

COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY

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Executive Officer

**REPORT ON CALIFORNIA  
STATUTORY SALARIES  
OF  
EXECUTIVE BRANCH  
OF GOVERNMENT**



**STATE OF CALIFORNIA**

**Report on  
California Statutory Salaries  
of Executive Branch  
of California State Government**

*By*

**The Commission on California State  
Government Organization and Economy**

**December 1968**

## COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY



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December 11, 1968

*The Honorable Ronald Reagan  
Governor of California*

*The Honorable President pro Tempore,  
and Members of the Senate*

*The Honorable Speaker,  
and Members of the Assembly*

Gentlemen :

This Commission has completed its study of executive compensation in the California state service. This study was requested by Governor Reagan in his letter of April 9, 1968, to Mr. D. W. Holmes, the Chairman of the Commission on California State Government Organization and Economy. In addition, the State Legislature through Assembly Concurrent Resolution 105 requested the Commission to review and evaluate the executive compensation system in State Government.

In approaching the task of reviewing and evaluating the State's system of executive compensation, the Commission first accepted the general precepts of good salary administration on which to base its evaluation and recommendations. These precepts include: (1) The salaries paid to State executives should be commensurate with their duties and responsibilities; (2) State executives should be compensated fairly in relation to one another; (3) salaries paid to State executives should be competitive and should enhance the recruitment and retention of high caliber executives; and (4) the differential in salaries paid to executives of varying levels of responsibility should be substantial enough to reflect those differences in responsibility.

The Commission concludes that: (1) Compensation for executive positions in the State of California has evolved in such a way as to have eluded proper relationships; (2) the creation of new positions has not been coupled with compensation consistent with existing positions; (3) the levels of statutory salaries have resulted in extreme compaction of the senior management salary structure; (4) there are too many executive statutory salary levels in the Executive Branch; and (5) there is no established procedure for timely periodic review of executive salaries. The accompanying report presents our findings, conclusions, and recommendations in detail.

The study was conducted under the supervision of a Commission subcommittee, consisting of Messrs. James E. Kenney, Chairman; Howard A. Busby; and Harold Furst. The Commission's Executive Officer, L. H. Halcomb, Jr., provided coordination for the project. The staff of the State Personnel Board and the Department of Finance ably assisted the Commission with this study.

We believe the findings of the Commission are sound and the recommendations justified and, in some instances, long overdue. A basic building block of proper administration of the California State Government is a reasonable compensation plan for positions of responsibility.

Respectfully submitted,

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NATHAN SHAPELL

\* Absent during Commission deliberation.

**REPORT ON CALIFORNIA STATUTORY SALARIES OF  
EXECUTIVE BRANCH OF THE CALIFORNIA  
STATE GOVERNMENT**

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## INTRODUCTION

A system of equitable executive compensation in the State of California should be of importance to all the citizens of the state. The government of California is headed by a relatively small number of executives. The process of selecting, training, and evaluating the employees and officers of the state is inhibited if they are not adequately compensated for their efforts. It is the problem of executive compensation established by statute to which this Commission has directed its attention.

Three objectives or goals were formulated to guide the commission in this study:

### 1. *Alleviate Compaction of Salaries*

In most state departments, the salary of the director in effect establishes an upper limit for salaries of other employees in that department, including both exempt and civil service personnel. As salaries for exempt and civil service positions have increased over the years, the salaries of statutory directors have increased at a much slower pace. This has caused the salary differential between the director and his subordinates to dwindle. In many instances, the difference in salary between a director and his chief deputy director is one dollar per month.

### 2. *Establish Compensation to Attract and Retain High-Caliber Personnel for State Executive Positions.*

The efficient and responsible operation of the executive branch of the California State Government requires the employment of the most qualified personnel available. To continue to attract and retain high-caliber personnel the state must offer reasonably competitive salaries. In the Commission's report of 1965, *A Study of Management Manpower Requirements—California State Government*, the Commission cited under the heading "Motivating Managers to Excel" the following:

"In the state government as in most organizations, compensation levels continue to be the focal point of all incentive devices. The Commission's findings indicate, however, that the highest salaries offered by the State of California to managerial echelons are significantly low in relation to those offered by private industry for analogous positions. They also compare unfavorably with the salaries paid by the State of New York, the Federal Government, and even some municipal governments."

### 3. *Remedy Salary Inequities*

Salary inequities exist when the salaries paid to the various executives are lower or higher than the salaries paid to other executives with comparable responsibilities. It is the view of this Commission that salaries of executive posi-

tions in state government be equitable, both in relation to one another and in relation to similar positions in other governmental jurisdictions.

The proposals contained herein present approaches to meeting these goals and objectives.

## SCOPE AND METHOD

### 1. *Scope*

The purview of this study was limited to executive positions in the California State Government executive branch whose salary rates are set by statute. This group includes 54 full-time administrators, 42 full-time board and Commission Members, 21 part-time board and Commission Members, and 293 board and Commission Members who are paid a daily rate for each official meeting attended.

Exempt positions whose salaries are not established by statute, such as deputy directors, were excluded from the scope of this study since salaries for such exempt positions are established administratively. The salaries for civil service executives are set by the State Personnel Board and, similarly, were excluded from this study. In addition, a number of exempt positions whose salaries are set by statute are not included in specific salary recommendations. Some of these positions function within the hierarchy of an organization in a manner similar to other exempt administrative positions whose salaries are not set by statute. The scope of responsibility of others did not appear to equate to the lowest statutory salary level proposed. A specific recommendation concerning both types of these positions is included in the recommendation portion of this report.

### 2. *Method*

The resources utilized by the Commission in this study were varied and extensive. Salary administration plans from other governmental jurisdictions were studied and evaluated including those of the Federal Government, the State of New York, and the County of Los Angeles. Salary data from a variety of recent executive salary surveys were also reviewed. Numerous types of data relating to state salaries were developed; the history of state executive salaries was reviewed and previous studies of statutory salaries in the State of California were analyzed. Charts and tables on salary compaction were also reviewed and analyzed. Program statements were obtained for each department to help evaluate the scope of responsibilities inherent in those positions. A complete listing of the references utilized by the Commission in this study is available in the appendix. Program statements are available in a separate volume.

Upon these and other data enumerated in the appendix, the Commission based its findings and conclusions.

## FINDINGS AND CONCLUSIONS

### 1. *Salaries for State Executives Are Low*

Conducting the business and administering the responsibility of the government of the State of California is a tremendous task. Clearly, no one man can oversee all of the activities of this vast state. The Governor requires highly qualified individuals to direct the varied programs of the many departments in the executive branch of state government. The men heading these departments require a combination of skills in both substantive and administrative fields and an understanding of the political environment in which they must function. Typically, such individuals are difficult to recruit and retain. Often time, they must make a financial sacrifice to accept their appointment in state government because of the relatively low pay for state executives.

Obviously, there are inducements other than salary which motivate well-qualified persons to accept appointments as the heads of state departments. Prestige of office and a sense of public service are strong incentives for accepting a position offered by the Governor, but the state must also offer salaries which are at least competitive with those paid to top executives in other large governmental jurisdictions.

In 1965, in its report on management manpower requirements previously referred to, the Commission stated:

“The highest salaries paid by the State of California are low when compared to those offered not only by private industry, but also by the State of New York, the Federal Government, and by some municipal governments—including local governments in California. The incongruous fact is that 85 to 90 percent of all California state employees in the lower and middle ranks are paid salaries comparable to those of employees doing equivalent work in private industry. However, those men and women who serve in positions at the upper management levels are, by and large, paid salaries significantly below the compensation of individuals doing comparable work elsewhere.”

This statement is still true today. Table I (appendix) shows a sample of the salaries paid to top executives by our Federal Government, the State of New York, the County of Los Angeles, the City of Los Angeles, the City/County of San Francisco, the City of San Diego, the University of California, and various administrative officers of several counties throughout the state. The salaries shown in Table I are not intended to imply that direct job comparisons were made; rather, they illustrate the significantly higher salaries being paid by other governmental em-

ployers. Salaries paid to California state executives have not always been low in relation to other governmental employers. In 1955, California ranked considerably better in comparison to various governmental agencies than it does now. This fact is illustrated in Table II (appendix). Further illustration of the lag in the increases of statutory salaries in California is shown below.

### EXECUTIVE SALARY INCREASE TRENDS IN GOVERNMENT

1955-1968 AND 1960-1968

	Percent increase	
	1955-68	1960-68
California		
Average of 19 departmental directors .....	58%	24%
U.S. Government		
Average of GS/16, 17, and 18----	85	53
New York		
Average of Commissioners.....	91	80
Los Angeles County		
Average of six department heads...	75	41

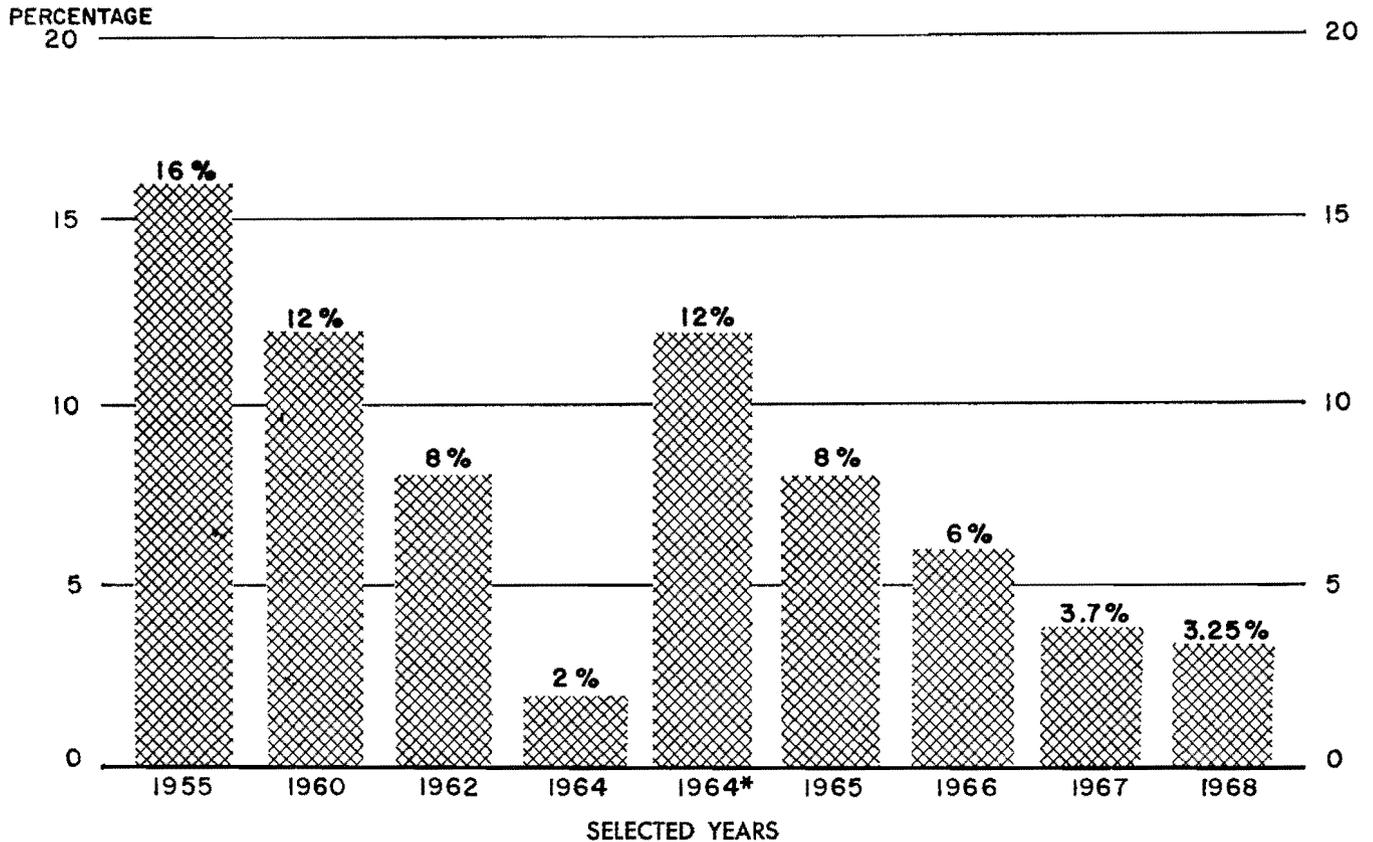
It is clear that it is time for California to meet the level of compensation offered by comparable employers in the field of executive salaries.

### 2. *Low Statutory Executive Salaries Have Resulted in Compaction of the Top Management Salary Structure*

The salaries paid to statutory department heads in the California state government set a ceiling on the entire salary structure within their respective departments. This ceiling includes both exempt deputy directors and executives in the civil service. From 1964 to 1968, the salaries of department heads have increased by 5.6 percent, as shown in Table III (appendix). During this same time period the salaries of exempt and civil service executives increased as the prevailing wage increased throughout the economy. Civil service salaries, for example, have been adjusted an average of 21.1 percent since 1964. The result of lagging executive salary adjustments has been to reduce continually the salary differential between the director and his subordinates. This narrowing differential has occurred further into the lower subordinate levels of the departments as the salaries of directors have remained unchanged. The inadequacy of the supervisory salary differentials in many of the departments is illustrated in Table V (appendix).

The differentials between executives in California state government are extremely narrow in comparison with the differentials offered by not only private industry but by other governmental employers. Table IV (appendix) shows typical salary differentials between top executives in public utilities, manufacturing firms, and other governmental jurisdictions as well as California State Government. Clearly, the current salary differentials between directors and their deputies are inadequate. The following chart illustrates how salary differentials between directors and their chief deputies have gradually diminished during the past several years.

**PERCENTAGE DIFFERENTIALS BETWEEN  
DIRECTORS AND DEPUTY DIRECTORS  
1955-1968**



\* After adjustments of August 22, 1964. This graph is based on the following departments: Agriculture, Conservation, Corrections, Education, Employment, Fish and Game, General Services, Highway Patrol, Justice, Mental Hygiene, Motor Vehicles, Parks and Recreation, Professional and Vocational Standards, Public Health, Public Works, Rehabilitation, Social Welfare, Veterans Affairs, Water Resources, and Youth Authority.

The impact of inadequate salary differentials between departmental directors and their chief deputies has been felt deeply in the salary structure of many departments and has affected many civil service positions. The result of the low salary ceilings in these departments has necessitated shortening the salary ranges of many civil service classes to less than the normal five-step, or 21-percent, salary range. This occurs when the maximum salary of the civil service range approaches that of the exempt deputy director or the director of the department, and the range has been narrowed artificially to maintain a minimum differential. Positions at this level in private industry typically offer a salary range of 30 to 40 percent and more. Currently, there are 108 civil service classes involving more than 260 persons whose salary ranges have been narrowed.

**3. *There Are an Excessive Number of Statutory Salary Levels in the Executive Branch***

An examination of the salaries of administrative statutory positions shows that there are 15 different salary rates. The differentials between these vary from 28.5 to 0.9 percent. These levels have apparently evolved during the past several

years through the creation of new positions and various adjustments of statutory salaries by the Legislature. It would appear reasonable to reduce the number of levels and to establish fewer but more meaningful differentials between the various executive salary levels.

**4. *There Is No Established Method or Procedure for Review of Executive Salaries***

A major defect in the state's executive compensation system is the lack of a procedure for the planned periodic review, evaluation, and adjustment of executive salaries. At the federal level, these functions are handled by the "Commission on Executive, Legislative, and Judicial Salaries." Los Angeles County recently established a "county pay review committee" to make salary recommendations for executives, department heads, and their chief deputies. In past years comprehensive studies of the state's executive salary structure have been conducted, but these have not resulted in a permanent mechanism for salary review and adjustment. In 1965, the Commission on California State Government Organization and Economy proposed a citizens' "blue ribbon committee" to be appointed by the Gov-

error every four years to express judgment on the adequacy of statutory salaries. A similar proposal is presented later in this report.

### RECOMMENDATIONS

The Commission on California State Government Organization and Economy recognizes that the possibilities for realignment of the executive salary structure in the State of California are infinite. In the opinion of the Commission adjustments can be recommended only with the understanding that this recommendation encompasses the governmental structure as it exists today. The problem of compaction is so acute today that immediate relief is a necessity. Provision for periodic refinement and modification of the executive salary structure is a part of the Commission's recommendation and this important feature of the study cannot be overemphasized.

#### A. Executive Salaries

1. It is recommended that the relative salary relationships of department heads be generally retained as they have evolved through past legislative action. It is proposed, however, that positions with similar levels of responsibility be grouped at fewer levels of pay as shown in the table to the right.
2. *The proposed salaries for statutory officers:*
  - a. Reflect the combined judgments and opinions of knowledgeable officials in the executive branch and members of this Commission concerning relative rankings of responsibilities and program complexities for the positions listed. This grouping basically retains the existing salary groupings of department heads as they have evolved through legislative action.
  - b. Permit meaningful differentials between salary levels in the executive branch by reducing the number of salary rates from 15 to 5 with a significant dollar spread between levels.
  - c. Provide a comprehensive understandable plan of compensation which will more adequately provide recognition for the contribution of the state's statutory executives.
  - d. Permit the remedy of salary compaction and other inequities to a substantial degree. It is acknowledged, however, that a complete remedy will not be achieved in all departments.
  - e. Establish compensation at levels designed to attract and retain highly qualified people in state government.
  - f. Result in increases in salaries for these positions from 9.9 to 26.9 percent.
3. *Medical Department Heads*

The salary recommendations for medical directors (Departments of Mental Hygiene and Public Health) are modest in view of prevailing salaries for positions of this type in certain other jurisdictions. The Commission found, however, that these department heads have unique salary problems. The compaction of salaries in

### RECOMMENDED EXECUTIVE SALARIES FOR STATUTORY OFFICERS

Title of executive	Current salary	Proposed salary
Director of Finance.....	\$31,835	\$35,000
Agency Secretaries (4).....	28,875	35,000
Director of Mental Hygiene.....	27,300	32,500
Director of Public Works.....	27,300	32,500
Superintendent of Banks.....	25,725	30,000
Commissioner of Corporations.....	25,725	30,000
*Director of Employment.....	25,725	30,000
Insurance Commissioner.....	25,725	30,000
Director of Public Works.....	25,725	30,000
Savings and Loan Commissioner.....	25,725	30,000
Director of Social Welfare.....	25,725	30,000
Director of Water Resources.....	25,725	30,000
*Director of Human Resources Development	25,725	30,000
Department of Agriculture.....	24,675	30,000
Director of Corrections.....	24,675	30,000
Director of General Services.....	24,675	30,000
Director of Industrial Relations.....	24,675	30,000
Director of Motor Vehicles.....	24,675	30,000
Director of Youth Authority.....	24,675	30,000
Director of Health Care Services.....	23,625	30,000
Commissioner, California Highway Patrol.....	23,625	30,000
Director of Alcoholic Beverage Control.....	23,625	27,500
Director of Conservation.....	23,625	27,500
Director of Fish and Game.....	23,625	27,500
Executive Officer, Franchise Tax Board.....	23,625	27,500
Director of Parks and Recreation.....	23,625	27,500
Real Estate Commissioner.....	23,625	27,500
Director Rehabilitation.....	23,625	27,500
Director of Veterans Affairs.....	23,625	27,500
Director of Commerce.....	23,625	27,500
Director of Professional and Vocational Standards.....	22,575	27,500
Director of Harbors and Watercraft.....	22,575	25,000
Director, California Disaster Office.....	22,575	25,000
Director, Department of Housing and Community Development.....	22,575	25,000

\* Under the provisions of AB 1463 the Department of Employment will be abolished by January 1, 1970. The functions of the Department of Employment will be handled by the newly established Department of Human Resources Development.

NOTE: The Adjutant General was excluded since the statutes provide that his salary shall be that of a lieutenant general in the United States Army.

these departments is acute because of the high salary level of the medical staff in the departments and the various organizational levels in those departments. To recruit capable staff with the particular professional and educational requirements for these departments has required a salary structure which is very high in relation to nonmedical departments in state government. It is the conclusion of the Commission that the salaries of medical department heads be related internally to the salaries of other statutory executives in state government. Secondary consideration was given to the prevailing salary rates for medical executives in other governmental jurisdictions.

#### B. Board and Commission Member Salaries

The question of salaries for board and commission members presents a particularly difficult problem. There are over 350 members on the numerous

boards and commissions. There are four basic categories of board and commission members for salary purposes:

- Full-time board and commission members who are paid on an annual basis.
- Part-time board and commission members who are paid on an annual basis.
- Part-time board and commission members who are paid a daily rate for each official meeting attended.
- Part-time board and commission members who do not receive compensation but are reimbursed for expenses incurred in performing their official duties.

### 1. Full-Time Board and Commission Members

The salary structure for full-time board and commission members was established by grouping members at similar pay rates into four basic pay levels from \$18,000 to \$30,000 per year. These pay levels generally reflect salary levels which are reasonable in relation to those proposed for statutory executives. In addition, it is recommended that the presiding officer of a full-time board or commission receive a salary 5 percent higher than the regular members of the board or commission to reflect his additional responsibilities. The table below indicates the proposed annual salaries for the various full-time board and commission members.

#### RECOMMENDED SALARIES FOR FULL-TIME BOARD AND COMMISSION MEMBERS

Board or Commission	Current annual salaries		Proposed annual salaries	
	Member	Presiding officer	Member	Presiding officer
Public Utilities Commission.....	\$26,250 (4)	\$26,775	\$30,000	\$31,500
Unemployment Insurance Appeals Board.....	25,200 (4)	25,725	27,500	28,875
Adult Authority.....	21,525 (6)	22,050	25,000	26,250
Board of Equalization.....	21,525 (4)	22,050	25,000	26,250
State Water Resources Control Board.....	21,525 (4)	22,050	25,000	26,250
Youth Authority Board.....	21,525 (7)	-----	25,000	26,250
Alcoholic Beverage Control Appeals Board.....	14,700 (2)	15,225	18,000	18,900

NOTE: This table does not include the Workmen's Compensation Appeals Board, since the statutes provide that their salaries shall be at parity with Superior Court Judges, which is equal to \$30,572 per year.

### 2. Part-Time Board and Commission Members Receiving an Annual Salary

Board and commission members in this category devote a portion of their time to their duties. The annual salaries established by statute for these positions are intended to recognize their responsibilities and the estimated time spent by the appointees in carrying out their duties. The Commission proposes that the salaries established for these board and commission mem-

bers be increased 20 percent to maintain their salaries in relation to those of department heads. The proposed salary rates for these positions are shown in the table below:

### 3. Board and Commission Members Receiving Daily Rate Compensation

There are 293 part-time board and commission members who are compensated on a daily basis for each official meeting attended. This compen-

#### RECOMMENDED SALARIES FOR PART-TIME BOARD AND COMMISSION MEMBERS

Title	Number of positions	Current annual salary	Proposed annual salary
*Chairman, Board of Barber Examiners.....	1	\$9,345	\$11,214
*Member, Board of Barber Examiners.....	2	8,820	10,584
Commissioner, Board of Harbor Commissioners for Humboldt Bay.....	2	525	630
Commissioner-Secretary, Board of Harbor Commissioners for Humboldt Bay ..	1	1,890	2,268
Chairman, California Women's Board of Terms and Paroles.....	1	9,450	11,340
Member, California Women's Board of Terms and Paroles.....	5	8,925	10,710
Chairman, Narcotic Addict Evaluation Authority.....	1	10,500	12,600
Member, Narcotic Addict Evaluation Authority.....	3	9,975	11,970
Member, State Personnel Board.....	5	8,400	10,080

\* The chairman and two members of the five-member Barber Board serve in a full-time capacity. Commissioner Manning J. Post, Vice chairman, does not concur with this recommendation for salary increase in that he believes it inconsistent with a prior proposal of this Commission that the use of Barber Board members in this capacity be discontinued. (See "An Examination of the Department of Professional and Vocational Standards", September 1967.)

sation is in addition to any reimbursement they may receive for expenses incurred in the performance of their duties. The basis of compensation for these positions is unclear and the wide variety of rates paid to members of different boards and commissions does not appear to provide a logical salary structure. In the short time provided for this study the Commission was not able to evaluate the salary structure for this group. Therefore the Commission is not making a salary recommendation for positions of this type. We do urge, however, that attention be given to the salary needs of this group in the near future.

#### C. Governor's Secretaries' Salaries

Section 12001 of the California Government Code provides:

"The Governor may appoint and fix the salaries of such secretaries and other personnel as he deems necessary for his office. No salary fixed under this section shall exceed \$16,500 annually, except the salary of the Executive Secretary to the Governor shall not exceed \$24,500 annually, and the salaries of eight secretaries to the Governor, including not more than two legislative secretaries, shall not exceed \$20,000 annually."

This section was amended by Assembly Bill 32 and incorporated in the Budget Bill, which authorized the Governor to set the salaries of the secretaries covered in Section 12001 of the Government Code at a rate 5 percent above the maximum salaries specified in that section. The current maximum salaries are: Executive Secretary \$25,725 annually and the eight secretaries of the Governor \$21,000 annually, other personnel \$17,325 annually.

The salary limits available to the Governor should be increased in order to provide salaries for the Governor's secretaries which are comparable to those for other top-level administrators. It is recommended that Section 12001 of the California Government Code be amended to provide that the Executive Secretary's salary maximum shall not exceed \$35,000 annually and that the eight secretaries to the Governor shall not exceed \$27,500 annually. It is believed that these limits will permit a logical salary relationship with other statutory executive salaries and provide flexibility of salaries dependent upon the scope and degree of responsibility vested in the positions at any given time. Other personnel under this Section 12001 shall receive a salary not to exceed \$20,000 annually.

#### D. Appropriation of Funds

It is recommended that funds totaling approximately \$375,000 be appropriated to make possible the various salary adjustments proposed. \$270,000 would come from the General Fund with the balance of \$105,000 to be allocated from special funds. This total amount represents less than one-hundredth of 1 percent of the salaries and wages of the executive branch for the 1968-69 fiscal year.

It is recognized that additional funds may be required to permit the relief of compaction between administrative levels for both exempt and civil service positions. This should be taken into account at an appropriate time in the budgetary process.

#### E. Positions Whose Salaries Should Not Be Set by Statute

As stated earlier, there are a number of exempt positions whose salaries are set by statute for which salary proposals have not been made. It is recommended that the salaries of the following positions now established by statute be subject to Section 18004 of the Government Code, which would cause their salary to be subject to the approval of the Department of Finance. These positions are:

- Administrative Director,\* Division of Industrial Accidents (\$30,572 per year)
- Consumer Counsel (\$18,900 per year)
- Deputy Director of Employment (\$21,525 per year)
- Secretary, California Horse Racing Board (\$14,700 per year)
- State Architect (General Services) (\$23,000 per year)
- State Fire Marshal (\$18,900 per year)
- State Printer (General Services) (\$20,475 per year)
- State Planning Officer (Finance) (\$21,000 per year)

\* The statute now sets this salary at parity with superior court judges.

#### F. Executive Salary Review Committee

As mentioned previously, there is a need for a more timely and systematic review of statutory salaries. In addition, there is a need for coordination of salary action between civil service salaries established and maintained by the State Personnel Board, salaries approved by the Department of Finance, and those set by the Legislature. It is recommended that the state provide for a system of future review and adjustment of executive statutory salaries which will keep them current and competitive. It is proposed that a "Committee on Executive Salaries" be established. The membership of this Committee would consist of the following: (1) the Governor's Appointment Secretary, (2) a public member appointed by the Senate, (3) a public member appointed by the Assembly, (4) the Chairman of the Commission on California State Government Organization and Economy, (5) a member of the Commission on California State Government Organization and Economy appointed by the chairman of the commission, (6) a member of the State Personnel Board, and (7) the Director of the Department of Finance.

The staff assistance to this Committee would be supplied jointly by the Department of Finance and the State Personnel Board. The Committee would be appointed biennially on January 30 commencing in 1970. The term of appointment would

be for one year. The Committee would take into account in its study all pertinent data regarding salary changes of state personnel and similar executive positions in other private and governmental organizations.

The establishment of this Committee and its periodic review of executive salaries should help to prevent some of the serious salary compression problems that the state is now facing. It will provide an objective review of pertinent data by a

responsible and impartial group. The recommendations of the Committee will serve to bring to the attention of the Legislature and the administration the salary needs of these key executive positions. In addition to determining what salary adjustments are warranted, the Committee will assist in maintaining equitable salary relationships internally among the various executives and will reflect in the salary structure organizational and legislative changes as appropriate.

## APPENDIX I

### TABLES

1. Annual Salaries of Selected Government Officials as of July 1, 1968.
2. Comparative Salary Rankings of Department Heads in Five Government Jurisdictions for Selected Years.
3. Salary History From 1955 to 1968 for *All* Departmental Directors.
4. Average Salary Differentials Between Top-Level Executives and Their Immediate Subordinates in Government, Public Utilities and Industry.
5. Director's Salary Compared with Salaries of Executive Subordinates.

**TABLE I**  
**ANNUAL SALARIES OF SELECTED GOVERNMENT OFFICIALS AS OF JULY 1, 1968**

Prepared 10/25/68

U.S. federal government	State of New York	County of Los Angeles	City of Los Angeles	City and County of San Francisco	City of San Diego*	Various county administrative officers	University of California
Secretary of Agriculture \$35,000	Commissioners of: Agriculture and Markets \$35,500	Commissioner of Agriculture \$21,792	Chief of Police \$32,820	Sheriff \$24,418	City Manager \$38,820	County Alameda \$36,000	President \$45,000
Secretary of Labor \$35,000	Industry (Labor) \$35,500	Sheriff \$36,516	Director of Parks and Recreation \$29,484	Director of Parks and Recreation \$27,180	City Attorney \$33,528	Contra Costa \$31,500	Vice President \$42,500
Director of FBI \$30,000	Conservation \$32,265	Forester and Fire Warden \$33,696	Treasurer \$29,484	Assessor \$31,821	City Engineer \$27,576	Kern \$27,480	Vice President (Admin.) \$37,000
Secretary of Interior \$35,000	Corrections \$35,500	Director, Parks and Recreation \$28,692	Assistant City Admini- strative Officer \$25,704	Executive Assistant to the Chief Adminis- trative Officer \$24,060	Public Works Director \$27,576	Los Angeles \$38,520	Vice President (Academic Affairs) \$34,000
Director, Bureau of Prisons \$28,000	Tax and Finance \$35,500	Assessor \$36,516	General Manager of Los Angeles Civil Service Department \$27,924	General Manager— Personnel \$29,954	Planning Director \$26,268	Orange \$36,516	Vice President (Agricultural Science) \$30,000
Director, National Park Service \$28,000	General Services \$35,500	Treasurer-Tax Collector \$30,276	City Engineer \$31,104	Director of Public Health \$32,244	Utilities Director \$26,268	Riverside \$31,584	Vice President (Educational Relations) \$32,000
Commissioner of Internal Revenue Service \$29,500	Mental Hygiene \$38,000	Chief, Management Division \$23,676		General Manager Social Services \$27,180	Fire Chief \$25,020	Sacramento \$32,568	Vice President (Planning and Analysis) \$32,500
Commissioner of Fish and Wildlife \$28,000	Motor Vehicles \$35,500	Director of Mental Hygiene \$31,941		City Engineer \$27,852	Police Chief \$25,020	San Bernardino \$31,932	Vice President (Business and Finance) \$32,500
Administrator of General Services Administration \$29,500	Health \$38,000	Personnel Director \$32,820				San Diego \$33,528	Chancellor (Santa Barbara) \$37,000
Commissioner of Medical Services \$28,000	Social Services \$35,500	Health Officer \$33,696				San Francisco \$37,032	Chancellor (Santa Cruz) \$37,000
Secretary of Transportation \$35,000	Conservation \$35,500	Director of Public Social Services \$33,696				San Mateo \$37,128	
Chairman of U.S. Civil Service Commission \$29,500	Motor Vehicles \$35,500	County Engineer \$32,820				Santa Barbara \$31,440	
Administrator of Social and Rehabilitation Services \$28,750						Ventura \$30,996	
Commissioner of Reclamation \$28,000							

\* Maximum salary of the range.

TABLE II  
**COMPARATIVE SALARY RANKINGS OF DEPARTMENT HEADS IN FIVE GOVERNMENT  
 JURISDICTIONS FOR SELECTED YEARS**

Public Health		Public Works		Social Welfare	
<b>1955</b>					
New York.....	18,500	New York.....	19,500	New York.....	18,500
California.....	<b>17,500</b>	California.....	<b>18,000</b>	California.....	<b>14,500</b>
Los Angeles County.....	16,560	Los Angeles County.....	17,496	Federal.....	13,000
Federal.....	15,000	Los Angeles City.....	15,672	Los Angeles City.....	10,000
None for Los Angeles City..		Federal.....	15,000	Not available for Los Angeles County	
<b>1960</b>					
Los Angeles County.....	21,792	Los Angeles County.....	24,324	Los Angeles City.....	20,008
California.....	<b>21,492</b>	California.....	<b>22,050</b>	California.....	<b>18,180</b>
New York.....	20,000	New York.....	21,000	New York.....	20,000
Federal.....	20,000	Federal.....	20,000	Federal.....	17,514
None for Los Angeles City		Los Angeles City.....	20,600	Not available for Los Angeles County	
<b>1968</b>					
New York.....	38,000	New York.....	35,500	New York.....	35,500
Los Angeles County.....	33,696	Los Angeles County.....	32,820	Los Angeles County.....	33,696
Federal.....	28,750	Federal.....	29,500	Federal.....	28,000
None for Los Angeles City		Los Angeles City.....	27,852	Los Angeles City.....	27,180
California.....	<b>27,300</b>	California.....	<b>25,725</b>	California.....	<b>25,725</b>

TABLE III  
SALARY INCREASE HISTORY FOR STATUTORY DEPARTMENT HEADS SINCE 1955

Department heads	1955 annual salaries	1957		1959		1960		1962		1964		1968	
		Salaries	Percent increase	Salaries	Percent increase	Salaries	Percent increase	Salaries	Percent increase	Salaries	Percent increase	Salaries	Percent increase
Aeronautics <sup>1,2</sup> .....	\$9,000	\$12,000	33.3	\$12,600	5	\$13,236 <sup>2</sup>	5	\$15,225	15	\$15,550	2.1	\$20,496	32.2
Agriculture.....	15,500	17,000	10	17,850	5	18,743	5	19,680	5	23,500	19.4	24,675	5
Alcoholic Beverage Control.....	15,000	16,500	10	17,325	5	18,191	5	19,101	5	22,500	17.8	23,625	5
Banking.....	15,000	16,500	10	17,325	5	18,191	5	19,101	5	24,500	28.3	25,725	5
Commerce.....	--	--	--	--	--	--	--	--	--	--	--	22,575	--
Conservation <sup>3</sup> .....	--	--	--	--	--	--	--	18,522	--	22,500	21.4	23,625	5
Corporations.....	13,500	15,000	11.1	15,750	5	16,538	5	17,365	5	24,500	41	25,725	--
Corrections.....	17,000	19,000	11.8	19,950	5	20,948	5	20,948	0	23,500	12.2	24,675	5
Disaster Office <sup>4</sup> .....	--	--	--	--	--	--	--	18,552	--	21,500	15.9	22,575	5
Employment.....	17,000	19,000	11.8	19,950	5	20,948	5	20,948	0	24,500	17	25,725	5
Finance.....	21,000	27,000	28.6	28,875	6.9	30,319	5	30,319	0	30,319	0	31,835	5
Fish and Game.....	14,500	16,000	10.3	16,800	5	17,640	5	18,552	5.2	22,500	21.3	23,625	5
Franchise Tax.....	15,500	17,000	9.6	17,850	5	18,743	5	19,680	5	22,500	14.3	23,625	5
General Services <sup>5</sup> .....	--	--	--	--	--	--	--	--	--	23,500	--	24,675	5
Harbors and Watercraft <sup>6</sup> .....	--	--	--	--	--	--	--	--	--	--	--	22,575	--
Health Care Services.....	--	--	--	--	--	--	--	--	--	--	--	22,575	--
Highway Patrol.....	15,000	16,500	10	17,325	5	18,191	5	19,101	5	22,500	17.8	23,625	5
Housing and Community Development <sup>7</sup> .....	--	--	--	--	--	--	--	--	--	--	--	22,575	--
Industrial Relations.....	15,000	16,500	10	17,325	5	18,191	5	19,101	5	23,500	23	24,675	5
Insurance.....	15,500	17,000	10	17,850	5	18,743	5	19,680	5	24,500	24.5	25,725	5
Mental Hygiene.....	18,000	22,500	25	23,625	5	24,806	5	24,806	0	26,000	4.8	27,300	5
Motor Vehicles.....	16,000	19,000	18.7	19,950	5	20,948	5	20,948	0	23,500	12.2	24,675	5
Parks and Recreation <sup>8</sup> .....	--	--	--	--	--	--	--	18,522	--	22,500	21.4	23,625	5
Professional and Vocational Standards.....	13,500	15,000	11.1	15,750	5	16,538	5	17,365	5	21,500	23.8	22,575	5
Public Health.....	17,500	19,500	11.4	20,475	5	21,499	5	21,499	0	26,000	21	27,300	5
Public Works.....	18,000	20,000	11.1	21,000	5	22,050	5	22,050	0	24,500	11.1	25,725	5
Real Estate.....	13,500	15,000	11.1	15,750	5	16,538	5	17,365	5	22,500	29.5	23,625	5
Rehabilitation <sup>9</sup> .....	--	--	--	--	--	--	--	--	--	22,500	--	23,625	5
Savings and Loan.....	13,500	15,000	11.1	15,750	5	16,538	5	17,365	5	24,500	41	25,725	5
Social Welfare.....	14,500	16,500	13.8	17,325	5	18,191	5	19,101	5	24,500	28.3	25,725	5
Veterans Affairs.....	13,500	15,000	11.1	15,750	5	16,538	5	17,365	5	22,500	29.6	23,625	5
Water Resources <sup>9</sup> .....	--	20,000	--	21,000	5	22,050	5	22,050	0	24,500	11.1	25,725	5
Youth Authority.....	14,500	19,000	31	19,950	5	20,948	5	20,948	0	23,500	12.2	24,675	5
Average.....	\$15,261	\$17,562	15.1	\$18,462	5.1	\$19,386	5	\$19,824	2.3	\$23,461	18.3	\$24,512	5.6

<sup>1</sup> Director deleted from statutory equalization plan in 1967.

<sup>2</sup> Director received increase in 1961 to \$14,500.

<sup>3</sup> Departments established in 1961; salaries of directors set at \$17,640 per year; the two departments were created from abolished Department of Natural Resources.

<sup>4</sup> Department established in 1961.

<sup>5</sup> Department established in 1963; salary of director established at \$21,500 per year.

<sup>6</sup> Department established in 1966.

<sup>7</sup> Department established in 1966; salary of director established at \$18,000 per year; functions transferred from Department of Industrial Relations.

<sup>8</sup> Department established in 1963; salary of director established at \$19,101 per year.

<sup>9</sup> Department established in 1967.

**TABLE IV**  
**AVERAGE SALARY DIFFERENTIALS BETWEEN TOP LEVEL**  
**EXECUTIVES AND THEIR IMMEDIATE SUBORDINATES IN**  
**GOVERNMENT, PUBLIC UTILITIES AND INDUSTRY**

	Average percent differential
1. New York State.....	17.3
2. Los Angeles County.....	23.4
3. San Francisco City/County.....	20.5
4. Utilities—communications.....	40.0 <sup>1</sup>
5. Utilities—gas and electric.....	37.0 <sup>1</sup>
6. Durable goods manufacturing.....	38.0 <sup>1</sup>
7. Nondurable goods manufacturing.....	41.0 <sup>1</sup>
8. California State—existing.....	3.3

<sup>1</sup> Based on the 1967 AMA Top Management Report.

**TABLE V**  
**DIRECTOR'S SALARY COMPARED WITH SALARIES OF EXECUTIVE SUBORDINATES**

Department	Level I (director) monthly salary	Level II (chief deputy director) monthly salary	Level III (division chief) monthly salary	Level IV (bureau chief) monthly salary	Difference between Level I and II		Difference between Level I and III		Difference between Level I and IV	
					Dollars	Percent	Dollars	Percent	Dollars	Percent
Finance.....	\$31,835	\$26,796	\$26,232	\$24,912	5,039	18.8	5,603	21.3	6,923	27.7
Mental Hygiene.....	27,300	27,276	27,264	27,252	24	0.1	36	0.1	48	0.1
Public Health.....	27,300	27,264	27,252	27,240	36	0.1	48	0.1	60	0.2
Employment.....	25,725	23,712	21,516	19,512	2,013	8.4	4,209	19.5	6,213	31.8
Public Works.....	25,725	25,704	25,692	25,680	21	0.1	33	0.1	45	0.1
Social Welfare.....	25,725	23,712	21,516	19,512	2,013	8.4	4,209	19.5	6,213	31.8
Water Resources.....	25,725	25,689	25,677	24,912	36	0.1	48	0.1	813	3.2
Agriculture.....	24,675	24,660	22,584	18,576	15	0.1	2,091	8.4	6,099	32.8
Corrections.....	24,675	24,660	24,648	21,000	15	0.1	27	0.1	3,675	17.5
General Services.....	24,675	24,660	23,712	22,584	15	0.1	963	4.0	2,091	9.2
Franchise Tax.....	23,625	23,604	20,496	18,576	21	0.1	3,129	15.2	5,049	27.1
Highway Patrol.....	23,625	23,604	22,044	19,044	21	0.1	1,581	7.1	4,581	24.0
Industrial Relations.....	24,675	22,044	22,044	18,576	2,631	11.9	2,631	11.9	6,099	32.8
Motor Vehicles.....	24,675	24,660	21,516	18,576	15	0.1	3,159	14.6	6,099	32.8
Youth Authority.....	24,675	24,660	23,712	22,584	15	0.1	963	4.0	2,091	9.2
Conservation.....	23,625	23,604	22,584	20,496	21	0.1	1,041	4.6	3,129	15.2
Fish and Game.....	23,625	23,604	20,496	18,576	21	0.1	3,129	15.2	5,049	27.1
Parks and Recreation.....	23,625	23,604	22,584	20,496	21	0.1	1,041	4.6	3,129	15.2
Rehabilitation.....	23,625	22,584	20,496	17,700	1,041	4.6	3,129	15.2	5,925	33.4
Veterans Affairs.....	23,625	21,516	18,576	16,860	2,109	9.8	5,049	27.1	6,765	40.1
Professional and Vocational Standards.....	22,575	21,516	19,512	18,576	1,059	4.9	3,063	15.6	3,999	21.5

**COMPACTION IN THE CALIFORNIA STATE SERVICE**

The attached table illustrates the salary compaction problem in the California State Service as of July 1, 1968. This table represents the largest 21 state agencies. (Departments with elected heads were excluded.) They exclude medical positions except where top-line management is headed by a medical doctor, as in the Department of Public Health. Comparisons of salaries are made at their maximum only. These comparisons are between four management levels. Typically, these are:  
 Level I — The director (usually appointive).  
 Level II — The chief deputy director (usually exempt).  
 Level III — The division chief or assistant director (usually civil service).  
 Level IV — The bureau chief or assistant division chief (usually civil service).  
 At Level II, III, or IV, if more than one classification exists in an agency, a single representative classification is shown. A salary at any one level acts as a ceiling upon the salary at the next lower level in an organization.

RONALD REAGAN  
Governor

APPENDIX II  
State of California  
GOVERNOR'S OFFICE  
Sacramento 95814



April 9, 1968

Mr. William Holmes  
Chairman  
Commission on California State  
Government Organization and Economy  
110 South A Street  
Madera, California 93637

Dear Bill:

Compaction in the salary structure of the executive branch of State Government is now an acute problem. A review and evaluation of the executive compensation system is urgently needed. Therefore, I am asking your Commission to undertake this study and to report your findings to me and the State Legislature by February 1, 1969.

To assist the Commission in its work, I am requesting by a copy of this letter that the California State Personnel Board and the Department of Finance direct their staff to provide technical assistance for the Commission.

Sincerely,

A handwritten signature in cursive script that reads "Ronald Reagan".

RONALD REAGAN  
Governor

RESOLUTION CHAPTER 224

*Assembly Concurrent Resolution No. 105—Relative to  
executive compensation in state service.*

[Filed with Secretary of State July 31, 1968.]

WHEREAS, The Legislature has established the policy that like salaries shall be paid for comparable duties and responsibilities in state service, with consideration given to the prevailing rates for comparable service in other public employment and in private business; and

WHEREAS, The current differential in compensation of superior and subordinate state executives is grossly inadequate to recognize substantial differences in responsibility, to the point where the difference in monthly salary between the director and the chief deputy director of 14 state departments is less than \$2; and

WHEREAS, The State Personnel Board reported to the Legislature in its Annual Report on State Salaries and Personnel Management, dated December 1, 1967, that the current compensation for state executives is substantially below that of executives with similar responsibilities in local government in California and in other state governments; and

WHEREAS, The Report on Management Manpower Requirements by the Commission on California State Government Organization and Economy, dated February 1965, recommended substantial changes in the approach to establishing and maintaining executive compensation in state government; and

WHEREAS, Accepted practice in private industry requires a systematic and equitable approach to executive compensation; and

WHEREAS, Authority to establish executive salaries in state government is divided among the Legislature, the Department of Finance, the State Personnel Board and other duly constituted salary-setting authorities; and

WHEREAS, Levels of compensation which adequately reflect differing levels of responsibility are a critical source of motivation and recognition for the creative leadership which is essential to effective state government; now, therefore, be it

*Resolved by the Assembly of the State of California, the Senate thereof concurring,* That the Legislature requests the Commission on California State Government Organization and Economy to review and evaluate the executive compensation system in state government and report its findings and recommendations to the Legislature within 30 days of the commencement of the 1969 Regular Session; and be it further

*Resolved,* That the California State Personnel Board and the Department of Finance are requested to direct their staffs to provide such technical assistance for the commission as is necessary; and be it further

*Resolved,* That the Chief Clerk of the Assembly transmit a copy of this resolution to the Chairman of the Commission on California State Government Organization and Economy.

## APPENDIX III

### References

#### A. Reports

1. Theodore Barry and Associates, *Los Angeles County Executive Compensation Study*, December 4, 1967.
2. California State Assembly, *Report of the Assembly Interim Committee on Civil Service and State Personnel* (House Resolution No. 200), January 1955.
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7. Salaries of statutory officials in California State Service—A Report to Assembly Interim Committee on Civil Service and State Personnel by the State Personnel Board, Department of Finance and the Legislative Auditor, 1954.

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1. American Management Association, Executive Compensation Service, *Top Management Report*, 18th Edition, November 1967.

2. Civil Service Commission of San Francisco, *Salary and Wage Survey*, January 1968.
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4. State of Maryland, *Salary Survey of Executive and Management Classes*, October 1968.

#### C. Other Sources

1. Albert A. Belman, "Trends in Salaries of Classified Workers", *Monthly Labor Review*, July 1968.
2. John J. Corson, Public Executive Compensation (Excerpts of a speech delivered at the 1963 Institute on Pay Plans held by the Public Personnel Association).
3. Louis J. Kroeger, "Executive Pay Reform—A Top Priority" *Public Personnel Review*, October 1965.
4. New York State Civil Service Department, *Classification and Compensation Plan and Salary Schedules*, July 1968.
5. Public Law 90-206 (Postal Revenue and Salary Act of 1967) Section 225 "Commission on Executive, Legislative and Judicial Salaries," December 1967.
6. Program statements for all State departments studied. These were provided by the Department of Finance.

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