

PML Memo: 94-51
September 15, 1994
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The full revised text is attached to this memorandum, with additions underlined. Deletions are shown in strike-out form. This text is also available for review at DPA at the address shown below. Comments regarding these revisions must be received by DPA no later than 5:00 p.m. on October 12, 1994. Comments should be directed to:

Richard Leijonflycht
Department of Personnel Administration
Policy Development Office
1515 S Street, North Building, Suite 400
Sacramento, California 95814-7243
(916) 324-9350, CALNET 454-9350
FAX (916) 324-0524, CALNET 454-0524

Additions to the Rulemaking File

DPA has added the following items to the rulemaking file for proposed rules 599.799.1 and 599.799.2:

- A May 1994 salary increase survey conducted by the Towers Perrin Company.
- A survey of private sector performance pay practices conducted for DPA by the William Mercer Co. A summary of this survey is attached.
- A survey of public sector performance pay practices conducted by the DPA Policy Development Office. A summary of this survey is also attached.

All of these materials are available for review at DPA at the address shown below. Comments regarding these items must be received by DPA no later than 5:00 p.m. on October 12, 1994. Comments should be directed to:

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Wendell M. Coon
Division Chief

Attachments

DEPARTMENT OF PERSONNEL ADMINISTRATION

Proposed Rule 599.799.1

Revised Text - September 15, 1994

599.799.1. Managerial Performance Appraisal and Compensation

(a) Scope and purpose. This rule shall apply to all civil service employees and all exempt employees in the Department of Education, State Special Schools serving in positions that are designated managerial under Section 18801.1 of the Government Code. Its purpose is to specify the manner in which performance in managerial positions is appraised and to establish a program for determining managers' salary increases based on their job performance, rather than through automatic, general adjustments.

(b) Performance standards and appraisal.

(1) It shall be the responsibility of each appointing power to ensure that clear, job-related, written standards of performance are developed and kept up to date for ~~each~~ the managerial positions under his/her jurisdiction. These standards shall be mutually developed and updated by managerial employees and their appointing powers and shall be based on the specific requirements of individual positions, as well as ~~and~~ more general organizational requirements. They shall reflect the level of job performance that can normally be expected from a well-qualified manager who performs his/her duties with a reasonable degree of industry, initiative, and responsibility. These standards shall set the framework for more specific, day-to-day work expectations.

(2) Each appointing power shall have a performance appraisal system for determining if managerial performance meets the established performance standards. Affected managers shall have a reasonable opportunity to review and comment on the system, and any changes to it, before they are implemented. ~~Appointing powers~~ Each appointing power shall consider comments and suggestions arising from this review in their development and revision of ~~the~~ its appraisal systems.

(3) Performance appraisal reports shall be written, using a form approved by the Department of Personnel Administration. ~~and~~ The form shall address the performance standards developed in accordance with subsection (b)(1) of this rule. They appraisals shall be completed at least annually and shall provide a clear assessment of managers' performance. As appropriate, they shall also provide suggestions and/or plans for further development and improvement.

(4) Each manager shall receive a copy of his/her appraisal report and shall have the opportunity to discuss it with the rater before it is filed. If the manager does not agree with the appraisal ~~at the conclusion of this discussion~~, he/she shall be entitled to discuss it with the appointing power or his/her designee, unless the rater is the appointing power, in which case no further discussion shall be required.

(5) The performance appraisal reports required by this rule shall be kept on file by the appointing power for at least three years.

(c) Salary range increases.

(1) ~~Notwithstanding Section 599.689, when~~ When the salary range for a classification containing positions covered by this rule is increased, on or after January 1, 1994, appointing powers shall prepare a certification indicating which of their managers are (were) performing successfully at the time of the range increase. Managers who are certified as successful ~~the employees serving in these positions shall be eligible for receive~~ a salary increase in an amount up to, but not exceeding, equal to the amount of the salary range increase; ~~provided, that these salary increases shall only be granted upon the appointing power's certification that the employee's job performance is successful.~~ For the purposes of this rule, a manager's performance is successful if he/she has substantially met his/her appointing power's performance standards and related work expectations. For periods of job performance occurring after January 1, 1995, these certifications shall be based on the performance appraisal process prescribed by this rule. At the discretion of the appointing power, the salary increases resulting from this process may occur on the date of the salary range increase, or at a later date.

Notwithstanding Section 599.689, a manager whose performance is not certified as successful by the appointing power shall not receive an increase, except as provided in (c)(2).

(2) When the application of (c)(1) would result in an employee having a salary rate that is below the new minimum rate for his/her salary range, the employee shall receive the new minimum rate. When an employee is retained at the minimum rate for this reason, the appointing power shall determine if any of the causes for disciplinary action specified in Section 19572 of the Government Code apply.

(3) When an employee does not receive the full salary increase authorized by this rule on the date the salary range increase occurs, he/she ~~may~~ shall receive ~~any remaining portion of the increase upon~~ at any future time that his/her current or future appointing power certifies that his/her job performance is successful ~~his/her appointing power's certification of successful job performance.~~

(d) Merit salary adjustments (MSAs).

(1) ~~The~~ Effective January 1, 1995, the performance appraisal process specified in this rule shall also be the basis for awarding MSAs to managers under Section 19832 of the Government Code. Only those managers whose performance the appointing power determines is successful shall receive a MSA.

(2) Notwithstanding Section 599.683, a manager who is at the salary range maximum, and then falls below the maximum because he/she does not receive a salary increase under (c)(1), shall not qualify for additional MSAs because he/she is now below the maximum of the salary range ~~has failed to receive all or part of the salary increases authorized under (c)(1).~~

~~(e) Each appointing power shall specify the process through which he/she will consider managers' appeals regarding performance appraisals, salary increase decisions, MSAs, and other actions taken under this rule. Actions taken under this rule may only be appealed to the appointing power on the following grounds:~~

~~(1) Abuse, harassment, or legally prohibited discrimination.~~

~~(2) Improper political activity.~~

~~The appointing power shall be the final level of review for these appeals. For employees covered by this rule, this appeal procedure shall replace the one specified in Section 599.684 for MSA actions. It shall also be used in lieu of the procedure specified in Section 599.859 for grievances and appeals related to this rule~~

(e) Appeals

(1) Notwithstanding Section 599.798, a manager may appeal his/her performance appraisal using only the excluded employee grievance procedure prescribed in Section 599.859, and only on the grounds that the appraisal was used to abuse, harass, or discriminate against the manager.

(2) A manager who is denied a MSA, or who does not receive the salary increase available under (c) on the date the increase is authorized by the Department of Personnel Administration, may appeal that action using only the excluded employee grievance procedure prescribed in Section 599.859. The only grounds for such appeals shall be the following:

(A) Failure to receive a performance appraisal or other substantive performance feedback during the past twelve months.

(B) A clear and compelling disparity between the appointing power's failure to grant the salary increase and the performance appraisals and/or other performance feedback that the manager has received.

(C) Circumstances clearly indicating that the appointing power's salary action was determined by factors other than the manager's job performance.

(3) In all appeals under this sub-section, the manager shall have the burden of substantially proving his/her case, within the grounds specified above. In the absence of this, the appointing power's action shall stand. For managers, this appeal process shall replace the process prescribed by Section 599.684 for denials of MSAs.

(f) Multiple appointing powers.

Where a state department has multiple appointing powers, the provisions of this rule may be administered centrally by that department if agreed to by the appointing powers or where provided by law.

{f} (g) Effective date. This rule shall apply to salary range increases for managerial classifications that take effect on or after January 1, 1994, provided that this shall not result in a previously granted salary increase being withdrawn.

Note: Authority cited: Sections 19815.4(d) and 19820 of the Government Code.

Reference cited: Sections 19826, 19829, 19832, 19992 through 19992.3, and 19992.8 through 19992.14 of the Government Code.

DEPARTMENT OF PERSONNEL ADMINISTRATION

Proposed Rule 599.799.2

Revised Text - September 15, 1994

599.799.2. Supervisory Performance Appraisal and Compensation

(a) Scope and purpose. This rule shall apply to all civil service employees and all exempt employees in the Department of Education, State Special Schools serving in supervisory positions as defined by Section 3513(g) of the Government Code. Its purpose is to specify the manner in which performance in supervisory positions is appraised and to establish a program for determining supervisors' salary increases based on their job performance, rather than through automatic, general adjustments.

(b) Performance standards and appraisal.

(1) It shall be the responsibility of each appointing power to ensure that clear, job-related, written standards of performance are developed and kept up to date for each the supervisory positions under his/her jurisdiction. These standards shall be based on the specific requirements of individual positions, as well as and more general organizational requirements. They shall reflect the level of job performance that can normally be expected from a well-qualified supervisor who performs his/her duties with a reasonable degree of industry, initiative, and responsibility. These standards shall set the framework for more specific, day-to-day work expectations.

(2) Each appointing power shall have a performance appraisal system for determining if supervisory performance meets the established performance standards. This system shall result in written appraisals of each supervisor's performance, as specified in (b)(3). Affected supervisors shall be provided with a description of the performance appraisal system.

(3) Performance appraisal reports shall be written, using a form approved by the Department of Personnel Administration. and The form shall address the performance standards developed in accordance with subsection (b)(1) of this rule. They appraisals shall be completed at least annually and shall provide a clear assessment of supervisors' performance. As appropriate, they shall also provide suggestions and/or plans for further development and improvement.

(4) Each supervisor shall receive a copy of his/her appraisal report and shall have the opportunity to discuss it with the rater before it is filed. If the supervisor does not agree with the appraisal ~~at the conclusion of this discussion~~, he/she shall be entitled to discuss it with the appointing power or his/her designee, unless the rater is the appointing power, in which case no further discussion shall be required.

(5) The performance appraisal reports required by this rule shall be kept on file by the appointing power for at least three years.

(c) Salary range increases.

(1) ~~Notwithstanding Section 599.689, when~~ When the salary range for a classification containing positions covered by this rule is increased, on or after January 1, 1995, appointing powers shall prepare a certification indicating which of their supervisors are (were) performing successfully at the time of the range increase. Supervisors who are certified as successful ~~the employees serving in these positions shall be eligible for~~ receive a salary increase in an amount up to, but not exceeding, equal to the amount of the salary range increase; ~~provided, that these salary increases shall only be granted upon the appointing power's certification that the employee's job performance is successful.~~ For the purposes of this rule, a supervisor's performance is successful if he/she has substantially met his/her appointing power's performance standards and related work expectations. ~~For periods of job performance occurring after January 1, 1995, these certifications shall be based on the performance appraisal process prescribed by this rule. At the discretion of the appointing power, the salary increases resulting from this process may occur on the date of the salary range increase, or at a later date.~~

Notwithstanding Section 599.689, a supervisor whose performance is not certified as successful by the appointing power shall not receive an increase, except as provided in (c)(2).

(2) When the application of (c)(1) would result in an employee having a salary rate that is below the new minimum rate for his/her salary range, the employee shall receive the new minimum rate. When an employee is retained at the minimum rate for this reason, the appointing power shall determine if any of the causes for disciplinary action specified in Section 19572 of the Government Code apply.

(3) When an employee does not receive the full salary increase authorized by this rule on the date the salary range increase occurs, he/she ~~may shall~~ receive ~~any remaining portion of the increase upon~~ at any future time that his/her current or future appointing power certifies that his/her job performance is successful ~~his/her appointing power's certification of successful job performance.~~

(d) Merit salary adjustments (MSAs).

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(2) Notwithstanding Section 599.683, a manager ~~supervisor~~ who is at the salary range maximum, and then falls below the maximum, because he/she does not receive a salary increase under (c)(1), shall not qualify for additional MSAs because he/she is now below the maximum of the salary range ~~has failed to receive all or part of the salary increases authorized under (c)(1).~~

~~(e) Each appointing power shall specify the process through which he/she will consider supervisors' appeals regarding performance appraisals, salary increase decisions, MSAs, and other actions taken under this rule. Actions taken under this rule may only be appealed to the appointing power on the following grounds:~~

~~(1) Abuse, harassment, or legally prohibited discrimination.~~

~~(2) Improper political activity.~~

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(1) Notwithstanding Section 599.798, a supervisor may appeal his/her performance appraisal using only the excluded employee grievance procedure prescribed in Section 599.859, and only on the grounds that the appraisal was used to abuse, harass, or discriminate against the supervisor.

(2) A supervisor who is denied a MSA, or who does not receive the salary increase available under (c) on the date the increase is authorized by the Department of Personnel Administration, may appeal that action using only the excluded employee grievance procedure prescribed in Section 599.859. The only grounds for such appeals shall be the following:

(A) Failure to receive a performance appraisal or other substantive performance feedback during the past twelve months.

(B) A clear and compelling disparity between the appointing power's failure to grant the salary increase and the performance appraisals and/or other performance feedback that the supervisor has received.

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Where a state department has multiple appointing powers, the provisions of this rule may be administered centrally by that department if agreed to by the appointing powers or where provided by law.

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Note: Authority cited: Sections 19815.4(d) and 19820 of the Government Code.

Reference cited: Sections 19826, 19829, and 19832, and 19992 through 19992.3 of the Government Code.

M. MEMORANDUM

TO: Rulemaking File
Pay for Performance
Rules 599.799.1 and 599.799.2

DATE: August 31, 1994

FROM: Department of Personnel Administration
Policy Development Office

SUBJECT: Public Sector Performance-Based Pay Prevailing Practices

The Policy Development Office has gathered compensation data from the Federal government, state governments, and major California counties, cities, and local jurisdictions.

PREVAILING PRACTICE

Of the 30 jurisdictions responding to our survey, 18 (60 percent) have performance-based pay covering from 5 to 100 percent of their nonrepresented employees. Fifteen of those respondents indicated that base salary increases are tied to performance; while 8 respondents indicated that bonus or benefits are performance based. Some jurisdictions have more than one type of performance-based element in their pay plans. The remaining 12 (40 percent) jurisdictions surveyed have pay systems essentially similar to that of California's in that their performance pay practice is limited to merit pay increases (step) that occur virtually automatically based on standard or better performance.

COVERAGE

Of the 18 survey agencies with performance pay, 6 (33-1/3 percent) apply performance-based pay to 66 percent or more of their nonrepresented employees; while 2 (11 percent) apply it to 25 percent of their nonrepresented employees; and 10 (56 percent) apply performance-based pay to 15 percent or less of their nonrepresented employees.

Of agencies without any performance-based pay, 2 agencies intend to adopt such a pay program within 12 months and 3 intend to add performance pay sometime after 12 months. Additionally, 8 agencies with performance-based pay intend to make changes including adding people, enhancing pay features, or otherwise improving their process. Two agencies reported that they have discontinued performance-based pay plans. One, the U.S. Government, dropped its performance pay plans for the GS13 through 15 levels, but continued performance pay for its senior executive service.

PERFORMANCE PAY PROGRAMS

Where performance pay plans existed, 16 respondents indicated that annual or periodic increases to base pay for managers were performance based, and 5 respondents indicated that base pay increases for supervisors were performance based. Eight respondents had bonus or lump sum performance-based pay provisions for managers and 3 respondents had similar provisions for supervisors.

In performance-based pay plans, the granting of any automatic adjustment is a mixed practice. Eight respondents indicated that no increases were automatic; 5 respondents indicated that those below the new range minimum are automatically brought up to the range minimum; 5 indicated that only movement through the range is performance based; and 4 of the above respondents indicated that due to successive years of no salary funds being available, an occasional across-the-board structural adjustment was given outside of the regular performance-based program.

Four respondents using performance-based pay indicated that supervisors can have salaries reduced nonpunitively as a result of the performance system; eleven respondents indicated that managers' performance-based pay could be reduced nonpunitively.

APPRAISALS FOR PERFORMANCE-BASED PAY SYSTEMS

Survey jurisdictions were requested to provide information regarding the type of performance appraisal system used when deciding the amount of a performance-based increase.

Two respondents reported that they had an informal rating system with no established procedures or forms. Two more indicated they had a "free form" appraisal system. The remainder indicated that they had a formal system that utilized either trait checklists, management by objectives criteria, or performance-based rating scales.

The performance appraisals are prepared by the employee's supervisor or employee and supervisor as reported by all respondents with the exception of 1 jurisdiction which had, in addition, subordinates prepare ratings.

Of 18 respondents with performance pay plans, 10 indicated that they had no appeal mechanism while 8 did. Five jurisdictions did not limit grounds for appeals. Where limits existed in 3 jurisdictions, 2 limited appeals to employees with unsatisfactory ratings, and 1 limited appeals to employees who had salaries reduced as a result of the performance rating.

The final level of review for appeals varied greatly. It ranged from human resources executive, city manager/county administrative officer to the civil service commission. With 1 exception, all levels of employees in an agency had the same appeal rights.

LENGTH OF TIME PERFORMANCE PAY SYSTEM IN PLACE

Of those jurisdictions with performance-based pay, 10 jurisdictions have had performance pay for 10 years or less and 8 had them for more than 10 years. The largest number of respondents occurred at 8 and 20 years with 3 each.

PARTICIPATING PUBLIC AGENCIES

PAY-FOR-PERFORMANCE SURVEY

State

Illinois
Michigan
New York
Ohio
Oregon
Pennsylvania
Washington

County

Alameda
Contra Costa
Los Angeles
Marin
Orange
Riverside
Sacramento
San Bernardino
San Diego
San Mateo
Santa Clara

City

Fresno
Long Beach
Los Angeles (includes Department of Water and Power)
Oakland
Sacramento
San Francisco
San Diego
San Jose

Other

East Bay Municipal Utility District
Metropolitan Water District of Southern California
Sacramento Municipal Utility District
United States Government

August 31, 1994

Mr. Richard Leijonflycht
Department of Personnel Administration
Policy Development Section
STATE OF CALIFORNIA
1515 "S" Street, North Building, Suite 400
Sacramento, CA 95814

**RE: STUDY OF PERFORMANCE-BASED PAY PREVAILING PRACTICES IN THE STATE
OF CALIFORNIA**

Dear Richard:

William M. Mercer, Incorporated has completed the survey discussed earlier. Results are discussed below. We gathered data via telephone and facsimile from fifty-four employers on the original contact list developed jointly with the Department of Personnel Administration (DPA). These data were recorded on the questionnaire form previously approved by the DPA.

The substance of the questions in the form used for data-gathering is shown in Attachment I and tabulated responses to the questions are also shown in Attachment I. A full list of participants in the study is shown in Attachment II.

PREVAILING PRACTICE. Our analysis of this data leads us to conclude that the prevailing practice in private enterprise in California is to link pay to performance. Fifty-two of the 54 respondents (96%) affirm that their policy is to tie employee performance to pay. All 52 indicate that base salary increases are tied to performance; 41 (79%) indicate that bonuses are tied to performance, and 15 (29%) indicate that long-term incentives are tied to performance. One respondent even ties benefits to performance.

PERFORMANCE-BASED PAY ACTION. Survey participants listed a number of pay actions that are not performance based. These include cash and deferred profit sharing (which *are* related to overall company performance), group bonuses, (related to *group* performance), various differentials (e.g., to differentiate pay of supervisors and subordinates), and tenure-based pay increases (e.g., union rates).

WORKFORCE SUBJECT TO PAY FOR PERFORMANCE. Forty-three respondents indicated that 100% of their non-union workforce is subject to pay for performance. Four

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respondents indicated that 50% to 75% of their non-union workforce was subject to pay for performance, while four respondents indicated that 25% of their non-union workforce was subject to pay for performance.

AUTOMATIC INCREASES. Slightly more than one-half of responding employers (26 of 50) automatically increase salaries to range minimum when salary ranges are increased *IF* managers or supervisors' salaries are *below* the new range minimum. The other 24 responding employers do *not* automatically increase salaries when ranges are changed, even if managers/supervisors salaries are below range minimum.

AMOUNT OF PERFORMANCE-BASED INCREASES. Based on performance, managers'/supervisors' pay can be increased by 0% to 10% (32 of 47 respondents); for six employers, this performance-based increase can be from 0% to 15%, and for nine employers the increase can be from 0% to more than 15%. Thus, for 35 of the 47 (74%) responding employers, performance-based increases for managers and supervisors can be 8% or greater. This level of potential pay increase is more than two times the rate of current inflation as measured by the Consumer Price Index.

Typical performance-based bonuses for supervisors are in the 0% to 15% range (18 of 27 respondents). Two employers indicated supervisors' bonuses could exceed 100% of base salary. Typical performance-based bonuses for managers ranged from 0% to 20% of base salary (22 of 37 respondents). Fifteen of the 37 respondents reported manager bonus potential of 30% or more; three employers reported managers' performance-based bonuses could exceed 100% of base salary.

PAY REDUCTIONS. Twelve of 47 respondents (26%) indicated that supervisors' and managers' salaries could be *reduced* as a result of performance. It is highly likely that termination (salary reduced to zero) results from sustained performance deficits on the part of supervisors and managers, since they are rarely subject to any kind of security of employment policies.

PERFORMANCE APPRAISAL SYSTEMS. Fifty-two respondents provided data on their performance appraisal systems. Fifty-one of the respondents (98%) had formal systems. The prevalent plan types were Management by Objectives (39 responses) and Trait Checklists (20 responses). Multiple responses to this question totaling more than 52 employers indicate many plans and combine both types of program. One employer used a Free Form appraisal system, and three used Behaviorally-Anchored Rating Scales.

FINAL PERFORMANCE APPRAISAL. For both supervisors and managers, the final performance evaluations used in making pay decisions are based on input from the boss

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(36 of 68 responses, i.e., 53%). Another 17 respondents (25%) relied on input from both boss and incumbent. Ten employers (19% of those responding) used some form of multiple rater systems. Five companies incorporated input from subordinates in rating supervisors' performance.

Thirty-two (64%) of the employers have no formal appeal mechanism in their performance appraisal system. Of those who have formal appeals mechanisms, one indicated that they limit appeals to specific grounds. Those grounds were not specified.

The most frequently-cited methods for arriving at a final resolution to appeals were by the supervisor's next level of management (13 cites) and by the top Human Resources executive (15 cites). No other method of resolution was cited more than twice. Only three respondents indicated that their appeals mechanism for the performance appraisal process used as input for pay decisions varied by employee category.

DURATION OF SYSTEMS. Responding employers have had their present performance appraisal system for input to pay decisions in place for *seven* years on average. The extremes range from less than two years to more than 25 years.

Finally, 17 respondents (33%) indicated specific plans to change within the next year their performance appraisal systems used to input pay decisions. Sixty-seven percent (35 respondents) indicated they had no such plans.

CONCLUSIONS. From these results Mercer concludes the following:

1. California's private-sector employers represented in this study, reflecting both large size and diverse industries, are committed to linking employee performance to pay. This linkage is the prevailing practice.
2. Performance has a dramatic effect on both annual pay increases and annual bonuses.
3. Employers are not satisfied with their present programs of appraising performance and are working to change, and inferentially, to improve them.
4. The structure of performance appraisal is primarily top-down, authoritarian with the immediate boss retaining the most influence; formal appeals mechanisms appear relatively weak or non-existent.

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5. Multiple-rater systems are beginning to emerge.

SAMPLE SELECTION. Finally, a note on employers selected to be contacted to provide data for this study. They:

- employ large workforces in California;
- represent diverse industries, producing many different products and services;
- encompass a broad range of supervisory and managerial skills and backgrounds; and
- have relatively well-recognized names in the marketplace.

Please let us know if you have any questions. I can be reached at (415) 393-6527.

Best regards,



Charles T. King
Associate

Attachments
CTK/gcp

cc: B. Blum
K. Main
File

**STATE OF CALIFORNIA
SURVEY PARTICIPANTS**

20th Century Insurance Company	New United Motors Manufacturing, Inc.
Advanced Micro Devices	Novell, Incorporated
Amdahl Corporation	Occidental Petroleum Corporation
American Honda Motor Co., Inc.	Oracle Corporation
Amgen Incorporated	Orchard Supply Hardware
Automatic Data Processing (ADP)	Pacific Gas and Electric Company
Automobile Club of Southern California	Pacific Mutual Life Insurance
Bank of America	Pacific Bell
Bechtel Corporation	Rolm
Bio-Rad Laboratories	San Diego Gas & Electric
California Pacific Medical Center	Seagate Technology
Charles Schwab Corporation	Sharp HealthCare
Chevron Corporation	Southern California Edison
CIGNA Corporation	Sprint
Clorox Company	St. Joseph Hospital
Delta Dental Plan of California	Syntex Corporation
El Camino Hospital	Tandem Computers
FHP, Incorporated	U.S. Borax, Incorporated
Fireman's Fund Insurance Co.	VISA
Flour Daniel, Incorporated	Warner Brothers
Foodmaker, Inc.	Williams-Sonoma
Foster Poultry Farms	
Franklin Resources, Incorporated	
GE Nuclear Energy	
Genentech	
Hewlett-Packard Company	
Intel Corporation	
Kaiser Foundation Health Plan (So. Calif)	
Kaiser Foundation Health Plan	
Lockheed Advanced Development Company	
McKesson Corporation	
Nestle Beverage Company	
Network Equipment Technologies	