

September 8, 2006

Hon. Bill Lockyer  
Attorney General  
1300 I Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Attention: Ms. Patricia Galvan  
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional amendment initiative related to elected official compensation (File No. 06-0033).

### **Background**

*Elected Official Pay.* The State Constitution establishes the California Citizens Compensation Commission to set legislators' and other elected state officials' salaries and benefits each year. Beginning in December 2006, most legislators will receive an annual salary of \$113,098, with legislative leaders receiving somewhat more. Other state officials will be eligible to receive salaries between \$154,875 and \$206,500, depending on their office. Total annual state costs for these salaries totals more than \$15 million.

*Per Diem for Lodging and Expenses.* Under current law, legislators are eligible to receive a per diem payment to cover lodging, meals, and other expenses for each day of attendance at legislative sessions, or related travel. The current rate is \$153 per day, set by the California Victim Compensation and Government Claims Board. Per diem costs are expected to total about \$4.5 million in 2006-07.

### **Major Provisions**

This measure amends the Constitution to make changes to compensation procedures for state elected officials.

*Salaries and Benefits.* The measure requires the California Citizens Compensation Commission to meet every two years (rather than annually) to set salaries and benefits for state elected officials. Any decisions by the commission to change salaries and benefits would have to be approved by the voters at a statewide election to become effective.

*Legislative Housing Allowance.* In addition, the measure eliminates the per diem system for legislative expenses. Instead, the measure requires the commission to establish a

maximum housing allowance for legislators maintaining a secondary residence in Sacramento. The allowance would be adjusted every two years. The allowance could not exceed the median rental cost for a single-family home in the Sacramento area. Legislators would be reimbursed for their housing costs in Sacramento, up to the maximum allowance.

**Fiscal Effect**

*Costs for Elected Official Pay.* Under the measure, it is possible that elected officials salaries would be lower than under current law. This would occur if voters rejected increases proposed by the commission. If this occurred, the state would experience some savings. Any such savings, however, would depend on the actions of future voters.

*Costs for Legislative Housing Allowance.* Under the measure, the maximum monthly housing allowance would be determined by future commission decisions. If, for instance, the monthly allowance was set at \$1,500 per month, total costs could total in the range of \$2 million a year. Compared to current per diem expenditures of more than \$4 million annually, the measure could reduce legislative expenses by a couple of million dollars annually.

*Election Costs.* Because the measure requires salaries and benefits to be approved by voters, it would result in costs to the state and counties each time a plan was placed on the ballot. These costs primarily would be related to preparing and mailing election-related materials. Since the approval of the plans could be consolidated with existing elections, the increased costs of the measure would probably be minor.

*Summary.* This measure would have the following fiscal impact:

- Reduced state expenses for compensation for state elected officials—potentially in the millions of dollars annually—with the amount dependent on future decisions of the California Citizens Compensation Commission and voters.

Sincerely,

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Elizabeth G. Hill  
Legislative Analyst

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Michael C. Genest  
Director of Finance