

**LOS ANGELES COUNTY**  
**CITIZENS ECONOMY AND EFFICIENCY COMMITTEE**

ROOM 372, HALL OF ADMINISTRATION / 500 WEST TEMPLE / LOS ANGELES, CALIFORNIA 90012 / 625-3611, Ext. 64605

February 7, 1968

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Executive Secretary

Honorable Board of Supervisors  
County of Los Angeles  
383, Hall of Administration  
Los Angeles, California

Gentlemen:

EXECUTIVE COMPENSATION STUDY

At the Board meeting on December 5, 1967, your Board received the report of Theodore Barry and Associates on the Los Angeles County Executive Compensation Study. After expressing criticism of various sections of the report, you determined that it needed a thorough evaluation before action could be taken by your Board. You then formally requested the Economy and Efficiency Committee to report to the Board its recommendations for future action.

Committee Study

In accordance with your Board's request, our Committee will conduct a thorough study and submit recommendations to your Board. To this end, I have appointed a subcommittee which will be responsible for conducting the detailed study. The subcommittee consists of Phil Magruder, Chairman, Max Candiotty, Maurice Rene

Chez, Irvin Mazzei, and Maurice McAlister. I will serve as an ex officio member of the sub-committee.

In the meantime, the very serious problems which the County faces in the area of executive compensation remain unresolved. In July last year your Board froze executive salaries pending the results of the compensation study. Most executives in the County therefore have received no salary increases since July, 1966. All other levels in the County were given increases of two to six schedules last year. This coming May the Personnel Director must present his salary recommendations for the 1968-69 fiscal year covering all County employees. We shall make every effort to present our recommendations on executive salaries before that time.

#### Examples of Executive Pay Confusion

We share with your Board the feeling that there are serious questions to be answered about some of the recommendations in the consultant's report. However, there can be no argument that the County needs urgently to develop and adopt a rational, businesslike system for setting executive salaries. Today the County has no system whatsoever to tell whether it is paying any given executive too much, too little, or the proper amount. As a result, County executive salaries are in a state of utter confusion.

For example, we direct your Board's attention to the situation in one County department. In one division, six branch office heads and the assistant division chief, to whom they report, are all on the same salary schedule as the division chief. In the other five divisions, the principal assistants to the division chiefs are on the same or a higher salary schedule than the division chief.

As a second example, the deputy director in another department is on a salary level three schedules below two of his subordinates. He is on the same schedule as eight other subordinates. The deputy director has stated his feelings about this situation in a letter to the Chief Administrative Office:

"The end result of try six and a half years with the County is that I have now arrived at a point where I am being paid exactly the same salary that the men three levels below my own in the organization are paid after two years work with the County. There has to be a great deal wrong with a system which produces results of that sort. It is not a system which breeds job satisfaction, loyalty, or any desire to remain with the organization which offers this kind of reward to its employees."

Unfortunately, these are not isolated instances. Although the pay structure in most County departments is not as compressed as in the two departments cited, there are a number of other instances of similar distortion in County departments. The general pattern is one of severe compression or just plain confusion throughout the executive ranks.

#### Study Objective

When we recommended to your Board that a study be made of executive compensation, we stated that the County

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has millions of dollars a year invested in these executive salaries. This investment, we said, should be treated with the same care and attention which your Board gives to the annual expenditure of similar amounts in other budgetary areas.

In the interest of responsible administration as well as justice, your Board should act soon to correct the many deficiencies in the present system. Our recommendations to your Board will be directed toward achieving this objective. We feel therefore that there is great urgency in our study. We intend to exert every effort to complete it as soon as possible.

Very truly yours,

ROBERT MITCHELL, Chairman

RM:lj