMAN DALZELL: I under -- I understand what -- I understand what you're saying.

COMMISSIONER MURRAY: Maybe we have to defer to Counsel on that.

CHAIRMAN DALZELL: Well, if -- if there are four votes for a Resolution today, I certainly don't -- don't mind. And the only way we'll find that out is by a motion and -- and then discussion by the commissioners after a motion. If there is no motion or no seconded motion, then we will have to

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defer. At this point I would -- probably should have done this one item earlier. I would ask if there's any member of the public who would like to speak, now is the time to speak.

MADAME CLERK: We have no speakers signed up.

CHAIRMAN DALZELL: All right. Fine. All right. And when -- you know, when John Lennon introduced the band up on the roof, he forgot Billy Preston. And I forgot Billy Preston.

Commissioner Miller, welcome. And do you have any opening comments?

COMMISSIONER MILLER: Thank you, Mr. Chair. Oh, just to the chairman and to the members I thank you for your kind words. And I am obviously the newest member, so new that I haven't had a chance to completely go through anything other than the salary survey. But I am willing to certainly -- if a member who can't make a motion would like a motion made, I'm certainly willing to make your motion for the gentlemen on the phone if -- if -- if you -- if -- if there's a motion to be made there.

COMMISSIONER MURRAY: I thank you very much for that kind offer.

COMMISSIONER MILLER: You're welcome.

CHAIRMAN DALZELL: Commissioners, would one of you have a motion to make at this point? Based -- based on the -- the data that we have and -- and the un -- it certainly could not be a motion to increase, but either a motion for status quo or for further reduction?

COMMISSIONER WALLACE: I'll start by asserting that I'm not prepared to make a motion, and -- at this time.

COMMISSIONER SOMERS: If -- if I may, Mr. Chairman. I mean Chuck makes the point that, you know, if there's no reason to have a meeting -- obviously none of us like to waste everyone's time and our own time. On the other hand, I guess I will come back to what I had said earlier. I think two meetings are not only appropriate but -- for a number of reasons. And it gives people time to think about it, our new members, it gives people time to think about it. And so I would -- I would resist having a motion on the table today. And I think it would be

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appropriate to have a second meeting and – and whatever motions we have we -- we offer at that point in time.

CHAIRMAN DALZELL: I'm sensing a consensus here that we -- we proceed. We may at this point request Staff Reports. We have requested the 2013 data for the 2012 comparison that you compiled. I would also be interested in seeing the salaries for the Chief Executive Officer and the District Attorney of San Francisco, Santa Clara, Los Angeles, San Diego, Sacramento Counties, others if -- if the Commissioners would like to add, that the statute directs us to -- to look at them. So I'd be interested in seeing those. Are they in the binder?

MS. MEITH: That's the -- the last page of the salary survey. Most of that information is --

CHAIRMAN DALZELL: Okay.

MS. MEITH: So I'm not sure this addresses all the counties that you mentioned though, Mr. Chair, so --

MADAME CLERK: We might have to come back.

CHAIRMAN DALZELL: All right.

MS. MEITH: If you'd like additional counties' research, we can -- we can take a look at this.

CHAIRMAN DALZELL: No, this is -- I'm sorry.

MS. MEITH: That's all right.

CHAIRMAN DALZELL: Yeah.

MS. MEITH: We also included some city information.

CHAIRMAN DALZELL: Right. Great. Is -- is there any additional reports? Are there any additional reports that Commission members would like to see before we meet? Commissioner Stites? Commissioner Wallace?

COMMISSIONER WALLACE: No. Thank you.

CHAIRMAN DALZELL: Commissioner Somers?

COMMISSIONER SOMERS: Deb, in years past has there been additional information that we've had? Any other kinds of positions that we've looked at?

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MADAME CLERK: We've -- we -- we feel that the salary survey that we have provided to you at this time is probably the most -- the -- the best or the most comprehensive that we've been able to -- to provide. I think the only thing, and correct me if I'm wrong, Melissa, is maybe the judges' salaries are not in here, and you may want to request those. But in the past, Mr. Somers, we have provided health benefits information, and then the salaries for some cities, counties, and then primarily the elected officials for most states in the nation.

COMMISSIONER WALLACE: Mr. Chairman, I may retract my non-request I guess for information for more information. But before I make a request I would like to understand better the rationale for not having comparable benchmarking compensation information for each position that we're charged with setting the salary for 2013.

CHAIRMAN DALZELL: Oh, I think we do.

COMMISSIONER STITES: I believe we have it in here.

CHAIRMAN DALZELL: Oh, no, I've got a blue screen.

COMMISSIONER STITES: Well, we do have that for the State.

COMMISSIONER WALLACE: Well, for instance, we don't have judges' information.

COMMISSIONER STITES: Oh.

COMMISSIONER WALLACE: Do we have the Insurance Commissioner's information? Did I just overlook that?

MADAME CLERK: Yes, it's included.

COMMISSIONER WALLACE: Okay, so maybe I can ask the question in a different way. Do we have the compensation data for every position that we're charged with setting a salary for?

MS. MEITH: We've tried to do that. We've tried to give you every position comparable data from other states. I -- I'm not aware that every state has, for example, a Superintendent of Public Instruction or an Insurance Commissioner, so we -- we have to make some judgments about who's the same. The reason we were able to get this much data was using online resources as opposed to asking states to talk to us which has resulted in more sparse information, less

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comprehensive I should say, fewer states included in the past. So we were able to acquire a lot of information this year. Unfortunately, it's a little bit dated which is why we use the 2012 salary figure so you did have some comparison. But we can -- we will add in the -- the -- the current figures as well. But we did our best to find you something for everybody.

COMMISSIONER WALLACE: Great. Thank you. And then just a point of clarification. As I understand it, judges' salaries are not something that this Commission --

COMMISSIONER STITES: No.

COMMISSIONER WALLACE: -- is charged to set --

COMMISSIONER STITES: Correct.

COMMISSIONER WALLACE: -- correct? So was there a request for judicial salaries --

MS. MEITH: Judicial salaries -- I'm sorry.

COMMISSIONER WALLACE: -- and if so, why?

MS. MEITH: Judicial salaries are mentioned in -- the constitutional provision that established the Commission is one of the things that the Commission should consider or review. So simply as a point of information. It's -- judges' salaries are a little bit difficult -- this is my comment -- in this State because there's -- there's sort of a base salary. As I understand, there's certain additional factors that can vary from location to location. So it -- it's hard to come up with a -- with a flat amount. But it is mentioned in the constitutional provision.

COMMISSIONER WALLACE: As a criteria to evaluate in setting the salaries of those --

CHAIRMAN DALZELL: The constitutional officers and the legislature. Yes.

COMMISSIONER WALLACE: Constitutional officers. Thank you.

CHAIRMAN DALZELL: Yeah, I -- I see that this data was gathered in 2007 for consideration in 2008. I don't see anything more recent than that from my -- my files. You know, at that point a superior trial court judge was making more money than the constitutional officers, let alone the appellate courts and the supreme court. Would it be possible to -- to gather that data?

MS. MEITH: For -- oh, you're looking at judges' information from 2007?

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CHAIRMAN DALZELL: Yes, that's -- that's the most recent information I have in my --

MS. MEITH: Okay.

CHAIRMAN DALZELL: -- disorganized files.

MS. MEITH: We can certainly make an effort to -- to find more information. And if I can have a copy of what you're referring to, that will give us a place to start sleuthing.

CHAIRMAN DALZELL: Yes.

MS. MEITH: It's a bit -- the administrative office of the courts is the resource on that, and -- and so we'll see if we can get some more information.

CHAIRMAN DALZELL: In -- in the past we've also looked at the governor's appointees' salaries, agencies, secretaries, and directors. And that was one of our departed commissioners. I think that was of -- of interest to her. I don't know if it's of interest to the sitting commissioners or not. But we had that information as of February 2011. Is -- is that of interest to any commissioner?

COMMISSIONER STITES: Yes.

CHAIRMAN DALZELL: Yes. So could you please -- I will give you copies of what I have from 2007 and 2011. If you could update that. And also on the county and city, again that is 2012. If it's possible to update that to 2013, please do.

COMMISSIONER SOMERS: May I make a comment --

CHAIRMAN DALZELL: Please.

COMMISSIONER SOMERS: -- Mr. Chairman? In -- one of the things that I think is -- is tricky in evaluating elected positions, even very senior positions, governor's positions, is that elected positions typically are not as highly paid across the country as appointed positions or positions that require certain kinds of degrees that ultimately drive compensation in the private sector like attorneys, judges, and particularly that kind of -- doctors. If you look at what what some of the senior medical people are paid in -- in the State, you know, they're paid well over elected officials and ... So, but, nevertheless, I think it is appropriate for us to consider that. And clearly the constitution does require us at least to consider certain categories of -- of -- of employees

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within the State. It -- it doesn't actually require us to look at comparable people outside of the State. We have chosen to add that because they are the most comparable types of positions. And particularly when you're looking at states like New York, and Illinois, and Ohio and, et cetera, it at least gives you a -- a way to kind of compare that sort of thing. One of the other things that I would -- that I think we have to keep in mind, and I'm torn on this all the time, because, as Gus was very appropriate to point out last time or the time before, is that -- that our legislators do not have any kind of retirement benefits. There are no pensions. The 12 constitutional officers do have pensions. When the people of California chose to eliminate pensions, presumably they didn't expect us to make up dollar for dollar what they were getting in pensions in current compensation. But, frankly, I do think it needs to be at least understood when we're looking at so-called comparable positions in -- particularly in other states and for other state positions who almost always have retirement benefits. So what I do think is -- is appropriate also, and what -- what -- it certainly influenced me, and I think it's appropriate to always influence, is what is the financial condition of the organization that the person is a senior executive or impacts the performance of. And -- and that is -- that's a very legitimate factor to -- to impact compensation. And so I'm, frankly, going to be very interested in -- in, at least officially, where we come out. And I think all of us need to consider where we are relative to as much information as we can get that of -- of comparable -- comparable -- they're not comparable, but at least they're representative of what other talented individuals are making in the State and at the same time compare it to what other states are paying people.

CHAIRMAN DALZELL: The -- the enabling statute directs us to consider, quote, to the extent practicable the private sector recognizing, however, that State Officers do not receive and do not expect to receive compensation at the same levels as individuals in the private sector with comparable experience and responsibilities. In the past I think that we have all agreed that to the extent practicable leads us to the conclusion that it is not practicable to consider private sector. And I would just like to know if there is a commissioner who believes that we should do

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some sort of survey of --of private sector -- I -- I don't think there's a legislative branch in the private sector, but there certainly is an executive -- I'm happy to ask for it. I personally don't believe that it's practicable, but I -- I defer to -- to the other commissioners. If anybody -- if anybody thinks it's practicable, let's do it. If not, let's not.

COMMISSIONER SOMERS: I don't believe it would be useful. Again, I -- and partly I just as soon not task Debbie with gathering information that is not useful in terms of our comparison, and then you'd have to say, well, private sector doing what kinds of things. Personally I don't think it would be useful.

COMMISSIONER WALLACE: I would concur with that with the caveat that our general sense of salaries in the private sector, and I'll speak for myself, is certainly something that guides me in evaluating the appropriateness of the salary of those we are charged with setting. The reality is that the private sector can be enticing for the very talent that we hope continues to be committed to serving in the public sector. So I would say it is not determinative enough to drain more resources and compiling more research, but it is, I think, a factor that I would ask each commissioner to evaluate the weight of based on their own -- their own judgment.

COMMISSIONER MILLER: I would agree with my colleagues that I don't think that it -- it is something to be explored. And mainly I say that because I -- I have a little -- I think the salary survey is a very good exercise. I think there's a larger reality though that we need to be mindful of, which is our overall economic history. And I, for one -- and I sensed it from my colleague on the phone -- am at this point, and it could change, obviously, by May, but to me I would have made and supported a motion of to retain the status quo on all salaries.

CHAIRMAN DALZELL: Well, I -- I think absent any other request for data, which can be made by an individual commissioner between now and then, we're probably done with the data. You know, it's almost 10:50 and we haven't had a good fight yet. I think I'm in the wrong place, Commissioner Stites.

COMMISSIONER STITES: We're not doing anything, it's okay.

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CHAIRMAN DALZELL: Okay. All right. Shall we -- I -- I don't think we have any further business other than to look at a date -- Actually, Commissioner Murray, did you -- did you want to add anything to the -- to the -- to the data discussion?

COMMISSIONER MURRAY: No, I -- I would just -- the -- the only thing I had, and just from a historical point of view on when we voted for the 18 -- 18 percent cut, that I think what we did on the private sector, which a lot of us are involved in, is get a 5,000 foot view of it, that is which give a raise to the CEOs which are -- who we're in charge of to a corporation that is bankrupt, which was the State of California. Now, hopefully in the future it looks like the governor has found a way to, oh, oh, to right the ship. I just want to give some background why we looked at the private sector, and again just from a -- oh, a high-level point of view rather than individual salaries.

CHAIRMAN DALZELL: Right. All right, shall we look at our calendars for May? I suggest that we not wait until the final week. But -- but late in May? May 22nd, 23rd?

COMMISSIONER STITES: It's all based upon that report.

COMMISSIONER MURRAY: If I could add a point. Would the clerk have any idea when the report is due out? As I recall in the past, it was the first week in May. But that may have changed.

COMMISSIONER STITES: Yeah, second or third week, depends on what they're doing.

MADAME CLERK: We did give notification -- we did get notification from the Department of Finance that they're planning to get the notification to us by May 20th.

COMMISSIONER MURRAY: Okay.

CHAIRMAN DALZELL: 22nd?

COMMISSIONER STITES: Sure.

COMMISSIONER MURRAY: And is -- is -- is there any way to speed that up a little bit, or -- because given -- given all the influence that HR has.

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MADAME CLERK: Yeah, even with all our influence, Chuck, I don't think we're going to be able to speed it up. It has to come out after the May revise for the Department of Finance. So it -- it will be around May 20th.

COMMISSIONER MURRAY: Okay. I would -- I would just -- and I -- and I concur and I agree with the Chair that we have to pass a Resolution every year. But is there any -- and do you see the conversation (unintelligible) has been (unintelligible) but was there any consideration given that we'll be able to pass a motion now with the option to -- (unintelligible) a Resolution when plans change?

COMMISSIONER STITES: We don't have it. We don't have the four votes.

COMMISSIONER MURRAY: Or if the numbers fall down what we think they are going to fall down to.

CHAIRMAN DALZELL: I -- Commissioner Murray, I don't think there are four votes for a Resolution now. I mean we could -- if somebody wants to make a -- make a proposal for a Resolution for the purposes of seeing whether there are. I'm virtually certain there are not four votes to adopt today based on the comments of the commissioners.

COMMISSIONER MILLER: I -- I -- I would agree with that.

COMMISSIONER STITES: There's the fourth vote.

COMMISSIONER MURRAY: Okay.

COMMISSIONER STITES: Okay.

CHAIRMAN DALZELL: All right. May 23rd seems to work for the calendars of the five commissioners who are present. Thursday, May 23rd.

MS. MEITH: My only concern with that, Mr. Chair, is that the -- the constitutional provision actually says that by June 1st the Department of Finance has to issue the letter. So despite their best intentions, it -- it -- I believe it all draws from the Governor's revised budget which is issued on May 15th. So it sort of depends on how much time the Commission wants to consider the

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letter. The letter's fairly easy to look at. But if it's -- it -- it can affect the amount of homework you have to do I think is the -- the other way to put it.

COMMISSIONER MILLER: And we have to adopt by the end of June; is that correct?

MS. MEITH: Yes.

CHAIRMAN DALZELL: Okay.

MS. MEITH: Yes.

CHAIRMAN DALZELL: Well, then let's -- let's go -- in -- in -- into June then.

COMMISSIONER SOMERS: Yeah.

CHAIRMAN DALZELL: Then we will have the letter.

COMMISSIONER SOMERS: Yeah.

MS. MILLER: Okay.

MS. MEITH: June 6 possibly.

CHAIRMAN DALZELL: That works.

COMMISSIONER STITES: I'm going to Hawaii.

CHAIRMAN DALZELL: Huh?

COMMISSIONER STITES: I'm going to Hawaii. I'm sorry, I haven't had a vacation in ten years, I thought I'd go. I just happened to pick June.

COMMISSIONER SOMERS: So there's a motion to -- a motion to meet in Hawaii.

CHAIRMAN DALZELL: Second, unanimous.

COMMISSIONER STITES: It happens in some states.

CHAIRMAN DALZELL: How long are you gone?

COMMISSIONER STITES: About the 8th, I think.

CHAIRMAN DALZELL: Then the 13th?

COMMISSIONER STITES: I should be back.

CHAIRMAN DALZELL: June 13th.

COMMISSIONER STITES: If I'm coming back. 13th?

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CHAIRMAN DALZELL: Wilma?

COMMISSIONER WALLACE: I can do the 13th.

CHAIRMAN DALZELL: Nancy?

COMMISSIONER MILLER: Yes, it works for me.

CHAIRMAN DALZELL: Chuck, would June 13th work for you?

COMMISSIONER MURRAY: Okay, I just put down the 23rd. Let me look at June.

CHAIRMAN DALZELL: Okay.

COMMISSIONER MURRAY: June -- June 13th is fine.

CHAIRMAN DALZELL: Okay, great, ten o'clock here.

COMMISSIONER STITES: 13? Okay.

CHAIRMAN DALZELL: All right, any -- anything further, commissioners?

COMMISSIONER MURRAY: Not for me.

COMMISSIONER STITES: One last comment, if I could.

CHAIRMAN DALZELL: Commissioner Stites.

COMMISSIONER STITES: The issue of -- also understanding I know we're going to get this report and it -- it may say there's a little surplus, and it may not. What I do want everyone to think about primarily is the economic condition of this State. It's not about what a piece of paper says, it's what the State can bear. The difference between us and the private sector is that private is based upon profit. We're based upon revenue that we take from people and increase on a regular basis, or it seems so lately. So -- and I'm still curious about how they line this whole thing up so that this report basically comes in at the very last second so we don't have a whole lot of time to react. And I wonder if that was intentional. I'd have to look back and check. But that's all I've got.

11 CHAIRMAN DALZELL: Anything further commission -- anything further commissioners? All right, with that, thank you. We stand adjourned until June.

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Dated: APRIL 25, 2013

/s/ Donna Nichols

DONNA K. NICHOLS, RPR

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