

**Proposition 1F:**

**Elected Official's Salaries.  
Prevents Pay Increases During Budget Deficit Years.**

## Proposition 1F State Officer Salary Increases.

### Background

*Voter-Created Commission Sets State Official Pay and Benefits.* Proposition 112—approved by voters in June 1990—amended the State Constitution to create the California Citizens Compensation Commission. The commission includes seven members appointed by the Governor, none of whom can be a current or former state officer or state employee. The commission establishes the annual salary, as well as medical insurance and other benefits, for the following elected state officials:

- The Legislature (120 Members).
- The Governor.
- The Lieutenant Governor.
- The Attorney General.
- The Controller.
- The Insurance Commissioner.
- The Secretary of State.
- The Superintendent of Public Instruction.
- The Treasurer.
- The Board of Equalization (4 Members).

While the commission has control over most pay and benefits received by these state officials, there are certain exceptions. For example, Members of the Legislature are eligible to receive per diem payments to cover lodging, meals, and other expenses for each day of attendance at legislative sessions. The level of per diem payments is set by another state board and not by the commission. In addition, under Proposition 140 (approved by voters in November 1990), Members of the Legislature have been prohibited from earning state retirement benefits since November 1990. Accordingly, the commission has no control over these retirement benefits.

*Factors the Commission Considers When Setting State Officials' Pay and Benefits.* Proposition 112 requires the commission to consider the following factors when it adjusts the annual salary and benefits of state officials:

- How much time is required to perform official duties, functions, and services.
- The annual salary and benefits for other elected and appointed officials in California with similar responsibilities, including judicial and private-sector officials.
- The responsibility and scope of authority of the state official.

Currently, the Constitution does not list the financial condition of the state as a factor the commission must consider when setting the pay and benefits of these officials. In addition, Proposition 6—approved by voters in November 1972—prohibits the reduction of elected state officials' salaries during their terms of office.

*Current Salaries of Elected State Officials.* Based on past commission decisions, elected state officials are currently eligible to receive annual salaries ranging from \$116,000 (for legislators) to \$212,000 (for the Governor).

### **Proposal**

This proposition amends the Constitution to prevent the commission from approving increases in the annual salary of elected state officials in certain cases when the state General Fund is expected to end the year with a deficit.

*Official Certification of a Deficit Would Be Required.* On or before June 1 of each year, the state Director of Finance (who is appointed by the Governor) would be required to notify the commission in certain cases when the state's finances have weakened. Specifically, the Director would notify the commission if the Special Fund for Economic Uncertainties (SFEU) is expected to have a negative balance equal to or greater than 1 percent of the annual revenues of the state General Fund on June 30 (the last day of the state's fiscal year). As described in the analysis of Proposition 1A (also on this ballot), the SFEU is the state's traditional rainy day reserve fund. Currently, 1 percent of General Fund revenues is almost \$1 billion.

*Certification of the Deficit Would Prevent Raises for Elected State Officials.* In years when the commission chooses to adjust state officers' pay and benefits, it already is required to pass a resolution to do this before June 30. These pay and benefit adjustments take effect beginning in December. Under this measure, if the Director of Finance certifies that the SFEU will end the month of June with a deficit of 1 percent or more of General Fund revenues, state officials will not be eligible to receive a salary increase to take effect in December of that year.

### **Fiscal Effects**

*Cost Savings From State Officials' Salaries During Certain Deficit Years.* This measure would prevent the commission from approving pay increases for state officials in certain cases when the state General Fund is expected to end the year with a deficit. Under current practice, the commission might have otherwise approved pay increases in those years. The commission does not grant pay increases every year, and the level of

pay increases granted by the commission is not always the same. Since January 2000, the commission has raised the pay of elected officials four times. Over this period, the total pay increases for each official have been equal to or less than the rate of inflation. Currently, a 1 percent raise for the elected state officials costs the state about \$160,000 per year. If, for example, the commission were inclined to grant the officials a 3 percent raise but were prevented from doing so under this measure, the state would save less than \$500,000 that year. Consequently, savings in any year would be minor.

*May Contribute to Different Budget Decisions by the Legislature and Governor.* The Constitution already requires the Legislature and the Governor to adopt a balanced budget each year. When the budget falls substantially out of balance during the course of a fiscal year, the Constitution allows the Governor to declare a fiscal emergency and call the Legislature into a special session to address the emergency. The Constitution, however, does not require the budget to *end* the year in balance. This measure may have the effect of influencing the Legislature and the Governor to make different budgetary decisions—decisions, for example, that reduce a projected state deficit or make it less likely a deficit emerges in the first place. These impacts, however, are not possible to estimate.

Proposition 1F won't work. Worse, it's petty, vindictive and childish.

Proposition 1F naively hopes to prevent budget deficits by withholding raises for legislators and elected state officers if the state budget does not balance.

This is just plain silly. Everyone wants our state government to be fiscally healthy. But this measure will never do the trick. For Proposition 1F to work, our legislators would have to be so selfish and immature that the possibility of a modest salary increase could induce them to betray their core values.

Of course they're not that selfish. Regardless of party, members of the Legislature are deeply caring, diligent, patriotic people who truly love the communities they represent and serve. Our state's structural deficit, if anything, has been caused by their over-eagerness to serve too many constituencies, rather than the kind of selfish greed that would make Proposition 1F effective.

Freezing salaries will not loosen politicians' commitment to their ideologies. You cannot get conservative legislators to support tax increases just by threatening to cancel their raises. Similarly, liberal legislators will never agree to cuts in social programs just to increase their pay.

It's ludicrous to think that the mere threat of a salary freeze will somehow cause our polarized elected officials to rush into each others' arms and magically overcome their political differences. Proposition 1F will never do what it promises.

You may be thinking, "Okay, maybe Proposition 1F won't do any good. But it will make me feel better, and it can't do any harm!"

Not so. Proposition 1F freezes the salaries of not just the Legislature and Governor, who are responsible for passing and signing the budget, but also innocent bystanders such

**SUBJECT TO COURT  
ORDERED CHANGES**

as the Insurance Commissioner and the Superintendent of Public Instruction. This collateral damage will hurt some fine public servants and help no one.

And how good will you feel about freezing legislators' salaries when you know that their votes wouldn't change whether their salaries were frozen, reduced, or entirely eliminated? After all, they're clearly not in this for the money.

The current salary for nearly all legislators is \$116,208. In most of California, this is solidly middle-class compensation. Many small business owners, doctors, lawyers, engineers, and managers make far more. You may earn more or you may earn less, but you've got to admit that our elected leaders aren't getting rich on their salaries.

Now consider that we ask these officials to run an enterprise with annual revenues exceeding \$100 billion. That's roughly the income level of large corporations such as AT&T, Ford, and Hewlett-Packard, whose executives are paid millions of dollars. When you think about it in those terms, paying salaries such as \$169,743 for a Treasurer and \$133,639 for a Speaker of the Assembly is a terrific bargain.

Let's not make that discrepancy even worse just for an empty, childish, feel-good moment. Vote no on Proposition 1F.

Pete Stahl

Author, Pete Rates the Propositions, [www.peterates.com](http://www.peterates.com)

RECEIVED  
JUL 11 2000  
COURT CLERK  
SACRAMENTO, CALIF.

**SUBJECT TO COURT  
ORDERED CHANGES**

YES ON 1F: NO PAY INCREASES FOR LEGISLATORS DURING TIMES OF STATE BUDGET DEFICITS.

Proposition 1F is straightforward and makes sense: During times when our state budget is running a deficit, legislators and the Governor should not receive pay increases.

A vote for Proposition 1F is a vote to prohibit legislators, the Governor and other state politicians from getting pay raises whenever our state is running a budget deficit.

BY STOPPING LEGISLATIVE PAY RAISES DURING STATE BUDGET DEFICITS, WE CAN SAVE OUR STATE MILLIONS OF DOLLARS WHEN THEY'RE NEEDED MOST AND BRING ACCOUNTABILITY TO THE LEGISLATURE.

In times of deficit, critical services like schools, public safety and healthcare get cut. But legislators and the Governor still get pay raises.

Since 2005, legislators have had their pay increased three separate times. In four years their pay has increased nearly \$17,000. Every year legislators have received a pay raise the state has been in a deficit.

California's legislators are the highest paid in the nation, some earning more than \$130,000 a year in salary plus tens of thousands more annually in perks and benefits. From taxpayer-funded cars and gas, to tax-free money for living expenses, legislators are living high off the hog while the state's deficit continues to grow.

YES ON 1F: PART OF A RESPONSIBLE PACKAGE OF REFORMS TO FIX A DYSFUNCTIONAL LEGISLATURE AND BRING ACCOUNTABILITY TO A BROKEN SYSTEM.

**SUBJECT TO COURT  
ORDERED CHANGES**

We're all frustrated by California's broken budget system. We're all tired of legislators who are immune to the problems they create. Year after year, politicians deliver late budgets that harm our schools, healthcare system, police and fire services and more. The perpetual budget problems also hurt taxpayers as we see our taxes raised or services cut because of the Legislature's failure to budget responsibly.

VOTE YES ON 1F: NO PAY RAISES FOR THE POLITICIANS WHEN OUR STATE IS IN A DEFICIT.

[www.abeltoreform.com](http://www.abeltoreform.com)

State Senator Abel Maldonado  
Lewis K. Uhler, President, National Tax Limitation Committee  
Joel Fox, President, Small Business Action Committee

**SUBJECT TO COURT  
ORDERED CHANGES**