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January 31, 2000

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

Attention: Ms. Diane Calkins
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative constitutional amendment cited as the "Let the Voters Decide—Part A, State Officer's Pay" (File No. SA 1999 RF 0070). This measure would amend the California Constitution to change the way in which the pay for state elected officials is determined.

Background. Currently, the California Citizens Compensation Commission sets the annual salaries and benefits for Members of the Legislature, as well as the Governor, Lieutenant Governor, Attorney General, Controller, Insurance Commissioner, Secretary of State, Superintendent of Public Instruction, Treasurer, and Members of the Board of Equalization. The commission is made up of seven members appointed by the Governor.

Effective December 1, 1999, the commission set the annual salary for Members of the Legislature at \$99,000 each. It set the salaries of the President pro Tempore of the Senate and Speaker of the Assembly at \$113,850 each and the majority and minority leaders of the Senate and Assembly at \$106,425 each.

Members of the Legislature are reimbursed for travel and living expenses they incur in connection with their official duties. Current law sets the rates for payment of living expenses at an amount not less than the rate paid to federal government employees who travel on business to Sacramento. The rate is currently \$121 per day.

Under the California Constitution, total expenditures for support of the Legislature are limited.

Proposal. This measure amends the Constitution to set the salaries of Members of the Legislature at \$75,000 annually. Salaries of other state officials (such as the Governor, Attorney General, and Secretary of State) established by the California Citizens Compensation Commission would not change.

The measure provides that in the future, the commission may only *recommend* adjustments to the salaries and benefits of Members of the Legislature and other state officials. Before the adjustments can take effect, they must be approved by the Legislature, Governor, and the voters.

The measure also sets travel and living expense payments of Members of the Legislature at \$75 per day, and limits the number of days of reimbursement to no more than 120 per member, per year. This amount could only be increased when approved by the Legislature, Governor, and the voters.

The measure provides that if the Legislature does not pass the annual state budget by June 15 (the deadline set in the State Constitution), legislators would forfeit their salary and travel and living expense reimbursements from June 15 until the day that the budget is sent to the Governor. Any forfeited salary and expense reimbursement could be recovered only by a law approved by the Legislature, Governor, and the voters.

Finally, the measure provides that total aggregate expenditures for the Legislature as determined under the Constitution would be reduced by an amount equal to the savings resulting from the reduction in total compensation, travel, and living expenses paid to legislators after the adoption of the measure.

Fiscal Effect. The effect of this measure is to reduce the salary and living expense payments of legislators and potentially limit the future growth in compensation for legislators and other state officials. It would reduce total compensation costs by several million dollars annually (probably in the range of \$5 million). The salary forfeiture provisions also could reduce costs by an unknown, but probably minor, amount in any

year in which the budget is not passed by June 15. To the extent that future salary adjustments for the Legislature and other state officials are approved by the commission, the Legislature, and the Governor, there could be additional costs to the state and counties to place the proposals on the ballot. The magnitude of these costs is unknown, but probably not significant.

Summary. In summary, this measure would result in reduced compensation costs for state officials of several million dollars annually, and unknown, but probably not significant, elections-related costs to the state and counties.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

B. Timothy Gage
Director of Finance