CHAIRMAN DALZELL: Well, shall we start.

All right, um, my name is Tom Dalzell. I am the Chairman of the Commission, and I gavel -- figuratively gavel this meeting to order.

Um, can we have a, um -- a roll call, please.

CLERK: Tom Dalzell.

CHAIRMAN DALZELL: Present.

CLERK: Margaret Wong.

COMMISSIONER WONG: Present.

CLERK: Laura Horrocks.

COMMISSIONER HORROCKS: Present.

CLERK: And Nichole Rice.

COMMISSIONER RICE: Present.

CLERK: You have a quorum.

CHAIRMAN DALZELL: I'll note that we have, uh, two new members this year. And, um, I don't know what you did to deserve this, but, um, here you are with us. Um, welcome. And it's -- it's a really interesting, if not rewarding, process.

Um, our first task is to approve the Minutes from the June 26 Commission meeting. They are the third tab in our binder. And only Commissioner Wong and I were here then. I have reviewed them, and I find them to be satisfactory.

Do you have any corrections to note?
COMMISSIONER WONG: Uh, no, I'm okay with that.

CHAIRMAN DALZELL: And will you make a motion to approve the, uh, Minutes?

COMMISSIONER WONG: I'll make a motion to approve.

CHAIRMAN DALZELL: Is there a second?

COMMISSIONER RICE: Second.

CHAIRMAN DALZELL: All right. Those in favor?

(Multiple voices saying aye)

CHAIRMAN DALZELL: All right. So they stand approved.

Um, next we ask for opening comments by Commission members. And, um, I'll ask Commissioner Wong to go first so that our new commissioners can get a sense of what a brilliant opening comment looks like. Um . . .

Commissioner.

COMMISSIONER WONG: Uh, yes. Um, looking at the economy of today, uh, and the budget of California, um, I think that -- and also we always look at the comparable with the other states and on the compensation, and that's what -- historically that's what we do. And then we will review whether or not that there need to be adjustment and based on the economy, based on our budget, and based on the comparable with the other states.

So that's why we're here.

COMMISSIONER RICE: Thank you, Chair.
Uh, I wanted to thank staff for the very helpful orientation binder. As a new commissioner, I found it extremely helpful. It was very thorough. Um, it provided a lot of background on the origin of the Commission as well as the various criteria and factors that, um, persuade our decision making -- or guide our decision making I should say.

Um, I also wanted to thank the previous -- or the last Commission members for the -- the work that you've done in the past, uh, going through the binders. The questions that you asked, the criteria that you asked for, um, I -- I also found very helpful. So thank you.

COMMISSIONER HORROCKS: Thank you. Uh, I also wanted to say thank you for the materials, the benchmarking. Um, all of the information provided is absolutely amazing to be able to not have to go research all of that. Um, and thank you for the guidance from our current -- or our previous members and leading us on this journey. It's a fun time economically.

So, uh, let's proceed, I guess.

CHAIRMAN DALZELL: All right, thank you.

You know, um, with respect to the binder and the work by the staff -- this is what I do for a living, I negotiate and I work with salary surveys. And I know how difficult they are, I know how much work went into this, and I know
how good it is. It's a lot of work and it was really, really well done, so I thank the staff for that.

Um, one issue that I like to clarify, especially with new members on, and -- is there a representative of -- of either the assembly or the -- or the senate here? Great.

Um, I'm going to try to state this in a way that's accurate. And I always end up getting a little bit corrected. But the -- it is my understanding that both houses have a -- an overall budget, um, which they must live within -- which they must live within. I ended a sentence with a preposition.

Um, and so it is almost -- it is almost entirely safe to say that the actions that we take do not have a financial impact on the overall spending of either house. If we vote to cut salaries, the budget remains the same and it can be then allocated to staff or other events. And if we vote to increase salaries, they have to find room within their overall budget.

Would you agree that I've . . .

MALE VOICE: Yes, that is correct.

CHAIRMAN DALZELL: All right.

MALE VOICE: Our budget does not change.

CHAIRMAN DALZELL: Uh, and that is not true with constitutional officers. Um, I don't think.

So what we do is largely symbolic, which is not to
say it's not important. Especially in hard times I think it becomes very important to show that the, uh, legislature and the constitutional officers are facing hardships, they are not immune from hardships just as the citizens of California aren't.

Um, so if we think that we are, um, really having a difference in the budget, we're not. That's not really the purpose of this exercise. I think is -- what is fair, what is appropriate in light of the economy, the State budget. And we've historically looked at what other states do. And that's a -- a difficult comparison because of cost of living. And the underlying statute says nothing about looking at other states.

Um, we are directed to look at local government. And so in our binder this year the staff did a great job under the section of salary survey of looking at California city elected officials and, uh, county elected officials from the larger cities, Los Angeles, San Diego, San Jose, San Francisco, Sacramento, and Fresno, and the larger counties of, uh, Los Angeles, San Diego, Orange, Riverside, San Bernardino, Santa Clara, Alameda, Sacramento, San Francisco.

Um, and I found looking at the -- the cities and counties to be really instructive because there is closer to the people. It's local. And there are political consequences for setting those salaries as they are set.
Uh, there are no political consequences for us in setting them. And, you know, you'll see pretty significant in the larger cities and larger counties especially pretty significant differences, uh, between what we pay our elected officials in Sacramento and what we pay them closer to home where we pay more closer to home. Um, and, uh, I find that -- that interesting and, uh, instructive.

So that is all the -- all I have to say in our opening comments.

Um, were there any open issues from our June 28, 2018, Commission meeting that we need to bring up? No.

Um, so we now come to, uh, public testimony. Is there anybody from the public who would like to give us their -- their thoughts or their, um, facts?

Hearing none, we will move on to staff reports. And we've all -- I think we've all praised you. So . . . Take a bow.

Do you want to go through -- through the binder explaining section by section?

CLERK: Yes. Okay, so in your binder we have prepared the, um, Agenda and Public Notice. We have the meeting Minutes from the June 26, 2018, meeting, which you guys all approved. We also have the, um -- the Resolution that came out of that meeting. We have the salary surveys that Tom was just referencing. We have the State
administrative annual salaries, um, the exempt salary chart. We have the Civil Service salary history going back to 2006. We have the, uh, 2018 State legislature information as well as the retirement benefits, and we also have the health benefits for constitutional legislative officers. And, lastly, we have the Department of Finance certification letter which certified a positive balance.

CHAIRMAN DALZELL: So the, um, certification letter is a condition precedent to increasing salaries, and that condition precedent is met, does not require us to do so, but we may not do so without it.

Um, I -- I will mention, especially for the benefits of -- of the -- of the new members who probably picked this up in reading past binders, but in the tab that is Civil Service salary history you see how, um, the -- how the State reacted to the recession of 2008 where it was generally handled by a reduction in income which was not a reduction in salary for civil servants through the furlough program and the personal leave program.

Um, because they were furloughed or placed on personal leave their income those years was reduced. But when the furlough and personal leave programs went away, um, the salaries remained where they had been. There was no reduction in the salaries.

And that is in contrast to what this Commission did
with legislators and constitutional officers which was for 
either two or three years in a row they were actually 
reduced and permanently reduced. They did not bounce back 
up when the economy recovered. And so the Commission over 
the last several, uh, years has, uh, addressed the -- the 
makeup as well as what was fair for that year.

Um . . . Uh, we now come to, uh, our discussion 
which will lead, we hope, to an adoption of Resolution 
setting compensation. And I believe that we are statutorily 
required to have a decision by July 1st?

MALE VOICE: Correct.

CHAIRMAN DALZELL: All right. So that doesn't give 
us -- give us very much time this year to do anything other 
than act today.

But the new commissioners, and perhaps Commissioner 
Wong and -- and myself, may well have some good ideas for 
what more we would like to know. And we can make a standing 
request today for the staff to do that before we meet next 
year.

So, um, Commissioner Wong, I'm going to go back to 
you as the, uh -- as the fellow veteran on the -- on the 
Commission. Do you have, uh, any thoughts to begin the 
discussion of what we should do this year both in terms of 
what action to take and what, uh, we might want before we 
meet next year?
COMMISSIONER WONG: Well, I find the information provided, uh, pretty abundant, pretty, uh, good. And, um -- and, uh, I think that, um, the -- including the benefits and -- and, uh, the comparison and all that. And, um, I, uh -- I don't have any particular information I needed, uh, to -- before the, uh -- before next year.

And I also wanted to comment that, um, you notice on the, uh, State Civil Service salary history, uh, for the last five years I would say, um, is basically -- or five or six years basically compensating back the reduction of the 2010 with the furlough program and all that reduction. So it's kind of getting back to the level that, um -- that reduction, catching up with that.

Um, other than that I, uh -- I think that, uh, we do have enough information for what we are today, to make a decision.

CHAIRMAN DALZELL: All right. Uh, Commissioner Trujillo-Rice.

COMMISSIONER RICE: Thank you, Chair.

Um, reading the past Minutes from last meeting and then, uh, looking at the Commission history summary it seems as though we've acted in the past four years or so to increase, um, the salary at three percent or four percent to restore back to those, um -- back to those levels.

I -- I did see in 2014 there was a ten-percent
reduction of the State's contribution for health benefits. Um, I notice that in these Minutes, uh, from last meeting there wasn't any discussion about health benefits. So I wanted to ask if we'd had any conversations, um -- I guess going back to 2015, that would be the year after, about restoring those . . .

CHAIRMAN DALZELL: My -- my memory is that we have restored fully the amount that was cut. Um . . .

Any help here?

MALE VOICE: (Unintelligible).

CHAIRMAN DALZELL: That's correct. Yeah. That's why -- we accomplished that before last year. And so, um, good point. That's where we are. We are back to the status quo ante.

COMMISSIONER RICE: So just to be clear that the ten-percent cut that was -- that happened in 2014 has been restored?

CHAIRMAN DALZELL: Yes.

COMMISSIONER RICE: Um, and then with that, uh, just also being very new and this being the first Commission meeting, I -- I appreciate you letting us know that we didn't have the actual breakdown of the numbers. Um, if at all possible, if we could see those contributions, what they are numerically.

Um, I was looking up what -- what that definition is
of -- specifically talking about healthcare benefits -- what that, uh, definition was for the managerial position, um, in the Government Code. Uh, and -- and there was a brief description. So if there's a further breakdown of what that health plan looks like ever, is that in the realm of -- of what we decide and -- and review?

CHAIRMAN DALZELL: Certainly appropriate to review it.

Uh, does anybody have it with them today?

Can you identify yourself too, please.

MS. ACKER: Yes. Do I need to push any button? Or it's fine. Where's the button? It's on, okay.

Uh, I'm Angela Acker. I am, uh, a Health Policy Analyst with CalHR.

So the information available today are, um, CalPERS Board of Administration has approved the health plan rates for next year, 2020. And, uh, and we know the top four health plans, uh, with the highest State, um, uh, members -- uh, State employees enrolled that, um, the employer contribution will be based off of.

Um, what we do not have are the actual employer contribution amounts. Um, those are being developed at this moment.

CHAIRMAN DALZELL: Is -- is it a percentage of the total premiums cost?
MS. ACKER: So how -- how the employer contribution is calculated is so the top four health plans, um, uh, we take a weighted average, uh, so that we -- we, uh, consider the, um -- the current -- the premiums of this year, the enrolled, um, uh, members, and we, uh, take the total of that amount. And then the employer contribution for the, um, officers would be 85 percent of that dollar amount and for their dependents would be 80 percent of that dollar amount.

COMMISSIONER RICE: Thank you so much.

MS. ACKER: Okay.

CHAIRMAN DALZELL: You have anything further to say?

COMMISSIONER RICE: No. Thank you.

CHAIRMAN DALZELL: All right. Commissioner.

COMMISSIONER HORROCKS: Thank you, Chair.

Um, I'm not sure that there's any additional data needed. We have quite a bit of data here in front of us. Again, much appreciated.

Um, I think calling out some of the, uh, health plan benefits is helpful. Knowing that the percentage isn't expected to change should be enough to make our decision.

Uh, I do have questions, and I'm not sure that they need to be here, but how does the -- about how the individual salaries are set and whether we ever change, um, individual compensation versus looking at compensation and
adjusting for inflation or economic, uh, changes and whether or not we ever look to further develop salaries at the individual level.

CHAIRMAN DALZELL: Uh, and that issue you are addressing yourself to the constitutional officers, I assume, not to members of the legislature.

COMMISSIONER HORROCKS: Correct.

CHAIRMAN DALZELL: Right. Well, that's where -- that's where I see some really striking differences. Um, if we take the -- the Attorney General, um, and compare that to what the, um -- what district attorneys are making, um, about 175,000 for the Attorney General, and 389,000 in Los Angeles, 235 in San Diego, 273 in Orange, and so on.

And that's one -- um, I think the answer to your question that as long as I have served on this Commission, which is -- this is my ninth meeting, and looking at the records from before I don't think that we have ever, um, challenged the -- or even considered the assumptions that group the constitutional officers into three or four levels.

And, um, I think that that would be a good exercise for us to do, uh, next year. I don't -- you know, we don't have time to do it this year. But I think it's -- it's a really int -- interesting idea. And I don't think that we, um, could determine the thinking behind the grouping even if we wanted to. Um, so I think that we should perhaps
approach it as a -- as a, uh, a fresh start, what makes sense today.

Um, but I -- I think that that is something that we should, um, next year probably, um, get in any data requests -- or we -- we have the information from other states, we can see how they do it. You know, we can rank them and -- and do that. Um, but schedule a meeting earlier so that we can start exploring. And if we need a second meeting to go further, we can do that. But I think that's a -- a very good idea.

Anything else?

COMMISSIONER HORROCKS: Um, and if we do intend to go through that exercise, I might request the Excel version of the data just so I can play with it. But otherwise --

CHAIRMAN DALZELL: Yeah.

COMMISSIONER HORROCKS: -- this is great.

CHAIRMAN DALZELL: Yeah. Um, all right.

And I'll mention -- I'll mention, I think I'm correct with this, this entire binder is online and is available to the contract -- to the public. What we are looking at is -- is all public information.

Um, so it comes to me. And I haven't heard a number from anybody yet. And, um, I'd rather not be the person to say the first number. But I think that the commissioners have identified, um, the relevant issues which is the state
of the economy, uh, the state of the California budget, both
of which are very good. Uh, the comparison with other
states, California remains high, so has our cost of living.
The comparison with counties, um, many of the positions are
below the, uh, cities -- the large cities and counties.
And, um, I think that, um, something along the lines of what
we've done for the last several years would be appropriate.

Is there anybody who would like to, uh -- to suggest
a number? I don't think that there's a correct number. I
think there's a range. There are several correct numbers.

Is there anybody who would like to?
COMMISSIONER WONG: Well, I'd like to, uh, maybe
suggest going back to look at, uh, the last two years. We
have consistently, um, talking about four percent.

CHAIRMAN DALZELL: Right.

COMMISSIONER WONG: And, uh, so I would say that it's
going to be a number -- uh, around that number, start with.

CHAIRMAN DALZELL: Yeah, I don't think that we have
enough information to do anything, um -- well, we don't have
enough time to do anything beyond a fair number like that in
terms of the stacking, the bunching, or the comparison with
the cities and counties.

Um, so I would invite one of our -- our new members
to be a little bit more specific than Commissioner Wong, see
where she's going, and put a number out there.
COMMISSIONER HORROCKS: I think, uh, with GDP -- GDP expected to grow two, three percent and our inflation rate being adjusted down that a three to four percent, uh, increase is reasonable.

COMMISSIONER RICE: I agree. I think that, um, if the consensus had been -- had been, uh, the four percent, I -- I would be comfortable.

And if you need that in a motion form, I can certainly do that. Make a motion to increase compensation by four percent.

CHAIRMAN DALZELL: Is there a second so that we can get into a discussion on the motion?

COMMISSIONER HORROCKS: Second.

CHAIRMAN DALZELL: All right. Any discussion on the -- on the motion?

Hearing none I'll ask that the vote be called.

CLERK: Margaret Wong.

COMMISSIONER WONG: Yes.

CLERK: Nichole Rice?

COMMISSIONER RICE: Yes.

CLERK: Laura Horrocks.

COMMISSIONER HORROCKS: Yes.

CLERK: Tom Dalzell.

CHAIRMAN DALZELL: Yes.

So let's talk about preparing the Resolution. Um,
what do we need to remember about this? We agree that we
will sign it, serial -- serially?

FEMALE VOICE: (Inaudible).

CHAIRMAN DALZELL: And -- and we sign it when and
how?

FEMALE VOICE: You don't.

CHAIRMAN DALZELL: We don't.

FEMALE VOICE: You don't sign the Resolution.

CHAIRMAN DALZELL: Oh, okay.

FEMALE VOICE: (Unintelligible) takes effect.

CHAIRMAN DALZELL: All right. That's easy.

Um, are there any other adjustments that we need to
make in the language?

I -- I don't think so. I think that the percentages
apply to section one of the resolution, the annual salaries.
And we review it, and approve the arithmetic, uh, and then
our Resolution's done.

COMMISSIONER RICE: I -- I just wanted to go back
really quick to your, um, further question or comment about,
uh, setting a -- a meeting date earlier for next year to
review the comparisons. Is that --

CHAIRMAN DALZELL: Yes.

COMMISSIONER RICE: -- is that what the intent was?

I was wondering, if possible, uh, if there could be a
comparison for healthcare packages as well, uh, that are
offered on the local level. I don't know how tedious of a task that is and I dare to ask it as a new member.

But just with the healthcare costs being what they are, um, not just in California but all over the country, and dealing that -- with that on a day-to-day basis. Would that be something we could look at next year?

CHAIRMAN DALZELL: I'm sure we can obtain that information. I mean, you and I both work for unions and we know, uh, surveys. And healthcare is the trickiest because of the plan design.

COMMISSIONER RICE: Yes.

CHAIRMAN DALZELL: All we can do is look at the cost.

COMMISSIONER RICE: Yes.

CHAIRMAN DALZELL: Uh, and that's -- that's not dispositive, it's instructive, informative, uh, because the plan design, the -- the devil's in the details of that. But it would be good to know. Especially when -- if Kaiser's in there, uh, and you see -- that one's easier to compare because generally the plans are -- are fairly similar.

But, um --

COMMISSIONER RICE: Absolutely. And just, you know, reading kind of the history -- the -- the plans -- they haven't changed since the formation of the Commission. And I do know that, um, the legislature and Statewide officers, that -- that makeup has changed. Uh, there are more women
elected, there are more mothers that may be the bread
winners --

CHAIRMAN DALZELL: Right.

COMMISSIONER RICE: -- and have more dependents. And
so just coming from a -- from that standpoint of looking
into that information and having as much as we can
available.

And I know that the devil is in the details. Uh,
but -- but that is -- that is quite a big burden for -- for
folks.

CHAIRMAN DALZELL: Uh, yeah, we can finalize and
perfect the -- the specific request. You know, I'd be
interested in the, um, total premium cost of the amount paid
for the employee and probably single -- I mean, then you get
into the different tiers, single, single plus one, single
plus two, single family.

But I'd be interested in -- in a couple of other
numbers which is the deductible and the out-of-pocket
maximums. Those are pretty visible.

COMMISSIONER RICE: And I would defer to you, Chair,
to -- uh, to --

CHAIRMAN DALZELL: Oh, thanks.

COMMISSIONER RICE: -- formalize that request and --
and get as specific as possible.

CHAIRMAN DALZELL: All right.
And are you -- are you interested in large cities, large counties, and/or 50 states?

COMMISSIONER RICE: I think that as your comments reflected earlier on -- this doesn't really, uh, instruct us to look at other states but more so the cities, um, and counties of California. So I think that's more along the lines since, uh, that's what we did for compensation.

CHAIRMAN DALZELL: Something else that the statute directs us to do -- and I'm -- I'm not sure we've ever done it, is look at, uh, superior court judge and -- and district court of appeal, um, judge, the salary and those basics about, um, pensions and -- and medical.

COMMISSIONER RICE: Okay.

CHAIRMAN DALZELL: Yeah. All right, so I'll prepare that and get it to the staff. Um . . .

CLERK: I'm sorry. Ms. Acker has a clarifying question for the members.

MS. ACKER: Well, I just want to confirm the specific items you are requesting, that you will formalize all of that in a request that you will forward to us?

CHAIRMAN DALZELL: Yes.

MS. ACKER: Okay. All right.

CHAIRMAN DALZELL: I'll probably -- can -- with -- within the confines of the Brown Act can that be circulated to the other members of the Commission, or it has to come
from me?

FEMALE VOICE: It has to come from (inaudible).

CHAIRMAN DALZELL: Okay. Thank you.

Anything further from commissioners?

Uh, our new commissioners took this like duck to water. Good job. And, uh, we'll see you next year. Thank you.

COMMISSIONER RICE: Thank you.

CHAIRMAN DALZELL: The record's closed.

COMMISSIONER HORROCKS: Thank you.

COMMISSIONER WONG: Thank you.

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CERTIFICATE OF CERTIFIED SHORTHAND REPORTER

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