

CALIFORNIA STATE ARCHIVES  
STATE GOVERNMENT ORAL HISTORY PROGRAM

ORAL HISTORY INTERVIEW

with

ELIZABETH G. HILL

PROGRAM ANALYST, LEGISLATIVE ANALYST'S OFFICE, 1976-1979

PRINCIPAL PROGRAM ANALYST, LEGISLATIVE ANALYST'S OFFICE, 1979-1986

CALIFORNIA LEGISLATIVE ANALYST, LEGISLATIVE ANALYST'S OFFICE, 1986-2009

July 30, August 11, 28  
& September 17, 24, 2015

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## INTERVIEW HISTORY

### Interviewer/Editor:

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### Interview Time and Place

July 30, 2015  
Ms. Hill's home in Sacramento, California  
Session of two hours

August 11, 2015  
Ms. Hill's home in Sacramento, California  
Session of two hours

August 28, 2015  
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September 24, 2015  
Ms. Hill's home in Sacramento, California  
Session of one hour

### Transcribing/Editing

TechniType Transcripts transcribed the interview audiotapes. Christopher J. Castaneda checked the verbatim manuscript of the interview against the original tape recordings, edited for punctuation, paragraphing and spelling. Castaneda prepared the table of contents, biographical summary and interview history. Elizabeth Hill reviewed

the transcript for accuracy, and Castaneda made the final editing corrections and prepared the final transcript

Tape and Interview Records

Digital recordings of the interview are located at the Department of Special Collections at CSU, Sacramento and the California State Archives.

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## BIOGRAPHICAL SUMMARY

Elizabeth G. Hill began her career in state government during 1976 when she joined the California Legislative Analyst's Office (LAO) as a program analyst. Following specializations in various policy areas, she was appointed California Legislative Analyst in 1986. After more than three decades of state service, she retired in 2009.

As Legislative Analyst, she served as a nonpartisan fiscal advisor to both houses of the California Legislature and oversaw the preparation of annual fiscal and policy analyses of the State of California's roughly \$100 billion budget. In addition, she was responsible for the LAO's preparation of impartial analyses for all initiatives and constitutional measures qualifying for the ballot in 25 statewide elections.

In 1997, she was recognized as a "Public Official of the Year" by *Governing Magazine* and was a 2005 recipient of the National Public Service Award from the American Society of Public Administration and the National Academy of Public Administration.

Liz currently serves on the Board of Directors of the California Healthcare Foundation and the Council of California Competes. She also is the Captain of the Sacramento Women's Golf Club.

[Session 1, July 30, 2015]

CASTANEDA: Thank you very much for participating in this interview.

HILL: My pleasure.

CASTANEDA: An interview with Elizabeth G. Hill for the State Government Oral History Program. My name is Chris Castaneda. It's July 30<sup>th</sup>, 2015. Just setting up the microphones. So thank you very much.

CASTANEDA: So as I mentioned before, we like to start the interview by asking you about your youth and where you grew up. So just start off with the first question, could you talk about where you were born and growing up in California?

HILL: Sure. I was born in Modesto, California, in the Central Valley. I think I was fortunate in that both my grandparents, sets of grandparents, lived in the same town, and so that was a nice support system growing up. My mom was a schoolteacher, and my dad was a salesman. There's a lot of outdoor activities in the summer in the Central Valley, so my sister and I learned to play golf at a young age, and we were also very interested in softball, so we played softball summer leagues for quite a while, a number of years. So those were very important experiences growing up. I think sports has always been kind of a part of my life, starting then.

CASTANEDA: So both sets of grandparents were there.

HILL: Yeah, and that was really nice. I mean, with my mom and dad working, my maternal grandmother took care of us for quite a few years while we

were in school. Being part of the baby boomer bust, I went to double-session schools a number of years growing up in elementary school, so you only went half-day to school, even in, like, fourth grade, third grade, and so it was real nice to have Grandma to come home to at that point. [laughs]

CASTANEDA: So sports, you were very interested in sports, growing up.

HILL: Yeah, and it was interesting, the elementary school that I attended went actually from kindergarten to eighth grade. So seventh and eighth grade, rather than going to a junior high school, was part of my experience there, and so the school tried, though, I think, to emulate different experiences you would have in a more traditional junior high. So we did have a girls' basketball team, and that's where I also got my interest in basketball. In those days, you could only take one dribble, and by the time I had played basketball in college, we were up to full court and unlimited dribbles. But my basketball experiences started in elementary school.

CASTANEDA: Interesting. So when you were growing up, was sports your main interest or were there other sort of things you were interested in?

HILL: I was very interested in school, of course, and I was also very involved in 4-H Club. I started when I was ten years old and stayed with 4-H until I was a junior in high school. We did not live on a farm, but we lived in the county, so I mostly took clothing and home furnishings and those types of projects that we undertook.

But I think one of the things that was really important to me about the 4-H experience was that there were leadership opportunities where you had

to make public speaking presentations to the club, you had to learn parliamentary procedures to run meetings. Eventually I was in a Junior Leader Program in 4-H, so that was very valuable, I think, later on in life. As I had to run meetings in my career, I'd had a fair amount of experience doing that.

Interestingly enough, also, just going back to that experience, the high school invited eighth graders to participate in a speech contest that they were having, and so I thought, well, that was really interesting. And one of our neighbor friends was also in speech in high school, so I kind of threw my hat in the ring and participated. And I won that speech competition, so it really encouraged me to go into speech and debate. So I was in speech all four years of high school, which, again, was really helpful later on in life when I had to do a lot of both public speaking and testifying before the legislature because I had a lot of speech experience under my belt through high school.

CASTANEDA: Interesting. Do you remember any of the speeches that you gave, the subjects?

HILL: [laughs] Well, it's interesting, I participated in several events, impromptu, where you pull a topic out of the hat and have about two minutes to prepare and five minutes to speak, extemporaneous, where you had to stay on top of current events and prepare a speech. Original oratory was one of them, and my mother and sister always tease me because my first speech that I wrote in high school was "Can You Afford to Die?" which was based on a

book by Jessica Mitford. [laughs] So I can still kind of go back and remember a lot of that because, of course, you memorize it and then you have to present it so many times.

Then I was also in debate, and that was also helpful because you had to, of course, learn how to do both the affirmative and negative on each topic. Later on in a nonpartisan position, being able, I think, to see both sides of an issue is pretty important. I'm still in touch with my high school debate coach, Ron Underwood. He's now retired and living down in Fresno.

But that experience also was good, I think, in having a chance to get out of Modesto and go to different high schools in the Central Valley for different speech contests. We went on a bus every Saturday morning. Then a lot of the big tournaments for high school debate are held at different colleges and universities. I still remember with fondness a large tournament that was held at University of San Francisco, and so getting a chance to go to San Francisco and spend the night and be a part of this competition leaves memories for a long time.

**CASTANEDA:** Very interesting. So were you involved in student government as well?

**HILL:** Yes. Particularly in high school, in my senior year, I was elected the student body secretary in the fall term, and then I was elected student body president in the spring term of my senior year, and there had not been very many girls who had been student body president in the city of Modesto, actually. There was one during World War II, and actually I knew her

daughter. She was in speech in Lodi. [laughs] So I got to know that family as well. But it was unusual to have a woman elected student body president at that time, and that took some doing to be able to kind of convince folks that it was good to give somebody a chance, and I look back on it having learned a lot through that experience.

CASTANEDA: Were you playing sports at the same time?

HILL: In my day, there weren't very many organized sports in high school. It was more intramural sports. But my sister and I were still playing softball in the summers—that was the main organized sport—and still playing a lot of golf with our father, and then our grandparents played golf. So we had a chance to get out and do that, so that was good.

CASTANEDA: So while you're in high school, you're doing 4-H, student government, a lot of leadership positions. Are you thinking about politics or state service? What are you thinking about in terms of your future at that point?

HILL: You know, that's a really good question, Chris. I think, in looking back, I was involved in a lot of community organizations as well as a lot of the clubs on campus in high school, and one of the things I was drawn to was the American Field Service, which was an international exchange program, and our high school was very active in hosting students from around the world at our local high school. And I think just the interest in government was certainly kindled during that time.

About the time that I went to college, I served as an intern in a gentleman's campaign who was running for the State Assembly, Clare

Berryhill, and now several of his sons are currently serving in the California legislature, and that was really probably the first time I really opened my eyes to that. But also during my experience in college, we had to do different sort of internships, and I would say my interest in government, in part, came from internships that I had here in Sacramento.

CASTANEDA: So you must have been interested in biology. Maybe that came out of the 4-H experience.

HILL: [laughs] Well, you know, it's interesting, when I applied to Stanford—just to jump to that, because I majored in human biology—it was really an unusual program of its type. It was funded by the Ford Foundation, and that was trying to integrate biology and the behavioral sciences.

When I went to college, I thought I was going to major in sociology and become a grammar school teacher, but I took my first sociology course, and I realized it was not for me. This new program was starting up in my freshman year, and the Ford Foundation had convinced us, in setting up this program, that basically the heads of various departments within Stanford University, like the head of the biology department and people from the med school and people from, actually, sociology and some of the other behavioral sciences were the leadership team that put this program together to try to integrate biology and the behavioral sciences. So I wouldn't attribute it as much to 4-H as just an opportunity of something very interesting that came along in my freshman year, and having had a

sociology course that made we wonder if that was really the fit, and this looked very interesting. [laughs]

CASTANEDA: There is sort of a connection [unclear].

HILL: Sure.

CASTANEDA: So backing up just a little bit, did you want to stay in California for college?

HILL: Yeah. I guess, just going back, when I was graduating, the high school counselor at our high school—and at that day and age, you still had college advisors that were in the high school, and I became very well acquainted with Asineth Mellis, who was the college advisor at Downey High School.

CASTANEDA: Could you repeat that name?

HILL: It's Asineth, A-s-i-n-e-t-h, Mellis. She really encouraged me both to apply for a lot of various scholarships that were available, because I knew I wouldn't be able to go to college unless I got a scholarship. And I also couldn't afford to apply to very many colleges, so I basically applied to two. I applied to UC Santa Cruz, which was a new campus that had just opened, and Stanford University. And I had attended a speech contest at Stanford, which had kind of gotten me very interested there. Asineth Mellis had also gone to Stanford as part of her academic training. I don't know how much that ended up influencing me. So I only applied to those two, and, luckily, I was accepted to both, but the package that I was able to put together at Stanford made it kind of a toss-up, and I decided that the

smaller environment at Stanford would fit me well, so that's what I chose to do.

**CASTANEDA:** When you entered Stanford, did you have a clear idea of what you wanted to study or was this something that developed through opportunities [unclear]?

**HILL:** I'd say, just to go backwards in time a little bit, I was admitted to Stanford right out of high school, but then I had an opportunity to participate in the American Field Service Program, and Stanford was really terrific about saying that they would basically put the acceptance on hold, that I just had to write them from Sweden in the following spring and reactivate, in effect, my application for the next year, which is what I ended up doing. Similarly, the state scholarship that I had received from the State of California was able to be put on hold for a year as well.

So I left and went up basically ninety miles south of the Arctic Circle. I had never seen snow before in my life, certainly had never lived in a snow environment, and I was placed with a family in Umeå, Sweden, and the daughter was also athletic, she was very interested in sports, and she was very musical. I had also done a fair amount of music, mostly in elementary and junior high, because when I was in high school, I was doing the debate and the community activities more. But it was a terrific fit.

So I lived with the family for a year, from 1968 to '69. I attended school. I had already graduated from high school, so what they did was

they just really took my age and put me in a college line, if you will, with students of comparable age. So I wasn't going to get any credit for this year, but being in a school environment, I could learn both a lot more about Sweden, learn my Swedish much better. [laughs] So I basically studied a social line of studies, so I had Swedish, English, and Spanish—I had taken Spanish in high school—and then music and social science, history and social studies and linguistics and physical education, so it was the whole program. But for the first three months, I really mostly just understood prepositions. [laughs]

CASTANEDA: So this was all in Swedish?

HILL: All in Swedish, yes. But my Swedish host sister was also at the same school, though not in the same class, so I got to know both the students, then, in her class as well as in my class.

I would say that the AFS experience was a life-changing experience in a whole variety of ways, both giving me different insights into the United States, since I was looking at the United States from very far away, eight thousand miles. Remember this is in the pre-Internet age, pre-email, so I would write my mom a letter every week, and she would write me a letter every week, and I got one phone call during the year, and that was on New Year's Day in 1969, and the rest was just by correspondence.

But learning also different ways of doing things, not only in Swedish society, but even within the family. My host father, for example, cooked a lot of dinners, just operated in a different fashion than my own father, so

that was always interesting to see the different dynamics, going to school and seeing the school system, had a chance to just attend different churches just to try to understand different religions in Sweden. At that time, when you were born in Sweden, you were automatically part of the Lutheran Church. That has changed subsequently, but they still had other denominations.

So I just made it a point to try to absorb as much as I possibly could, but I think it gave me a real appreciation for different ways of doing things and acceptance for different points of view, and that really affected, I think, my whole life in terms of just bringing a different perspective to the table.

CASTANEDA: So what did you think of the different churches?

HILL: It was really interesting. The Lutheran Church at that time was very traditional. I went to a couple Evangelical churches and was sitting there, and then people were standing up and praising the Lord. I had not been to a church like that in the United States, so then hearing it also in Swedish, I wasn't always sure what was going to come next. But, you know, it was, again, a rounding experience, so that I could try to absorb different points of view.

I think kind of going forward from that experience, it really gave me an appreciation how important it was to look at both sides of an issue, to look and try to understand different points of view. You might have an honorable disagreement, but you could agree to disagree and still like each

other and get to know each other. So I think that affected me in many kind of profound ways, having had that experience at an early age.

CASTANEDA: Interesting. I was thinking, when you were talking about that, did your host family or friends have impressions of the United States and talk to you about those?

HILL: Oh, sure. Both with the family and then their relatives who I would meet throughout the year, many of them would say, "Well, do you know my cousin in Seattle? Do you know my cousin in Minnesota?"

And I'd say, "I'm sorry, but I've never been to Seattle or Minnesota." So they also thought the U.S. was smaller in one respect.

Just as another kind of aside, my Swedish family came to visit one year after our return, and they wanted to go out to Hawaii for the weekend, and so we had to explain to them that, no, it was pretty hard to go to Hawaii for the weekend; it was a long ways. So just helping people understand kind of the size of America and even the differences within California. They had a hard time believing that I'd not seen snowfall, since, of course, that was a part of their everyday life. And I didn't know how to ski, so they had to teach me how to ski. The skis were just at the back door, and we would put them on and go skiing around the neighborhood at night in the moonlight. There's not much sun in the Arctic Circle in the winter. [laughs]

CASTANEDA: That's very far north. How large was this town?

HILL: The town was about 40,000 people. It did have the northernmost university in Sweden. Umeå University is there and a medical school. But during the month of January, for example, my mom happened to see an article in the local newspaper in the States that we got thirty minutes of sunshine in Umeå, Sweden, in the month of January, so about a minute a day.

CASTANEDA: Wow.

HILL: And it really did end up affecting my body and biological rhythms. It took a while. Now, of course, in the summer, you have the opposite; it's light twenty-four hours a day. And also just understanding how much climate can affect your outlook, your point of view, your daily activities, that certainly came home when you were experiencing much more of the seasons than I had experienced.

For example, I didn't really know how to deal with the snow, and so my Swedish father one day said, "Now, when you're waiting for the bus, remember that you never sit down. You always keep walking so that you won't freeze anything." [laughs] And if he had not said that, I wouldn't have known that. I mean, it was all learning, and I was eighteen and nineteen years old at this point in time, but sometimes you felt like you were about five, learning how to dress appropriately for the weather and whatnot.

But, you know, I think there was a two-way street. My Swedish sister, Karin, was very interested in politics in the United States. She was

very interested in how we did things, as well as how they did things, so that we really could share a lot, which was helpful for me, because when you're trying to also explain your own system, you think you maybe understand it until you start to try to have to explain it, and then the details do kind of matter.

CASTANEDA: So true. The Vietnam War, of course, is going on. Does this become a topic of conversation?

HILL: Very much so, and my Swedish sister was very opposed to the Vietnam War. She was very active in the Antiwar Movement. So there were a lot of demonstrations that happened during that time. You also had the Soviets invaded Czechoslovakia in 1968 when I was in Sweden. That was kind of scary because while Sweden doesn't share a border directly, it's very close, of course, to Russia, the Soviet Union. There had been also a lot of history because of the Finnish-Russian War during World War II. So that brought a lot of that history to mind.

But, yeah, we had a lot of good conversations about the Vietnam War certainly at that time. And then when I actually went back to Sweden in 1975, there were a lot of kind of post-Nixon things that were happening at that time.

CASTANEDA: Interesting. So just so I can make sure I understand, the purpose of the program is to give American students exposure to other—what was the—

HILL: It really was established after World War I. Ambulance drivers returned from World War I and thought we really have to make the world a smaller,

better place and increase international understanding. So they felt that doing an exchange program, both bringing students from abroad to the United States—that was initially how it worked—and then eventually sending American students abroad was added to the program.

Now the American Field Service has evolved even more. It's not just a direct exchange between the United States and other countries, but you can go from, say, Brazil to Sweden under the auspices of American Field Service. So it's basically to promote international understanding by walking in each other's shoes, is how I would describe it, because when you are immersed full-time living in a society, being a part, helping out with the chores at home and just the tasks of daily living and the conversations around the dinner table and the breakfast table, you really, I think, come to understand other points of view in a whole different manner than you do, say, just reading or being a tourist in the country. I love international travel, but there's no substitution for really living in someone's shoes in a host country.

**CASTANEDA:** So were there experiences during that year that really changed the way you thought about what you wanted to do, or was it more just sort of a general [unclear]?

**HILL:** I certainly had been very interested in how government worked, I'd say in part from all of my public speaking experience and having to really understand current events, because in order to do the events that I

participated in, in both extemporaneous and in debate, you had to really understand current events.

So I really enjoyed current events, how governments worked, how societies operated, and I think that certainly then got enhanced during my time abroad. For example, the parliamentary system of government, even though I really tried to understand it during my time there, I still had trouble kind of overlapping our two systems and really understanding how they work. So you try to get as much absorbed as you can, but I was so embedded in our kind of democratic institutions, that the parliamentary democratic institutions still were a little bit of work for me. [laughs]

CASTANEDA: So you end up, I guess, coming back early summer, late spring?

HILL: No, I came back actually from Sweden and the American Field Service on the day we landed on the moon, because it was in 1969, so I just remember it so clearly. Then I came back and basically worked in Modesto before then going to school at Stanford that fall.

CASTANEDA: I don't think we touched on this, but do you have a large family? I know your grandparents were there.

HILL: Right. No, just my sister and me in terms of siblings, and my sister is three years younger than I am. Like I say, we shared many interests, so that was nice, and still do. She still lives in the Central Valley. And our mother is still alive, so we have a chance to get together as a family, but we're pretty small.

CASTANEDA: Were your grandparents involved, or what were their activities or jobs?

HILL: So my maternal grandfather was a shop teacher at Modesto High School, and my maternal grandmother, as I mentioned, helped take care of us and was a housewife. And then my paternal grandfather was also a salesman, and my paternal grandmother worked for Foster Farms as a bookkeeper. Basically, my maternal side had been born in California. The paternal grandparents had each moved to California from the Midwest, my grandmother from Iowa and my grandfather from Missouri, and for various reasons, they came west as young people. So my father was born in Modesto, and my mom moved there when she was three. So we have pretty deep roots in Central Valley.

CASTANEDA: Seems like it. So you return and you work—

HILL: I worked for a bit just to earn some money to go to school at Stanford in the fall, and I basically came back and I believe I worked in the Cannery that summer and then the first summer while I was at Stanford. And those were good experiences, too, because I had a lot of co-workers that this was their only livelihood, to make money at the Cannery during the peak of the harvest, and for me, it was trying to help pay my room and board at school. Sometimes if the peaches didn't come in, then there were layoffs and things like that. I just remember overhearing two women as we were walking out to the parking lot one night when we were laid off for a couple days, and they were kind of worried how they were going to eat. And that really struck me, because I was there needing money, too, but to go to school and a very different dynamic than what they were facing. So it gave

me a good appreciation. And, frankly, working in a factory gives you a good appreciation for other folks that work in factories many years. So I value the experience that I had. It was at Contadina. It was a very good experience to have, to get some exposure to that.

I'll tell you a funny story. At one point I was working on the pear belt for fruit cocktail, and there was a lady across from me, and we were supposed to sort things out of the pears. What would happen is that crickets would get stuck in the pear juice because, of course, it's heavier than the pear, and she was afraid to pull them out. So we had to have a deal that I would pull out all the crickets. [laughs] So there were a few experiences like that along the way.

**CASTANEDA:** Wow. You've had this fascinating experience in Sweden, so I was going to ask about how Stanford might be a brand-new experience. You've really already sort of had that. I mean, you've been out of the country.

**HILL:** Yeah, I think it's a good point, because in a way I'd been away from home for a year. I'd had that experience. A number of my freshman colleagues at college, this was their first time away. And I also knew that I needed to work while I was at school in order to make all the financing pan out, so I was a hasher in the Food Service, and, luckily, I was working in the Food Service right in the complex where I was living, so it was very convenient, particularly if you had the morning shift.

But, yes, I had a roommate, for example, that had never been away from home, and so she was having a little different experience than I was,

getting used to college life. It took a while, to be honest, to settle in at Stanford because a lot of people had had very different experiences than I had. I can still recall some people on my dorm, they were talking about, I don't know, somehow it got around to grocery shopping and how much their families spent on groceries in a week, and it's like my family would have spent that in a month.

So I had to kind of find my own set of contacts. There was an American Field Service Returnee Club on campus, so I participated in that. I got involved in basketball because they actually did have a team at Stanford, even in the pre-Title IX days, but we didn't have a coach that knew the rules of basketball, so that was a little contrast to now. We did not have Tara Van Derveer at that time. We had to borrow the jackets of the swim team, and those were the jackets we had. And if anybody sprained an ankle on the women's basketball team, they had to go over to men's P.E. to have it wrapped because there wasn't someone in women's P.E. that could wrap ankles, for some reason.

But there's kind of an interesting history because the first intercollegiate women's basketball game that was ever held was between Stanford and Cal in 1896. So there was a rich basketball tradition, and Stanford won 2-to-1. [laughs] They scored a little different in those days, needless to say, and they were wearing skirts.

But just kind of back to your question, you know, I did have to kind of find my own niche there, but when the Human Biology Program started

in the spring semester, I really realized that I had found my niche. The first two lectures that were held, there was actually a standing ovation for both of those lectures. The professor was Colin Pittendrigh, and he had come to Stanford after a long career at Princeton. He had been very visionary during his kind of academic career in terms of biological clocks and things of this type. But also during World War II, he had done a lot of research to try to help the British military fight malaria, and his first two lectures were about bromeliads and how they trapped water and the mosquitoes got in, and then there was all this breeding. It was just so fascinating, and everybody was just so energized by these lectures. And throughout the rest of my career, I never recall another standing ovation in an academic course. Perhaps you get standing ovations at yours, but it was just mind-numbing.

So that integration of biology and behavioral science kind of complemented some of the things that were interesting to me in Sweden in trying to get different perspectives. So then I realized that I'd really kind of found my niche.

**CASTANEDA:** Interesting. Were there other professors that were particularly influential or stood out?

**HILL:** That's a good question. Don Kennedy was head of the biology department at the time, and he later became president of Stanford after serving in the federal government. He was just a dynamic, inspirational sort of professor as well. I can still remember him in one of the large auditoriums at

Stanford, demonstrating how frogs jumped in order to really make his point. So these were a lot of really hands-on folks.

Paul Ehrlich was one of the professors in the program. Dement, who taught a lot about sleep disorders. So there were a lot of very luminary folks in the program, and they made it exciting.

It was funny, because we eventually had to beg the professors to give us a mid-term. The way the program started out, your whole grade just relied on the final, and we didn't know for sure if we were kind of tracking, and so eventually the students got together and kind of went to the faculty leadership of the program and said, "Hey, please give us a mid-term. We've got to be sure we're on your wavelength here." [laughs] I can't think of too many instances where students are begging for tests, but we certainly did just to be sure we were on track.

CASTANEDA: Interesting. Did you become in student government at all?

HILL: No, I was more involved in—the Human Biology Program had student advisors, and so I did serve as a student advisor and then became the head of the student advising, and then I was also involved in kind of a leadership role in my hashing responsibilities and became the head hasher of the Food Service, so I had to kind of be sure that shifts were running on time. But, no, I really had my hands full between doing a little bit of the sports and working and just trying to keep my grades up. I did graduate a quarter early because I wanted to get through as quickly as I could, given the cost,

the expense. So I was trying to take as many units as I could to get through.

CASTANEDA: So you're going through that program. Then what are you thinking about your future career?

HILL: Well, I think it's really interesting that the Human Biology Program did require us to do internships, and so that was, I think, a really important aspect of the program because you got exposure to different things. And at one point I thought I was quite enamored with international nutrition, and then I took my first chemistry course and thought, "Nah, that's not going to work." [laughs]

So both having then interned with Clare Berryhill's office, who was running for the State Assembly, and then through some of these community activities at Stanford with different—they tended to be different environmental groups and whatnot based in Palo Alto that I was able to just get to know one of the ladies, Claire Dedrick, later became head of the resources agency in Sacramento, and I had done some work for her as an intern.

But I also had decided after two summers working at Contadina that I would try to see if I could get an internship in Sacramento in more of a policy-type position, and so I was successful in 1971 getting an internship at Caltrans up here in Sacramento at the Office of Planning and Policy. They'd never had an intern who was not an engineer, and they'd also not had a woman in the Division of Highways and the Office of Planning and

Policy. So they took a chance on me, and they put me to work on a bicycle project and trying to look at bicycles as an alternative form of transportation and commuting.

I had two terrific mentors at Caltrans, Ed Dolder, who was the head of the office, had actually worked in the parks department for about forty years and then had come over to Caltrans to lead up this Office of Planning and Policy. He was a terrific mentor because he understood so much about state government and how it operated and also could bring different points of view to a department like Caltrans that was moving from being the highway department to more of a kind of mass modal, looking at other forms of transportation under their umbrella, not just highways.

And then Bob Watkins was the other direct supervisor that I had at that office, and while he was an engineer, he was always kind of pushing the envelope to try to get the department to think of new ways of doing things. That's the bicycle project. He was a bicyclist himself and he thought that, you know, the office could do more here.

So, again, there was kind of one of these transitions where some of the other employees in the office didn't know what to do with this intern, so they thought, well, I was female and sitting at a desk, so I must be a secretary, so they would bring things over to me to Xerox, and I had to figure out ways to finesse that, that, no, that I had a different job, but the secretary was over there. I'm sure that she could help them or whoever

was in the position. So it took a little while to get the legs there. But from the experience—

CASTANEDA: Were you paid?

HILL: Yes, I was. Basically, I needed to raise enough money during the summer to pay for my room, and I had the state scholarship, and then Stanford supplemented it with other scholarships, and then my board I earned by doing the Food Service job. So that was how I could kind of put the package together. So I did need the paid internship, which then had restricted kind of what was available, because Stanford, for example, had a Stanford in Washington program at the time. I would have loved to have also been able to do that, but most of those were unpaid.

And kind of an interesting aside, a friend of mine at Stanford had worked in Sacramento the prior summer, and so she hooked me up with the person who had hosted her, and it turned out to be now Supreme Court Justice Anthony Kennedy's mother. So I lived with Mrs. Kennedy for the first year that I was interning at Caltrans, and becomes a small world. Justice Kennedy lived around the corner with his family, so I saw his kids a couple of times.

CASTANEDA: Wow. Your internship with Clare Berryhill, what were you doing?

HILL: I was really doing whatever they needed in terms of putting stamps on envelopes, making calls, whatever they needed from really the lowest person on the totem pole. But it gave me exposure to what running a campaign is like, what some of the issues were that were part of the

campaign debate, what was important to the district that Clare was trying to represent. And my parents had also gone to school with him during high school, so there were also some familial connections.

CASTANEDA: This was before Caltrans, right?

HILL: Yes, it was the summer before, so 1970. And then I started working with Caltrans in '71, '72, and '73, those summers.

CASTANEDA: And that takes you through graduation from Stanford.

HILL: From Stanford.

CASTANEDA: With honors?

HILL: Yeah. I was very lucky in that regard. [laughs] It was a very good experience, and I think particularly finding the fit with HumBio, having the opportunity to do a lot of the kind of internships and things over that career, that did sort of focus my attention and wanting to work more in government at the state level, since I had had the experience with Caltrans. And I could see that, you know, there were opportunities there to make a difference, and that the taxpayers had really helped me go to Stanford through the state scholarship, and so I also thought it was a way to give back by working in government, since the taxpayers had been good to me to help me get an education. So that was important.

CASTANEDA: Then the next year, I notice that you got married.

HILL: Yeah. So I met my husband when some friends of ours got married in the summer of 1972, and then Larry and I started dating and got married in the summer of '74. We had both hoped to go to graduate school together

because I was finishing Stanford. He was already working at the University of the Pacific in Stockton. But he was from the Bay Area, from Los Altos, so he knew the Bay Area and he knew the Central Valley from going to school in the Central Valley. We had kind of opposite experiences. But we weren't able to get admitted to the same place, the age-old problem. [laughs] So we did get married in the summer of '74, and I was then at the Graduate School of Public Policy at Berkeley, and we lived in Concord, and he commuted to Stockton, and then I finished my graduate work at Berkeley.

CASTANEDA: And what was he doing at the University of Pacific?

HILL: He was working in the Cooperative Education Program. He had gone to UOP both for his undergraduate and graduate degrees, and he was working in the School of Engineering, running their Cooperative Education Program. UOP had a really unique model in that students were required to do a year of co-op in order to graduate. So what happened, particularly in the engineering school, you might have, say, a civil engineer that went out on his first work assignment in civil engineering, and thought, "Oh, I didn't really realize civil engineering works quite this way. I think I should be an electrical engineer instead." So he had a number of students that would come back and kind of recast their major after they'd actually been out in the working world, applying what they were learning in the engineering program.

So I think UOP did a terrific job through its Cooperative Education Program because it really gave students a hands-on experience. By the time they'd graduated, they'd already worked a year, and a lot of times they had positions waiting for them from places where they had done their cooperative education.

CASTANEDA: It sort of settled out.

HILL: Yeah. And then later after our first child was born, Larry moved up here to Sac State and worked in the School of Engineering up here and ran their Cooperative Education Program.

CASTANEDA: In terms of your deciding to get the master's, what was the thought process?

HILL: That's a good—you know, when I first went to college, I thought, "I'll get a bachelor's degree. That'll be terrific." And then it became increasingly clear that it'd be probably a good idea to get an advanced degree, but I didn't think that a doctorate fit me and my personality and interests as well. And particularly working at Caltrans, and I was interested in both city planning as well as public policy, and then watching a lot of the planning documents get put on the shelf, I decided that public policy was maybe a better fit for me because I wanted to try to not have reports put on the shelf, try to have them acted upon, really kind of work for a client and try to get some of the implementation done.

So I gravitated to public policy, which at the time was really at its infancy. It was really just starting up in the early 1970s. So I started in

1973 and graduated in '75. And I still remember many of our professors telling us that, "You're going to have to explain what public policy is. People will not know what public policy is. They'll know what an MPA, a Master's of Public Administration, is, but this public policy thing, it's a whole different bag, and you'll have to explain that." And I think they were right. [laughs] It wasn't obvious to many people what the difference was between a public administration degree and a public policy degree.

I really thought that the Graduate School of Public Policy was a good fit for me. It was a small program at the time. Some of our classmates had been out working and had come back in order to get the master's. I kind of went directly after undergraduate again. But for me, it gave me a toolkit, and I really liked that, and, in part, it made you comfortable that it was okay to acknowledge what you didn't know and to try to complement your weaknesses, and to kind of go down the hall, if you were having problems with some sort of issue, and get the help of a colleague who you knew was really good at that. And that served me very well. [laughs]

CASTANEDA: Did you ever consider psychology or social science?

HILL: No, I would say that once I'd graduated from Stanford and had had the experience at Caltrans, I was really looking at something that would help me kind of get my ticket punched for government, and so I really gravitated more towards looking into those graduate programs. And when I found the one at Berkeley, I thought that complemented what I needed to know. I mean, I knew that my math skills were not as sophisticated, nor

were my economic skills, and so I wanted to try to beef those up. It's kind of interesting, because then I ended up working on budgets with a lot of work in economics. But those two were really what I considered my shortcomings, whereas some of the poli-sci stuff I understood better and had exposure in some of the other behavioral sciences, but I wanted to beef up those skills.

CASTANEDA: Any professors in that program that [unclear]?

HILL: Yeah. Aaron Wildavsky was the dean of the Graduate School of Public Policy—now it's the Goldman School of Public Policy. But he was the dean at the time. That was certainly an attraction. And Arnold Meltsner was one of the key professors I had. Arnold and I have kept in touch over all these years, and I think what Arnold did was really teach us how to write for clients, how to narrow down the message so that you could really boil down the key points that you were making, understand the politics around an issue and that you could have a great analysis, but you had to put it in a political context if you were working in a governmental organization. And he himself had worked under McNamara at the Department of Defense, and there were several folks at the school at the time that had had similar sort of experiences at the federal government. So they'd share some of those experiences that they had, so that it was more than just the academic environment, but academics that had also public policy experience, too, and that really was helpful.

At the time, also, we had quite a diverse faculty. Bill Niskanen, who was later with the Cato Institute, was also on the faculty at the time, and he and some of the other faculty members would have great point-counterpoint discussions about public policy issues, and so that was very enlightening as well.

CASTANEDA: Interesting. Did this program require a thesis? Was there a culminating requirement?

HILL: Yes. So a couple of things, I mean, they didn't call it a thesis, but it was like a master's project, and I did it in the transportation area, because, in part, of my Caltrans experience. So I had done it about a different ride-sharing sort of program in Contra Costa County. That was a very helpful experience because you also had to have a client again.

But I'd say even more than the master's project itself, there were two things that the program required. You had to do a twenty-four-hour project where you just picked a topic out of the hat and had twenty-four hours to do an analysis of that and turn it in. And then they also had a forty-eight-hour project, same sort of format, pull a topic out of the hat, and you had forty-eight hours to do the analysis, write a report, do all of your research in that amount of time. So you learned that you had to use the time available to get an analysis to a decision maker in time to make a decision, that if it got there twenty-four hours after the decision was going to be made, that wasn't going to be very helpful.

And over the years when I was at the analysts' office, we hired a lot of folks out of the Graduate School of Public Policy and the Goldman School, and those skills of learning to really write for a client were part of the toolkit that we were really looking for because we knew that the GSPP students had had that experience of having to kind of put the pedal to the metal, do the analysis, boil it down, write for a client, and get it delivered in time. [laughs]

CASTANEDA: That's a great assignment. I imagine other schools do that, but maybe not.

HILL: You know, [unclear]. I mean, I think it was just a brilliant idea that they had to require this, and it just was awful as you were going through it, but then when you saw at the end, hey, you could come up with something maybe pretty decent in twenty-four hours if you really were focused and put your mind to it. So it taught the students something, too, that you could kind of pull it off. So that was good training. [laughs]

CASTANEDA: And then you had a Fulbright that followed this?

HILL: Yeah. With my interest in Sweden from the American Field Service experience, I was really interested in going back if I could, and by then I was married, and Larry and I were both interested in having an overseas experience if we could. So the Fulbright Program requires you to speak the language of the country where you will be doing your research, so, fortunately, I spoke Swedish from my time with the American Field Service program in 1968-'69. So I applied to do a project in Stockholm, Sweden, again related to transportation, and the Royal Institute of

Technology, which has a campus in Stockholm, agreed to be my sponsor, which meant that they would give me some space to do the research.

Then at the end of the Fulbright, basically make a presentation to the faculty within the school that was interested in that topic. So that's what we did, and I contrasted one of the projects in Gothenburg that put the traffic basically on ring roads around the outside of Gothenburg, to what they did in Stockholm, which was to change just a small section of the city of Stockholm to try to divert traffic and reduce air pollution. And then kind of harkening back to my bicycle days, I contrasted that with another little town that was north of Stockholm that had undertaken a project but it was more bicycle-focused, trying to get people to bicycle more and to use that in the city center.

I think a number of things. One, I had the Fulbright office in Sweden. Those contacts became lifelong friends of both Larry and me, and we're still in touch with people from the Fulbright office in Sweden. Second, it gave us time to spend with my Swedish family up in the north, and so that my husband learned Swedish. He went to the University of Stockholm, which had a program for foreigners who wanted to learn about Swedish society, so those courses were in English, but then they also took intensive Swedish. So they learned Swedish and courses about Sweden. So my husband did that, and then I did the research for the Fulbright.

So it was a really great opportunity for the two of us, and I really thought that the Fulbright Program had a strong presence in Sweden at the

time. There were a lot of doctoral students who were also doing shorter stays as well, more academics that were complementing some of their research. So we would at least get together occasionally, both students like myself that were working on research projects, and then some of the academics who were in Sweden.

CASTANEDA: It just reminds me, I went to a conference a number of years ago in Uppsala, and one of the things that struck me was the bicycles everywhere.

HILL: Right, exactly. [laughs]

CASTANEDA: And that was common on many university campuses.

HILL: Yes, yes, it is. It is. So that was a very important time in our life, and both our kids have Swedish names, in part because my husband and I have this deep affection for the country of Sweden. We had a chance to go to the Nobel Prize ceremonies as part of the Fulbright Program. I had also had that opportunity when I was there in 1968 with the American Field Service Program. So that was really an incredible experience both times to see the Nobel Prize ceremony in Stockholm.

CASTANEDA: That's good. Do you finish the Fulbright as you're graduating or how does that work?

HILL: No, I had graduated from the Graduate School of Public Policy and then went on to Fulbright after that.

So then we returned. We traveled a little bit after the year was over, and, luckily, my husband was able to return to the University of the Pacific. He had resigned from his prior position, but they had one open, and so they

welcomed him back, which was really terrific, and then I started hunting for a job.

CASTANEDA: Okay. Let's stop this just for a second.

CASTANEDA: Okay. So we're continuing, and you were going to mention the Association of Governments.

HILL: Right. One of the things that I forgot to mention, Chris, was while I was at the Graduate School of Public Policy, they also did require an internship between the first and second year of the two-year program. So I thought, "Gee, it would be important for my career to have some experience at the local government level." So I applied to the Stanislaus Area Association of Governments. It's one of the smaller Association of Governments. I had become familiar, from my time at Berkeley, with the Association of Governments in the nine Bay Area. It's called ABAG, Association of Bay Area Governments. And in that case, it's a very large association with, I believe, seven Bay Area counties. In contrast to that, the Stanislaus area Association of Governments is a one-county Association of Governments just in Stanislaus County, which was my home county, having grown up in Modesto.

So I did work for them both in the summer of 1974 and then again upon graduation from GSPP in the summer of '75 before we left for the Fulbright year abroad in Sweden, and I did really enjoy the experience at the local government level because it's very hands-on, of course, when you're working at the local government level, but I think it also helped me

make the decision later on that the state level was where I really wanted to pursue my career, because while I enjoyed the work at the local government level, I was more interested in policy analysis, and at the local government level you're doing a lot of implementation, but your range of setting policy is probably a little bit narrower than it would be at the state government level.

So when we returned from Sweden in 1976 at the end of the Fulbright, I started thinking where could I land in state government, and, of course, initially I thought, "Well, I hope I can go back to Caltrans because I have three summers of experience with Caltrans." I had mentors there and a network of contacts. But, unfortunately, at that time, Caltrans was going through a massive layoff, and so there were no new positions. In fact, they were, unfortunately, having to lay off many employees.

So my mentor, Ed Dolder, who I mentioned before, said, "You know, you might think about the Legislative Analyst's Office." He had come into contact with the Analyst Office over the years, both from his time at the Department of Parks and Recreation and then at Caltrans.

So I applied at the Analyst's Office. It was kind of an interesting experience. I mentioned to you that my husband got a job back at University of the Pacific, so we were living in Stockton, and at first the Legislative Analyst's Office was very skeptical of having me commute from Stockton to Sacramento because they had just had an employee who had commuted from Lodi without good results. So they were skeptical that

the attendance would be okay and that the demands of the commute would work out. So we kind of agreed, in concept, that if I was able to get onboard, that we would move to Sacramento after a year, and my husband would do the commuting back to UOP.

So I was hired at the Analyst's Office in November of 1976 and thrown right into the midst of the budget development at that time because the cycle of budget development is that, of course, the administration has been working on a budget all summer. As you get close to Thanksgiving, and certainly by Christmas, they're starting to lock down the budget because they'll have a public introduction on the 10<sup>th</sup> of January.

So starting the job on November 8<sup>th</sup> meant a very steep learning curve, and I was assigned to the Criminal Justice Section of the office because there were no openings in Transportation, and the office had the point of view that you have this market basket of skills, and you can learn the subject matter as long as you have the right analytical toolkit. So that's where the opening was, and so that's the position I had.

CASTANEDA: Did you just decide to apply?

HILL: Yes.

CASTANEDA: Did you have some introductions?

HILL: Basically it was a cold application. My boss at Caltrans had suggested that I contact the office, and so I wrote them a letter and introduced myself. Then we went through the interview process and started that.

CASTANEDA: At that point, did you know much about the office?

HILL: You know, I didn't. I certainly boned up on it in preparation for the interview, but I was intrigued that it was really a nonpartisan office serving both houses of the state legislature. It looked like there'd really be an opportunity to do the policy analysis. Budget was interesting to me because I knew that a lot of budgetary decisions drove policy decisions, and I liked the idea of being in the mix of the political debate and the policy development.

A. Alan Post had been the legislative analyst for many years at that point, and I actually came to work in the last year before Alan retired, so I had a chance to get to work under him. In fact, one of my assignments was the California Arts Council, and, of course, this assignment was near and dear to Alan's heart, as an artist in his own right, and his wife, a sculptress. So Alan took a personal interest in that particular budget that I had, which was kind of interesting. [laughs]

CASTANEDA: So I'm sure we'll talk about that whole—it is interesting because I read those interviews. A lot about art. Who did you interview with?

HILL: John Vickerman was the chief deputy at the time, and John did the interviewing, and he was the main one that interviewed me. I didn't really meet Alan until I was already onboard. And John became, certainly, a mentor of mine, also was my chief deputy eventually, when I became legislative analyst, and so I learned an awful lot from John Vickerman.

CASTANEDA: Well, you obviously developed the expertise in that job.

HILL: Right.

CASTANEDA: At that point, someone looking at your record might not have seen that or maybe it was there, but was that an issue at all?

HILL: No, it didn't seem to be. I mean, I think that the office had had some experience hiring out of the Graduate School of Public Policy. There were two people, actually, from my class that had been hired by the office, so they had a familiarity with the training that I had, and also I think having the experience at Caltrans was a plus because I knew a little bit about Sacramento from having worked in one of the state departments. But, you know, to tell you the truth, they don't tell why they hire you, so I'm not exactly sure, but they checked out the references and decided to give me a chance.

CASTANEDA: I think one thing you said that's very important: budgets do drive policy.

HILL: Right.

CASTANEDA: So I think there's certainly a connection there. Maybe before we finish, could you—and you've done this a little bit, but describe what you observed at the office when you first came to work, the organizational structure?

HILL: Well, I joined the office, as I said, in November of 1976, and at that time, remember, it was prior to Proposition 13. There were very few women in the office at that time other than the clerical staff. I would have to go back and count, but it was fewer than eight female analysts at the time. So it was interesting, there was one woman who had been on the staff and then had left to work for Tony Beilenson, who later went to Congress. But she

had made a very good impression, so they were willing to take kind of a chance on women analysts. But there weren't many of us. So, you know, you're coming into the office, it was very hierarchical at that time. There were oftentimes requirements that if, say, bill analyses had to be finished, even if you didn't have any to finish, everybody had to stay until they were all done.

CASTANEDA: Does that mean everybody works together or just everybody stays?

HILL: No, because you might be needed for something, so you needed to stay. We were divided into subject area sections, so I was in the Criminal Justice Section, and I believe there were about five of us at the time.

So I would say the main thing was we were pretty hierarchical. We were on different floors. At that time, the only computers in the office were for the economic staff, and so every analysis that we did was first typed on green paper in rough draft, and then when it was approved, it was typed on white paper.

CASTANEDA: Interesting.

HILL: And we still used carbon paper in those days. Say you were writing a letter to the legislature to answer a member's question, all of us had jars of paste and sharp scissors, because sometimes you would have to cut out a paragraph, paste it on the final, make it look just really good, and then copy it very cleanly on the Xerox machine so it didn't have to be completely retyped. [laughs] Now, clearly, that changed a lot over my tenure at the

Analyst Office, but in the early days, it was Selectric typewriters and a lot of carbon paper and paste.

CASTANEDA: So using green paper for the draft, would we see that in other departments in state government or was that something just [unclear]?

HILL: I have no idea. I think it was easier on the eyes, and then you knew what was a draft. We always had a tradition of once you were—say, if the analyst was okay with a piece, you would initial in the corner. Then the supervisor would initial. It would go on up the chain of command for the other approvals, and all those initials had to be on the rough draft before it would be put into final. So it was a signal that it had gone through the entire chain of command.

CASTANEDA: Interesting. And you mentioned different floors. What building were you in when you were [unclear]?

HILL: At that time, we were 925 L Street, where the office is still located, and we were on six, eight, and tenth floors of those buildings. We had part of six, a little bit of eight, and all of ten. And interestingly enough—because I know later we'll touch on this, but on the sixth floor there were some newspaper offices as well, and there were newspaper offices other floors of the building, so you got to know reporters a lot, also, just up and down in the elevator. The *Sacramento Bee* has its Capitol Bureau in that same building.

CASTANEDA: Interesting. Intentional or [unclear]?

HILL: You know, the reason that the office was located there is originally the office was housed in the state Capitol, but the Capitol was restored starting in the seventies, and the office had to move out.

An interesting story about that, when they were doing the renovation of the Capitol, there were a lot of false ceilings that had been put in the building over the years, and at one point, a construction worker touched the ceiling above where Alan Post used to sit, and the whole ceiling crumbled. But as we went through the restoration, they found a lot of interesting things in the building. So the reason that the office was located there was the proximity to the Capitol, because you could be in the building in ten minutes, and so you could get to a hearing quickly, and because it had to have moved out of the state Capitol for the building restoration.

CASTANEDA: Okay. Well, maybe that's a good place to stop for now.

HILL: Perfect.

CASTANEDA: Thank you.

HILL: Thank you.

[End of July 30, 2015 interview]

[Session 2, August 11, 2015]

CASTANEDA: So we are continuing our oral history interview with Elizabeth Hill. It's July 11<sup>th</sup>—

HILL: No, August 11<sup>th</sup>. I wish I could get that month back. [laughs]

CASTANEDA: August 11<sup>th</sup>, 2015. So we've been talking about going back a little bit, and you had described some of the early history of the office.

HILL: Yeah, I thought it would be helpful, Chris, just to talk about the history of the office, because the legislature tried several times in the early 1930s to establish some entity directly accountable to it that could assist it on the state budget, particularly because of its appropriations authority and wanting a balance of power with the executive branch.

Finally, after several failed attempts, a bill was passed in 1941, and the interesting history is that the Department of Finance, our counterparts in the executive branch, recommended to the governor, who was then Culbert Olson, to veto the measure, which he did. So the governor vetoed the bill that would have established the office, and so where there's a will there's a way, and the legislature established the office by a joint rule of the Senate and the Assembly. It's Joint Rule 37, so it's a standing joint rule, and it basically established the Joint Legislative Budget Committee, which is the oversight committee for the office, which I'll touch on in a minute, but also established the—actually, the State Auditor was the original title of the office, and gave it the charge to ascertain facts and make

recommendations concerning the state budget, with a view of reducing the costs of state government and securing greater efficiency and economy.

And that's important because I was often asked during my tenure, well, does the office have a bias or how do you really do this nonpartisanship, and the charge of the office was always to try to make government more efficient and effective, and that was early on from the establishment of the Joint Rule in 1941 and continuing on.

CASTANEDA: Let me ask, did the governor continue to be opposed to this?

HILL: Well, it was interesting. Ten years later, in 1951, the office was actually codified in the government code along with the Joint Legislative Budget Committee, and the governor at that time did not veto the legislation. So I guess over that ten-year period, enough track record was established that the governor decided to not veto.

But there's also kind of an interesting history, because the legislature was concerned that the governor might veto out funding for the office because of the line item veto authority that a governor has in California. So historically, and actually to this day, the office is a zero appropriation in the Annual Budget Act that appropriates money, but what it shows is a transfer in equal amounts from the Senate and the Assembly to support the office. But it was very purposefully done that way so that if the governor was angry at the office for a different recommendation related to the state budget, that the governor couldn't just line item veto the office. So I thought historically that was a very interesting decision on the legislature's

part on how best to do the funding of the office to, again, maintain that balance of power.

We were the first office of its kind in the country, so established, as I say, in 1941. Interestingly enough, the Congressional Budget Office, which was patterned after the Legislative Analyst's Office in California, was not established until some thirty-three years later in 1974, and I understand that Alan Post went back several times to Washington, D.C. to testify as discussions were under way to establish a Congressional Budget Office.

I talked with Alice Rivlin when I became the analyst, because I was curious about this history, because one of the key differences between the Congressional Budget Office and the Legislative Analyst's Office in California is that the Analyst's Office makes recommendations. In talking to Dr. Rivlin, she had felt that they could not make recommendations on the federal level, that it would have been the death knell for the office. So instead, the CBO offers alternatives rather than a recommended action for Congress to take, and that's one of the key differences between the federal CBO and the Legislative Analyst's Office in California.

And I think that it's important if you actually looked at Joint Rule 37 or you looked at the government code provision, nowhere does it say that the office is to be nonpartisan, but I think that certainly Alan Post realized early on, as the second legislative analyst, that if the office was not nonpartisan, it wasn't going to survive. It needed to be sure it was serving

all members of the California legislature. And so he really, I would say, established the nonpartisan nature of the office, even though technically it's not written down in statute or in the joint rules of the legislature.

**CASTANEDA:** That's very interesting. It's almost like there's an unsaid understanding that it would be nonpartisan at the beginning, or not? Was there a tug-of-war?

**HILL:** Of course, I wasn't actually even alive in 1941, so I don't know, but I think that anytime you're in a political environment, you know that if you're an institutional office, as the Legislative Analyst's Office is, serving both Houses, that you need to create a level playing field for all of your bosses, and if there's not a level playing field, I mean, the only thing really an analyst has going for him or her is to establish some credibility of providing untainted advice that's objective and that the people elected to make decisions then make the decisions based on the information that the staff provides.

So I'm sure that Roland Vandegrift was sensitive to this as well, but I know for sure Alan was, just in conversations that I had with Mr. Post over the years, of just how important the nonpartisan nature of the office is.

**CASTANEDA:** Well, let me ask you this. I don't want to sidetrack, and again, this is one of those what if's, but if there had not been the LAO, how would the budget process have worked differently? Or could you sort of envision that?

HILL: I think the perspective that I would bring to it is part of the reason that the legislature wanted to establish the office in the first place was the executive branch was holding all the cards. It basically was proposing the budget, and while the legislature had appropriations authority in the constitution and would be enacting a budget bill every year, it didn't have the same analytical horsepower available to it. The governor had not only his Department of Finance and Governor's Office, but all the agencies of state government, which really are directly accountable to the governor.

So the governor had all this information about how programs worked and what sort of funding would buy what sort of service, what sort of tax revenues and tax system would generate revenue, and the legislature didn't have that same capacity. So it was really, I think, to balance the power between the executive branch and the legislative branch on the budget that created the incentive for the legislature to establish the office in the first place.

CASTANEDA: So would it be fair to say, again going back to Governor Olson, he didn't want to lose that?

HILL: Yeah. I think he didn't want the competition, and I would guess that neither did the Department of Finance, because at that point, as the Budget Office for the governor, they were the only game in town in terms of preparing the state budget for the governor to then set his priorities [unclear].

I think also the Joint Legislative Budget Committee is an important element to understand, because that's the oversight arm to the office. It always has been. When Roland Vandegrift was the first legislative analyst, it was a ten-member committee. During most of Alan Post and Bill Hamm's tenure, it was a fourteen-member committee, and it was fourteen members and then ultimately expanded to sixteen members during my tenure. Basically, it's always been equally divided between the Senate and the Assembly so now it's at sixteen members, it's eight members of each house. And by tradition, again not written down anywhere, it's always been chaired by the Senate, and the vice chair has always been from the Assembly. Generally speaking, the majority of the membership from each house is from the party in power, and then the minority of the membership is from the other party.

I mention this just because it's also important to note that in 1957, when the State Auditor's Office was established, that was the time when the Legislative Auditor became the Legislative Analyst. So if you looked historically, you'd see Legislative Auditor from 1941 until 1957, and then when the Bureau of State Audits and the Auditor General were established, to avoid confusion they changed the name Legislative Auditor to Legislative Analyst.

I think the other thing that's important to understand is that the office has a confidential relationship with each member of the legislature, and that's important to how the office does its work, again to provide this level

playing field that we talked about a few moments ago. And, again, it's not really written down anywhere, so if you're a member and you called me up and said, "I'd like you to investigate a certain issue," and I would then have to call a state department, say, to get some information in order to answer your legislative request. I would never give your name as the requester. I would always just say that we have a request from a member of the legislature for this information and that's why we're seeking that.

And I think, again, this confidential relationship between each member of the legislature and the office, again made that level playing field, so each member knew that their communications with the office were held in confidence, and in a town as small as Sacramento can be, particularly related to the state capital, that's really important. So sometimes it proved to be somewhat awkward because you might also get several members of the legislature asking the same question, and then as you gave the response back to each member, you'd have to kind of alert them that other members of the legislature might have asked a similar question, so that if a member made it public, the member that maybe made the first request with the same question wouldn't feel like he or she was burned by the answer, because, gee, you gave that to Senator So-and-so or Assembly member So-and-so as well, even though we didn't. So sometimes those confidential relationships were a little tricky to manage, but, again, to ensure the kind of level playing field was really important.

CASTANEDA: That's very interesting. So just to be clear, there's not a contract, there's nothing written down. The confidentiality agreement, does it apply to everyone in the office?

HILL: Yes. So one of the first things that I was trained when I joined the office, and then I subsequently trained all the people that I hired, was the importance of this confidential relationship between each member of the legislature and the Analyst's Office, because, frankly, if we blew that, the whole credibility of the office could go down the drain. So it was really critical to our operational activities that each member, including really this—

[interruption]

HILL: Yes, so that had to be really part of our training, to be sure that each member of the staff—because support staff in the office would, of course, also be dealing with legislative members either delivering things to offices in the Capitol or getting information for the analytical staff to respond. So it was important from top down that everybody understood that.

CASTANEDA: Would analytical staff talk among themselves about requests or—

HILL: Yes, and that was certainly fine. So sometimes just in trying to be sure—say that I was in the Welfare and Employment Section, which I was for a period of time, but maybe the question I got from a member also had to do with state revenues or to understand how those revenues might affect the Welfare and Employment Program, so it would be helpful to talk to your colleagues so they knew who requested it, because another request might

come into the office that then went to a different section, because we were organized into subject area sections. So, internal to the office, it was fine. External to the office, it was not.

**CASTANEDA:** That brings up a lot of questions. I'm sure there's more as we go. But in theory, if you provide information to an Assembly member and then a newspaper report and the information you provided didn't match up and something got miscommunicated along the way, do you just sit back and—

**HILL:** [laughs] Well, basically, when we would get questions from the press, sometimes we would get press questions, "Oh, well, we understand that Senator So-and-so has asked you to undertake—" blah, blah, blah, whatever the question was, we couldn't confirm that the senator or Assembly member had asked us that. Now, once in a while, the member of the legislature alerted us that they were going to make it public that they had asked us to do an investigation or a report or an analysis, and if the member made it public, then we could.

But you're exactly right. We would provide the information on a confidential basis back to the requester, the member of the legislature, and then it was up to him or her what they did with it. They might not have liked the answer and decided to throw the analysis away. They may have taken the answer and used it to torpedo another member's bill, but we might not have been advised that that's what they were going to do. So, again, we had to be sure that we were playing it straight because so many of these scenarios like you just mentioned could occur, and it was our

bread and butter to protect that confidentiality. And because it's not written down anywhere, in a way an oral history opportunity such as this one is a good one, I think, to kind of get that on the record.

And, you know, I think kind of the different roles the office plays is both a critic, a kind of neutral third party, if you will, so maybe a member, say, of the legislature is trying to test out something that he or she is thinking of introducing as a bill, and we could be a neutral third party and kind of allow the member to use us as a shield, "The analyst says, but that's not really what I say." So, again, I think it protected the member's opportunity to delve into issues and controversies, knowing that he or she would be protected in part.

I think the other kind of role is institutional watchdog. Because we work directly for the legislature, we try to be their eyes and ears so that, for example, as bills that were enacted by members became law and then were implemented by the executive branch, how were they working? Were they spending the money the way the legislature had intended?

So we had a kind of institutional watchdog feature and role in the legislative process, which continues today, but I think it also has been critical for the office to adapt with the times, and if you think back when the office was established in 1941, it was a part-time legislature at that time. It met in biennial session, so members weren't in Sacramento much. Then you had basically a full-time legislature established in 1966 that really changed the dynamics, and then during my tenure, you had term

limits go in 1990, so that it's been important for the office to adapt with the times.

But you asked a little bit about the culture, and I was often asked by either other states that were trying to establish an Analyst's Office-type operation or different cities or counties in other states, and the culture matters and the times matter in establishing the office. I think that at the point of time in 1941, because the legislature had tried several times without success and then finally had decided to establish a centralized office, that was one way to establish an office of this kind for the legislature. California used this model, along with Texas, Arizona, and Utah, more the western states. Back east, you had more of a phenomenon, as they established offices, of doing a Legislative Analyst's Office-type operation for each house of the legislature because the two houses didn't trust each other. So you even had that, for example, in Michigan, Washington, and Oklahoma. They used the two-house model.

Then you had other permutations where in Oregon you had a central office to advise the legislature on the budget, but they took Revenues out of that office and made it a separate Revenue Office to advise the legislature. And in Washington, because of the importance of the transportation, ferry system, and other transportation issues in Washington, you have the two-house operation and then you have a separate Transportation Office advising the legislature on the transportation budget in Washington.

So I mention this just because the culture and history do matter in establishing offices of this kind, and, frankly, if the office went away and was trying to be recreated, there's always been a question in my mind, would we still be charged with making recommendations. We're charged with making recommendations in the statute, so I could always look a member in the eye and say, "You've told the office to make recommendations. Now you're the decision maker, you can decide, of course, what you want to do, but you've charged us as a body to make recommendations." But I harken back to the Alice Rivlin conversation that I mentioned, because not all offices maybe were in a position to make recommendations when they were established.

I thought it might be helpful also just to talk about the natural tension between analysts and policymakers. I mean, budget analysts tend to be kind of quantitative and do a lot of things in written communication, and I think oftentimes policymakers, members of the legislature, tend to be more qualitative and rely on oral tradition and personal comments. So that creates a kind of natural tension, I think, between budget analysts and decision makers that is part of the kind of tension of any analytical shop working in a very political and partisan environment.

You were asking what is a day in the life of the analyst. I always felt that the Analyst's Office was like a family. I mean, I could call up former members of the office and always be able to get information. Now when I see different folks that used to work for me, you can kind of just start off

where you stopped off. So when you're working hard together and playing hard together, I think it creates a kind of family sort of environment.

One of the things that we were encouraged to do and continues until this day is to really get information anywhere we could, get the best possible information, and so we were encouraged to talk to lobbyists, to talk to city, county, federal officials, program experts, people who were actually delivering the government service, and then to go out in the field and see programs in action.

In as diverse a state as California and as huge a state as California, how things are working in Humboldt County versus San Joaquin versus Los Angeles versus Riverside is very different, and so we were really encouraged to get out in the field and actually see how programs worked. And I can tell you from experience, when you were able then to sit in a legislative committee and say, "Well, when I was in your district, Senator So-and-so," or Assembly member So-and-so, "this is how I saw this activity undertaken in your Department of Motor Vehicle Office," or, "on your California State University campus" it gave us more credibility. So I think that gathering information wherever we could was really important.

The other thing we did that I think was, again, a strong office policy was if we made a mistake, which when you're doing this much budget work you're bound to do at some point, the first thing you do is admit the mistake and advise the legislature that a mistake has been made. It's not fun. I've had to go to members to explain the mistake that we've made, but

I think that enhanced the credibility of the office. Also after we made a recommendation, then, of course, whoever was affected by the recommendation would try to change our minds, and it was important to listen to those additional arguments. Hopefully, if we did our research well, we knew what those arguments already would be, but sometimes new information became available or the law changed or the federal government changed something, and we would have to revise the recommendation to take into account that new information that became available. So I mention that because, again, not a lot of these things are necessarily written down anywhere.

In addition to the budget work of the office, we have been doing elections-related work for many, many years. When now Governor Jerry Brown was secretary of state, there was an initiative passed, Proposition 9, the Political Reform Act, and up until that time when there was a proposition on the statewide ballot, the legislature's attorneys did the analysis of the proposition for the statewide voter pamphlet. As a result of Proposition 9 in 1974, the Legislative Analyst's Office writes that analysis of each of the propositions on the statewide ballot.

And kind of going to the information-gathering point that I mentioned a moment ago, one of the things that we did in our elections work was to try to get the proponents and opponents of a measure in the same room at the same time to discuss the proposition and our estimate of its fiscal effect. This I found to be really invaluable, because if the

proponent raised an issue, you could see if the opponent had a different point of view or a different take on what the measure actually did. And, again, it was our job as the analytical staff to sort through those arguments and information and make a call. But that has been a large workload for the office since 1974, as you can imagine.

Then, similarly, the Elections Code requires the Legislative Analyst's Office and the Department of Finance to do a joint fiscal estimate of any measure that's an initiative before it goes out for signature gathering for the ballot. So any member of the public who's asked to sign a ballot signature petition can look at the top of the petition, and it'll actually have the fiscal estimate by the Analyst's Office and the Department of Finance about what that measure would cost state or local government if it were to be qualified for the ballot and passed.

But because the Analyst's Office has this other responsibility for ballot propositions, if measures do qualify, the Analyst's Office tends to take the lead in doing what are called these title and summary analyses, because what's said in the title and summary at signature-gathering stage has to mesh or be able to be explained if a measure ultimately does qualify for the ballot, and an updated fiscal estimate has to be prepared. So in addition to our budget work, the elections-related work has been pretty significant.

CASTANEDA: I hate to jump right to that, but what did the Prop. 13 impact say?

HILL: I've got the analysis here. I don't have the title and summary for the proposition. But I can tell you that the office wrote a thirty-one-page analysis of Prop. 13 in May of 1978, and then our analysis was in the June voter's pamphlet. But what the petition said, I'd have to go back to dig it out.

CASTANEDA: I'm just wondering how accurate it was or how—looking forward—

HILL: Well, here it says in the summary by the attorney general, it's about three lines, because you also have a limitation on words, but it talked about the proposition's effect on property tax revenue, which was a reduction of \$7 billion in '78-'79, a reduction in state costs about \$600 million related to property taxes that wouldn't be required, and then a restriction on the ability of local governments to finance capital construction later by general obligation bonds.

But I think that it might be helpful also just to talk about our process with the press, and this probably varied a little bit from analyst to analyst, but one thing that's important to note is, unlike most entities of state government, the Legislative Analyst's Office has never had a press officer. Generally we were of the view it was important that the press talk to the most knowledgeable person on the staff so that they could get the best information about their question, and we had a philosophy to always talk on the record and speak to the facts and leave basically opinions to decision makers. Now, often press people try to press for an opinion from an

analytical staff member, but we found it served us well to stick on the record and stick to the facts.

Now, early in my career, more under Alan Post's tenure, Alan probably handled most of the press questions rather than delegating it as much as I later did when I was legislative analyst, but we always did have the point of view that we should talk on the record and speak to facts and not opinions.

**CASTANEDA:** Let me ask you, when you first began work in the office and I think—I don't remember the office, but there were quite a few analysts, and you talked about their sense of family, and I'm not sure exactly what the question is, but I'm wondering—it's such an interesting job because you're doing research, you're collecting research, you have confidential relationships. I'm just sort of wondering what was it like to be in that environment, say, your first year, your first six months, because it must have been very different or—

**HILL:** Well, and the legislative budget cycle is very cyclical. You do certain things in certain months because of the budget cycle, so the budget, by the constitution, has to be introduced by January 10<sup>th</sup> of any given year, and then the last formal revision of revenues occurs in May, usually about May 15<sup>th</sup>, and then the budget by the constitution needs to be enacted by June 15<sup>th</sup> of a year with the state fiscal year starting July 1. So in that sense, it's very cyclical.

As you might recall, I joined the office late in the year, in November, so we were heading right into that budget cycle and budget introduction, and so I was trying to both learn the ropes, absorb the culture, be sure I was doing my job, and I had a fairly extensive budget assignment. I had the Department of Justice headed by the attorney general, which was then Evelle Younger. I had the Department of Veteran Affairs. I had something called the Board of Control, which processed basically claims against the state and also claims of crime victims. There was a state Victims of Crime Program that they also administered. I had the Commission on the Status of Women and I had the California Arts Council.

So you can see that each of those assignments was pretty independent, as opposed to my colleagues, say, that worked in the education section. They were dealing with one aspect of education, but I was in the Criminal Justice/General Government Section, and so my budget assignments weren't necessarily as related. So that meant that I had to come up to speed on all of these disparate program areas and learn what was their statutory basis, what was their budget, how many employees did they have, what were they charged to do, how well were they doing it, what was the governor proposing to change in their budget. [laughs] So it was a steep learning curve.

I often told colleagues later that the first year was learning, the second year was really figuring out all the things you didn't learn in the first year, and by the third year you started to kind of understand all the

interrelationships a little bit better, because in addition to analyzing the budget, we also analyzed all the bills that went to Fiscal Committee at that time. So when I was a program analyst from 1976 to 1979, we had the budget work, we were analyzing bills, and then we had the elections work that I mentioned.

**CASTANEDA:** In terms of meetings, were there staff meetings, meetings within area groups?

**HILL:** Yeah. That's a good question. At that time, well, the office was divided into subject-area groups, and then the legislative analyst had several deputies, and we usually called that the, quote, "front office." So the front office was the analyst and the deputies, and then we had the subject-area groups, and we were really divided thematically. Though, as I mentioned, the General Government/Criminal Justice Section had the departments that were criminal justice-related, but then other ones as well that didn't report to a particular agency.

So the meetings tended to happen more within these sections, these subject-area sections. Occasionally, there would be an office-wide meeting, but mostly it was done with the analyst, Alan Post or Bill Hamm, communicating to the heads of the sections about different things, or memos coming out saying, "This is the format we're using. You have to do this in order to—."

Then as you prepared analyses, they first went from the analyst to the immediate supervisor, and then to the front office, where they needed two

more signatures. So they were usually at least reviewed three times before going out of the office.

But that makes me recall something that I did want to mention, that once a recommendation went out of the office, it was the recommendation of the office, not of the individual analyst. So I mention that because I've got a few stories to share with you of my initial time in the office from '76 to '79, and I made some controversial recommendations that made it up the chain of command and out of the office. I did feel like the office had my back once I was criticized for the recommendations, because you're living in a political world, and recommendations touch on other parties directly, and so, of course, they have a point of view, too, and they want to convince the legislature probably not to do what you have recommended. So that's part of democracy and part of the analytical process.

But back to your question, most of the meetings, to be honest, that I had were probably outside of the office, really just trying to learn the programs, understand how they worked, trying to get out in the field. I mean, for example, the Department of Justice budget, I would say at that time was kind of a middle-size budget, even though it was headed by the attorney general. But even that department had a whole Legal Division, all the attorneys that worked for the attorney general. Then it had a Bureau of Law Enforcement that did things like the fingerprints and a lab and ran their computer system.

It had an Organized Crime Unit, so I needed to understand how that worked. One time I flew down to Los Angeles and went out with a member of the Organized Crime Unit to follow organized-crime people in Palm Springs to understand kind of what that unit did. So you tried to be fairly hands-on, and you had to follow also the protocols of the individual department. So if you wanted, for example, to understand how the Organized Crime Unit went, usually you went first through the budget shop and said, "You know, I really don't understand this program. I'd like to have a meeting to understand how it works."

I remember the first meeting that I went to. I think I touched on this last time. But I sat down at the meeting, it was me and I think fifteen or sixteen members of the Division of Law Enforcement, and they all had guns in their shoes. So that was pretty intimidating for a twenty-four-year-old assistant administrative analyst at the time. [laughs]

So, I don't know, Chris, if we're maybe touching on just what some of these assignments were and how we did that.

**CASTANEDA:** Sure. Or if you want to talk about some of the recommendations you made.

**HILL:** Well, I think one of the things that proved to be controversial in my second year on the assignment of the Department of Justice, I actually looked into, from a tip, actually, from somebody in the department, that individuals within the department were taking their vehicles, state-owned and -issued vehicles home for commuting purposes, and that they weren't really called

out to respond to emergencies, which was supposed to be, under the state regulations, the reason that you would take a car home.

So that particular year Jerry Brown was governor, the department had proposed to replace seventy-four vehicles. So I looked into that and did an analysis of what was happening with the vehicles the department owned and did recommend deletion of seventy-three of the seventy-four vehicles that they had requested. And, as you can imagine, it wasn't a very popular recommendation, and at first the Senate subcommittee, which was chaired by then-Senator Alfred Alquist, a longtime member of the Senate, Senator Dennis Carpenter, who was actually the chair of the Joint Legislative Budget Committee at the time, and Senator John Holmdahl, who was from Oakland, they weren't so sure that they wanted to take the attorney general's cars away, so they did, though, end up reducing the governor's proposal by more than half—took away forty-four of the seventy-four cars that had been proposed in the budget.

Interestingly enough, this was April of 1978, so just around the time that Prop. 13 was certainly in discussions, and I believe by then it qualified for the ballot, so Jerry Brown did put a freeze on purchase of any new cars, except for emergency purposes, statewide, and the Department of General Services that maintained most of the vehicles for the state also went back to the individual state agencies to try to understand what they were doing vis-à-vis home-garaging of state-owned vehicles. So I did feel in that case that

I had made a difference. I mean, it's a pretty technical issue in many respects, but it affected a statewide policy.

The Department of Veterans Affairs at the time, I don't really remember any particular recommendation there. I'd have to look them up. But I did want to share with you I did go to the Veterans Home in Yountville, which has been there since the 1890s, and even in 1977 they still had a veteran living there who had served in the Spanish-American War, if you can believe it or not. But it just showed the types of programs the state was operating at the time.

My first encounter with Assembly member Willie Brown occurred during this time in my Board of Control budget because a constituent of his had a successful claim with the Board of Control. I don't remember the particulars at the moment, but basically the Board of Control, as an administrative arm, had approved this claim against the state, and then the board had to come to the legislature to have the money appropriated so that it would go to the individuals who had successfully filed a claim against the state.

We didn't feel that one of these particular claims was justified, and so I made the recommendation that it not be approved by the legislature and the money be deleted from the appropriation. Willie Brown was not Speaker at the time. This was prior to him becoming Speaker. But I do remember very clearly in my mind him coming to budget subcommittee to defend his constituent and saying that I had to be anti-Semitic if I would

take on an issue like this, which had nothing to do with anybody's religion. [laughs] But it does show you how anytime you make a recommendation, you can also be at the receiving end of some criticisms.

That's kind of a nice segue into the Arts Council budget.

CASTANEDA: Can we stop here for a second? So these are recommendations that you're making through your reports, and your name is attached to these recommendations? I'm just trying to get a sense of how were you identified as the person who—

HILL: Well, in this case, I was appearing before the Assembly subcommittee that was considering the appropriation—and so I was there presenting the testimony as the analyst who had written it. My immediate boss, the head of the section, was there as well, but it had been transmitted to the committee as a recommendation of the office.

CASTANEDA: And with the attorney general's cars, the same thing?

HILL: Yes. So, in effect, because it had been approved on up through the chain of command, Bill Hamm was the analyst at that time, so Bill had approved the recommendation, and it was a Legislative Analyst's Office recommendation.

Sometimes the criticism would be directed to him, "How could you possibly recommend this?" Sometimes it wasn't hard to figure out who did it, because I had the responsibility for the attorney general's budget, so it didn't take a lot of in-depth reporting to figure out. [laughs] So

sometimes, you know, I was personally criticized or someone else who was in the office.

But the reason I mention the Arts Council, is because the Arts Council was in its infancy at this time. Jerry Brown was in his first term as governor at this juncture. He had established the Arts Council, and it had a number of very famous artists on it: Ruth Asawa, who's a famous sculptress from San Francisco; Gary Snyder, who's an acclaimed poet; and Peter Coyote, who's a celebrated actor.

The first year that I had the budget assignment, Alan Post was the Analyst, and he was an artist in his own right, and I was learning the budget, and we didn't have a lot of recommendations. But in the second year, we found the Arts Council was really struggling in setting up its operations to make grants, basically, to arts in California for different programs, and so we recommended a 60 percent reduction in the Arts Council Budget.

Peter Coyote was actually chairing the Arts Council at that time. I was going through old newspaper articles, and he actually called a press conference in March of 1978—this recommendation came out in February of '78—accusing us of bias. The whole purpose of the press conference was to challenge our recommendation, and he felt that we were biased. It's even quoted in a *Sacramento Bee* article from March 21<sup>st</sup> 1978 that said, "The Analyst's bias was also indicated by talk overheard at parties." [laughs] That's a quote from Peter Coyote.

But I mention it because later it became also a political cartoon where a paint bucket was put over Bill Hamm's head, and the Arts Council is a painter, and the caption is, "All I said was you're overfunded by 60 percent." It was a Renault cartoon.

But I think it's a good illustration that this is a political environment, recommendations do affect people directly, and so analysts have to understand that you have to be able to defend your recommendations in public. You know you're going to be criticized. You'd better have your facts right. And it doesn't mean that the legislature will necessarily agree with you, but you want to be sure in that public forum that you do have your facts right. So I thought that was just kind of a good case in point of how that works.

So I basically worked in that program analyst's role for three years, and then I was promoted in—

CASTANEDA: May I—I don't mean to interrupt.

HILL: No, that's okay.

CASTANEDA: The Commission on the Status of Women, this is around the Equal Rights Amendment, too, wasn't it?

HILL: Yes. I think by that time—let's see. It'd be '76 to '79, so certainly Title IX had passed by then. The purpose of the Commission on the Status of Women or, as we called it in budget speak, ComStateWo—every field has acronyms. Department of Justice is the DOJ.

But the focus was to just try to highlight issues of concern to women, and it was a small operation with not a very large budget, but it was my budget responsibility, so I had to learn what their activities were. I don't recall any glaring recommendations that I made about the Commission on the Status of Women as one of my budget assignments.

So in terms of the next position that I held in the Analyst's Office, I was promoted to head one of those sections that we were talking about in 1979, and I headed the Welfare and Employment Section. In part, that section was carved out of what had been the Health and Social Services Section in the office, because Proposition 13 had increased the state role in many of the Social Services programs, but also in Health.

So Bill Hamm, who was Legislative Analyst, decided to split the large section into two sections, and so Health remained together and then I had the Welfare and Employment Section to supervise. So that had the Department of Social Services; the Employment Development Department; Department of Rehabilitation; Department of Alcohol and Drug Programs; and the Department of Aging. So I had analytical staff then that were assigned those different budget assignments, like I had had the different budget assignments when I was in the Criminal Justice Section.

I think the interesting thing at that time was that a lot really was happening in all those program areas, and I was also learning how to be a manager. [laughs] But particularly when Governor Reagan became President Reagan in 1981, so that was kind of in my middle of this time as

head of the Welfare and Employment Section, there were major changes particularly in the Aid to Families with Dependent Children Program. So that was important that we help the legislature understand how that would impact AFDC recipients in California, as well as what the different federal sharing ratios would be in terms of the budget. The counties in California, the fifty-eight counties, serve as agents of the state, so that it was important, too, that we understood what the individual counties were doing.

It's kind of interesting, too, just as an aside, how small the policy world can be. When I was a student at UC Berkeley at the Graduate School of Public Policy, I had done a project with one of the Independent Living Centers in Berkeley. It was headed by a gentleman named Ed Roberts, who had had polio as a young man and basically was on a ventilator, and he later became the head of the Department of Rehabilitation when that budget was under my jurisdiction and we renewed our acquaintance.

Again, we really emphasized about folks getting out into the field, and I still remember a couple of examples there, both going down to the County of Los Angeles and sitting with a client as she applied for Aid to Families with Dependent Children. The stack of papers was about four inches high. She needed an original copy of her children's birth certificate, which, of course, she didn't bring. Her child was with her, and it was difficult for her to fill out the four inches of paperwork, watch the child, and answer the social worker's questions. So it gave me a much better

appreciation about what the L.A. County employee had to deal with on a daily basis, what a client had to deal with, and just kind of a more hands-on understanding.

CASTANEDA: As a representative of the government, you're trying to get information from people who might be suspicious.

HILL: Sure.

CASTANEDA: How do you sort of approach that, that you're trying to really find out how this process is working?

HILL: You know, it's just really to be, I think, straightforward, that no information's really going to be shared, no name identification. As I recall this, the intake worker asked the client if it was okay for me to sit in, to be sure that the client was comfortable, and just explained that I was trying to understand how an intake in Aid to Families with Dependent Children worked. And, generally speaking, people like to talk about their work and what they do, and so the intake worker was comfortable, and it turned out that the client was comfortable.

There's another program that we were responsible for under the Department of Social Services called In-Home Supportive Services, and I can still remember going out to a mobile home park, one of the clients who had IHSS, and another kind of intake assessment. In this case, the intake worker was trying to give a higher grant to the client, and saying, "Well, don't you need help with outdoors, maintaining things around your mobile home?"

And the client kept saying, “No, I can take care of that. I don’t need that.” It was just an interesting dynamic between the client and the intake worker, where the intake worker almost was trying to give more services, but the client just really needed certain help for certain daily living activities and just insisted that it be limited to that.

I can also remember going out with the Drug and Alcohol Program. We were up in Redding talking to the head of the county Alcohol and Drug Program in that county, and the head of the operation is explaining to us that when he had an alcohol problem, he lived for a year up in a tree and survived basically on the sugar content of alcohol. Now he was head of the program but understood what his clients were going through. So I just offer this story, that you got a lot different feel for these programs when you went out in the field to see how they worked than just reading about them in documents across your desk. So I always felt it’s been a strength of the office to try to get people out into the field and see how programs actually work.

CASTANEDA: I’m curious that you’re trying to make sure the process is efficient, whatever this different program is, and I guess each analyst would have to make some judgment that is there enough money or not.

HILL: Right.

CASTANEDA: This must be a difficult thing to do.

HILL: It’s very difficult, and the better you understand the program and what the legislature via statute wanted it to do and what the regulations require of

the department in implementing the program, what parameters are on it, but you get as much data as you can, but at some point there are some judgment calls. Do you need, say, two hundred people to carry this activity out or can 150 do it? And you're trying to assess that and assess how well it's working. So it is, I'd say, more an art than a science, and we were data-driven, so you tried to do it as much as possible on workload data. For example, in the Aid to Families with Dependent Children, the caseworkers had a certain caseload. They had to handle cases. I got a lot better idea for it after I saw the four inches of paperwork than I had before, understanding what the caseload meant for a caseworker.

But your question is a good one. It's hard, and you're doing it in many ways more at the margin, out of necessity, because sometimes you can just tell a program isn't working at all or is no longer as relevant—society has changed enough that it's maybe not serving the same mission that it was originally intended to serve, and those are a little easier calls in some ways, just because society has moved on in some respects.

**CASTANEDA:** So this is kind of general, but I'm thinking you're collecting a lot of data, you, as the analyst, come up with the recommendation that goes to an Assembly member. They probably often look past the recommendation and go to the data, because they come up with their own analysis, I guess.

**HILL:** And I think this goes to the tension that I mentioned. A lot of times because members often, generally speaking—there are clearly exceptions, but have more of an oral tradition. They are on the run all the time.

They're responsible from A to Z. They've heard from their constituents that this would be a big problem to do what the analyst is recommending, and they're going to have to make a judgment call in listening to the testimony, reading the analysis of what they want to do.

But, you're right, there is that constant tension, I think, of the oral tradition and the quantitative. Some members love to roll up their sleeves and get deep into the data. Other members prefer to just be quickly briefed about an issue and try to get to its essence. A lot of members would read the statute themselves. Others took it for granted you were summarizing it correctly. So you got the whole spectrum.

CASTANEDA: If some member knew what they want to do already—

HILL: Yeah. And some of them wrote the statute. I can remember going to members and saying, "Now, Senator, when you carried this bill, from what I understand, this is what you were trying to accomplish, and this is what's happening out there."

Oftentimes, because the members were so expert in the program area that they had taken a deep dive in, they could say, "Oh. Well, then we need to do  $x$ ,  $y$ , and  $z$  to fix that." They knew the program operations well enough.

Later, when we talk about term limits, that's one of the things that changed, because members were not able, generally speaking, to become as expert because their term of office was shorter and they weren't going to spend twenty years learning about water and how water policy works, or

know about the mental health program or whatever the particular program area would be. That is one of the things that changed under term limits.

**CASTANEDA:** Were there any other state agencies or operations that performed research for legislators?

**HILL:** Yeah. That certainly changed. When the legislature became full-time in 1966, and then Jesse Unruh was Speaker of the Assembly, Speaker Unruh really wanted to professionalize the legislature more. The Analyst's Office, the State Auditor, and the Legislative Counsel, who drafts the bills for the legislature and serves as legal advisor to the legislature are institutional offices that had been around since 1913, 1941 and 1957, respectively. The Speaker felt other resources were needed.

When the legislature became full-time, then you started to have the development of more committee staff for the policy committees and fiscal staff for the fiscal committees. Members started, in part also because the members were full-time and in Sacramento more, to staff up their Capitol offices. It wasn't just your district office staff and maybe secretarial support in the Capitol. You started having the acceleration of the professional staff in the legislature.

So by the time I joined the office in 1976, yes, there was that cadre of legislative staff. You also had an Assembly Office of Research and a Senate Office of Research. Generally speaking, the committee staff and then the two research offices were the main other analytical staff besides the Legislative Counsel, Legislative Analyst, and Auditor General.

CASTANEDA: The major difference is the Legislative Analyst. is providing recommendation and you have more—

HILL: Well, ours are written and public. A lot of times committee staff's recommendations to members would be confidential between them and the member. They might publish analyses of bills, but I don't recall in those early days of really seeing those analyses. They went to the committee.

So after I served for three years as head of the Welfare and Employment Section, [and] our son, by the way, was born during that period, so I took a brief maternity leave when he was born in 1981.

CASTANEDA: Can I ask, did that work well? Were there issues?

HILL: Well, it worked fine. He was born on Christmas Eve of 1981, so just before the budget. [laughs] I worked pretty close to the end. And then one of my colleagues, Hadley Johnson, served as interim head of the section until I returned.

For me personally, it was tough. I came back after five months, so the budget had been introduced, it had been analyzed, and I'm coming back at about the time of the May revision, so both trying to get up to speed and being a new mom and trying to juggle more of the home-life balance because we also had a young child. And at that time, my husband was working in Stockton at the University of the Pacific, so we also had commutes. So it was a little challenging, yes, but, you know, my husband and I had worked as a team and we were able to get through, and he was very supportive of me working, so it worked out okay.

Bill Hamm asked me to take a new position in the office in 1982, and that was to move basically to the front office to work on testifying before the legislative committees with the bill analyses that the office was preparing. So I went both to the Ways and Means and Senate Finance Committees to testify on bills and then processed what we called members letters. That's where a member had asked the office a specific question, and we had to get back to the member in a timely manner with the answer, under those confidentiality requirements that I mentioned earlier.

Bill had started a new publication in 1983 called the *Perspectives and Issues* that we put out in February as a companion volume to the *Analysis of the Budget Bill*, and I became the editor of the *Perspectives and Issues*. So that time down in the front office was very valuable to me, both to really get to know legislators better as I was testifying on legislation.

So in that case, an analyst in one of the sections had written the bill analysis, it had been approved up the chain of command, and I was presenting our fiscal summary to the committee. So at a typical hearing, I'd probably have 100 to 150 bills that I'd have to get up to speed on to be able then to testify to the committee what our fiscal effect was on each measure. We had both a public copy of the analysis, which was given to the committee and the author in advance, but we also had kind of a testifying copy of just key points to maybe highlight for the committee, or questions we had about the bill, maybe how it could be improved, like a technical amendment that might make it work better.

So those were kind of heavy caseloads, if you will, because I didn't always know as much about particularly areas outside of the two that I had worked on, so it was good learning experience for me to give me more familiarity with programs across the breadth of the office. Learning to be an editor in a little different way, again, with kind of office-wide perspective, was very valuable. And then I also assisted with the recruitment of new analysts during that time, so I went out and visited public policy schools to recruit candidates, reviewed the résumés, interviewed candidates to get a pool of candidates that could be interviewed office-wide.

CASTANEDA: And what qualities were you looking for?

HILL: [laughs] Well, we always wanted in the analytical staff good oral and written communication, good analytical skills. We always asked to look at the transcript so that we could also see what coursework folks had taken. We would tend, in the interview process, to ask an open-ended analytical question and see how a potential candidate would answer, and look for somebody who was pretty good on their feet, because they would have to defend their recommendations orally in committee. They didn't need to be a Clarence Darrow, but they needed to be able to hold their own in committee. And a good fit, just with the chemistry, clearly, of the office was an important factor as well. Could they also be nonpartisan? And that was a big part of the interview process because some students coming out of graduate programs really wanted to advocate for a certain program or

beneficiary group, and here they were going to be working in a nonpartisan office, so we had to satisfy ourselves that they could really have credibility with both sides of the aisle.

**CASTANEDA:** Would you try to ascertain whether they would be good at keeping confidence?

**HILL:** You know, that's a tougher one to, I think, get any sort of handle on it in an interview process. I mean, as you certainly talked to references or got some sense of background, sometimes you would pick up on things. I mean, I can remember getting résumés from people who had clearly used the stamps from their current job, so I just threw those résumés away. I mean, that clearly was not going to work in our operation. [laughs] So there were certain little clues like that, that they send you an envelope that's clearly gone through their former employer's stamp machine, and you just know that that's not going to be a credible candidate. So that's not to say we maybe missed some really good ones. I'm sure we did.

And we required, as a minimum, a master's degree for the analytical positions. Once in a great while we saw just what we thought was a really strong candidate that didn't have a master's, so we did occasionally make exceptions, but generally speaking, folks needed to have a master's degree in order to be considered.

So that kind of takes me up to about the time, just in terms of my roles in the office. I don't know if you want me to touch a little bit on Prop. 13 or talk a little bit about the different analysts and their styles.

CASTANEDA: Sure. If you have time, that would be good, and maybe also Bill Hamm compared to Alan Post, just in terms of how they did things that would be good.

HILL: Sure. Just talking about the different analysts, because I think I can answer your question, I did not know Roland Vandegrift, so it's only by talking to folks who had worked with him that I got some sense of him. The office was established in October of 1941. Pearl Harbor, of course, was December 7<sup>th</sup> of 1941, and so Roland's early tenure was all related to wartime activities. In reading the historical documents, a lot of it was state response to what was happening given the World War II effort.

Roland had been the director of Finance from 1931 to '34, and so when the legislature was looking to hire the first legislative analyst, they wanted someone, I think, that could hit the ground running. When you look at some of the early documents, they wanted somebody that knew California, knew California's budget, and so Roland's reputation preceded him. Early on, the budget analyses were a couple pages where he was advising the legislature about things, but the first real analysis of the budget bill that more mirrors what was to come was published in 1945, and it was for the biennial from '45 to '47. There were eight staff that worked on it, and it ran 660 pages. But it was analytical in its approach and certainly looked at individual spending as well as revenues.

Roland had actually hired Alan Post on a temporary basis in 1942 and then hired Alan as the economist for the office in 1946. Roland died in

August 1949, and so Alan Post was already in the office at that time as the senior economist. It took a little while for the Joint Legislative Budget Committee to make a decision, but they hired Alan, I believe it was—let me just check. I think it was in '51, to become the legislative analyst. No, I'm sorry. Roland died in December of '49, and they appointed Alan on July 14<sup>th</sup> of 1950, and Alan was thirty-five years old when he was appointed and died when he was ninety-six. So by the time he left the office in 1977, he had served twenty-seven years as legislative analyst.

I think, as I mentioned earlier, he really built the nonpartisan focus of the office, the speaking truth to power. He hired the first woman staff analyst in 1968 because the head of the Health Section said he was willing to take her. Male staff at the time in the office could not have a mustache, a beard, certainly not earrings, and they had to wear ties at all times.

Alan started a process where nothing went out of the office after it was typed until one secretary read it aloud to another secretary in order to catch any typographical errors, because it was really important to Alan that there not be mistakes in the written word going out of the office.

By the time Ronald Reagan became governor and was making different proposals, Alan had been the analyst for two decades. He called, for example, Governor Reagan's 1971 budget proposal the "Property Tax Increase Act of 1971." Governor Reagan wasn't too pleased and accused Alan's office, of being biased and just a bunch of Democrats.

So Alan actually took the unusual step in 1971 of going over to the county clerk and checking the voter registration of each member of the staff so that he could counter the argument. He basically didn't know what the registrations were, because that wasn't a condition of employment, but after Governor Reagan accused the office so forcefully, Alan felt that he didn't have any other choice but to go and check the voter registration, which he did.

If you look through the years, I mean, from 1950 to 1977—and I know Alan's done, I believe, three oral histories, so he's gone into a lot of the details of what he found—but the whole gamut of subjects were covered. The office was pulled into, for example, analyzing the Bay Area Rapid Transit System as it was being developed. That was a special request by the legislature. He was called back to Washington to testify on the forming of the Congressional Budget Office. So, a whole breadth of activities that he speaks to far better than I can.

I found him to be very soft-spoken but very articulate. You never could tell what he was thinking. You could see that his brain was always working, thinking of how to analytically make the argument or make the case to the legislature. We were, during that tenure, certainly a very centralized operation, and Alan was the principal spokesperson.

As I was preparing for today's meeting, and I had forgotten this, actually, but I found a little clipping that I had when we gave Alan a retirement party, which was in September of 1977, he was given, rather

than a gold watch, a Ronald Reagan watch, and the hands actually went backwards rather than forwards. So, just to show you some good sense of humor on the office's part, Alan's last analysis, in contrast to Roland Vandegrift's that was about 600 pages, was 1,200 pages.

Then Bill Hamm joined the office after Alan left in 1977. The Joint Legislative Budget Committee, our oversight committee, started a nationwide search. There were several candidates from within the office. And being in the office at the time, I would say that the office staff was hoping that some of those inside candidates would be considered, but ultimately the committee selected William G. Hamm, who was with the Office of Management and Budget at the time. It also turned out that Bill was Alan's nephew by marriage, so Alan Post's wife Helen's sister was Bill's mother.

CASTANEDA: When you say it turned out, people didn't know that?

HILL: They didn't know that until Bill was appointed, and, of course, it became public. But I think a couple of things. When Bill came to the office, he came on Halloween Day 1977. He didn't bring other staff from Washington with him, who, say, had worked with him at OMB. He didn't change the staffing in the front office of the Legislative Analyst's Office. Alan's secretary retired when Alan retired, so Bill did hire his own secretary, but with that exception, he really kept the structure of the office, if you will, pretty much in place, at least early on as he settled into the role.

Bill was actually, also, fairly young when he was appointed. He was thirty-four when he joined the Analyst's Office. And I think, in part, the Budget Committee felt by hiring a younger person, there was some longevity potential to give the office stability for a period of time.

I think that certainly Bill was a tremendous analyst. He's a Ph.D. economist from University of Michigan, so he certainly brought strong economics background. He was a terrific editor, and he edited everything, and everybody always kept a few of his edited pieces. You had your words that you put on your page, and then it was all covered in red, because Bill used a red pen. And sometimes you saw more red than you saw the black on green in the rough drafts.

A couple things during Bill's time. He computerized the office, so he put a computer on every desk. This meant that for some of our folks who never learned to type, particularly the older members of the team at the time, this was a pretty significant change. When I joined the office in 1976, the office only had two computers, and those were really used by our economists to do different modeling and economic forecasting at the time, and the rest of us had access to IBM Selectrics, and that was the extent of it.

Bill really started the campus recruiting of analysts. During Alan's tenure, we tended to recruit people who had worked in the state executive branch and FBI agents who had good investigatory skills. We also hired a

number of CPAs. We tended to hire folks that had already established their careers. [interruption]

**CASTANEDA:** What proportion of new hires would be right out of grad school and then the more professional?

**HILL:** I would say when during Alan's tenure—this is just rough—maybe 20 percent, 25 percent right out of graduate school. When Bill started the on-campus recruiting that went way up, probably closer to 80 percent.

Now, some of the folks, of course, that were coming out of graduate school had worked in the field, gone back to graduate school, and then were coming out again. That wasn't uncommon. But there was a fairly dramatic change in how we recruited analytical staff to the office, and we recruited nationally, not just in California. So we went back to the Kennedy School of Government; the Public Affairs School at Duke; the Institute for Public Policy Studies (now the Gerald R. Ford School at the University of Michigan; the Maxwell School at Syracuse University; the Public Affairs School in Washington; and the LBJ School down in Texas; as well as the public administration and policy schools at Berkeley, USC, UCLA and several of the California State University campuses. I mean, we tried to cast our net fairly broadly to attract primarily public policy degree-holders to the office.

**CASTANEDA:** People obviously learn a lot, but you want people that can come in right away and not go through a long period of training?

HILL: Yeah, I would say we wanted people to hit the ground running, because we knew they would be—we weren't so deep that we had multiple coverage. We basically had the section head who knew about the particular budgets in the section, and then we had that one person. So if that one person left, whoever was coming in would then be the go-to person on that budget, whether they had been there ten years or a day, and they had the backup of the supervisor of the section and the front office, of course, but they were kind of it.

So we needed people that could hit the ground running, and we weren't, with some exceptions, weren't too concerned about folks learning the programs. In other words, we didn't hire assuming they knew the programs, whether it was Department of Justice, like in my own case. I'd done almost all of my work in Transportation, and then I was assigned to Department of Justice because there was no opening in Transportation. And that was fairly typical, that we assumed that folks could get up to speed on the program knowledge.

Where that tended to be a little different was in Education where we liked, upon occasion, to have folks that were really pretty deep in education. Maybe they were a former teacher or had a good sense of education finance, because it was pretty unique. Then on the tax side, we needed people who knew taxes and how taxes worked, and economics. But in the program sections, we weren't as concerned that people had the program knowledge starting out.

So Bill saw the need to really broaden our recruitment strategy, and I think that was one of his major contributions. He also initiated the first job-share in the office, because as we were doing more recruiting and more women were coming into the office, we had an interest expressed in sharing analytical jobs. So Bill was open to that, and we did our first kind of job share starting in 1985, and I think with a fair degree of success.

CASTANEDA: How did that work?

HILL: So we had different ways that we structured it, depending on the individuals involved, but the main one we had early on was in local government and that had local government responsibilities. So one person worked in the morning and one person worked in the afternoon, and they shared about a half hour of overlap so that they knew what had maybe come in to the assignment during the morning so that the person in the afternoon would have an idea. Then sometimes they both had to be available for testifying, because you weren't always sure what a committee—what way they might go. But both of the women tried to stay up to speed on each other's parts of the assignment. I mean, it was a shared assignment, but sometimes people would take a lead within the assignment. It was a successful experiment and we tried it several times, but it took the right combination of analytical staff to make that happen.

We didn't really have staff evaluations until Bill came, and Bill started staff evaluations, so that was kind of more formalized for the first time. Then I mentioned he started the *Perspectives and Issues* in 1983.

His last analysis was 2,210 pages, in contrast to Alan's 1,200, so we had grown quite a bit.

One other thing I should mention as we talked about living in such a political world, Willie Brown did become Speaker during Bill's tenure in 1981, and at one point accused Bill of being "a reactionary wolf in a sheep's nonpartisan clothing." And this was published in the *Sacramento Bee*. So I'm just quoting here directly from the *Bee*. But this gives a sense of, again, how different perspectives are kind of brought to bear in that analytical position.

So I think Bill's style was different than Alan's, but he really maintained the independence of the office, really wanted to continue to hire first-rate people and trust in their judgment, because he couldn't know all of the programs in state government in the same way that the individual analysts who had responsibility in individual program areas. So he could certainly ask questions and be sure he was comfortable with the recommendation, but, again, he continued the tradition that folks were responsible for their assignment and then would advise the legislative analyst on what to recommend. And certainly Bill would recast recommendations to be sure he was comfortable at times, but he relied heavily on the analytical staff to bring those forward.

And Bill, since he started in 1977, was the analyst when Prop. 13 passed. As I mentioned to you, Chris, I was never a Prop. 13 expert, but it so changed both the state-local relationship and particularly local finance,

that it's a real milestone in public finance in California. And as I mentioned, because the office starting in 1974 had to analyze all the ballot propositions, our analysis of the measure was in the California voter's pamphlet for the June 6<sup>th</sup> election.

I think there are certainly the direct things that Prop. 13 did, and I can also touch a little bit on the legislature's response, because that's important to understand going forward, particularly between the time 13 passed and the Pete Wilson administration when I was legislative analyst. The underpinnings of the legislative response in 1978 and '79 were really significant again in the '90-'92 period when the state was in the midst of a really significant fiscal crisis.

So, basically prior to Prop. 13 passing, each local jurisdiction set its rate of the property tax within a county. So the city set its own rate, the county set its own rate, as well as school districts and special districts. That was what was happening prior to the passage of Prop. 13. Then those rates were rolled up together, and individual property owners paid their property tax based on those composite rates.

What Prop. 13 did to fundamentally change local government was say, no, the "property tax rate shall be set by law." So it was a bit ambiguous as to how it was going to be set by law, and that's why the legislature's response is so important. So Prop. 13 was passed by the voters June 6<sup>th</sup> of 1978. That left three weeks between that decision and the start of the next state fiscal year when property tax rates first now had

to be set and then rolled back to the 1975-76 assessed value levels and then allocated to all entities of local government.

And because the rate was capped at 1 percent and the rate in effect at the time Prop. 13 passed on a composite basis was more like 2.67 percent, this meant about a 50 percent reduction in property taxes as they were rolled back. This was going to basically happen between the time of the election and the start of the state fiscal year.

So the legislature responded initially with a one-year solution, and the name of the bill was SB 154, and SB 154 basically said we're going to lock in place the shares of the property tax within each county that were in effect prior to Prop. 13 passing. So if the cities and the counties, say, got 10 percent of the property taxes, they would get 10 percent. If the schools got 20 percent, schools would get 20 percent. So the Legislature basically froze that in place. So whereas in a pre-Prop. 13 era, as a school district was setting a rate, the voters could look the school board in the eye and say, "Well, if you go higher than that, we're not sure we want you on our school board," you now had the state of California stepping back and setting the rate for all local jurisdictions in California.

So SB 154 put that in place for one year. It then, because counties are agents of the state and were responsible principally for the delivery of health and social services programs, switched the responsibility for some of those programs back to the state, and then it gave a block grant to the counties to help make up for the sudden loss of revenue.

The legislature knew this was a temporary solution, but they didn't have enough time, so then the negotiations started on the more permanent solution, which was codified in Assembly Bill 8 in 1979, so one year later, and it basically increased the SB 154 property tax shares to the counties, the cities, and the special districts, still largely based on what those local preferences had been in the pre-Prop. 13 era. In order to offset these increases, it reduced the school share of the property tax with the state filling in behind and increasing its support for schools.

It also changed responsibility for some other programs—again, county obligations went over to the state principally in indigent health, which became a block grant, and also the state assumption of certain costs in the Aid to Families with Dependent Children Program and in MediCal and the State Supplementary Program, which is the state component of an income supplement program for the aged, blind and disabled—the SSI/SSP program.

This is important to understand as we get to the conversation later, because by freezing those local preferences from 1978-79 in place and the state assuming a larger financial role in education, some of this changed significantly then under the Pete Wilson years. But what should also be understood, I think, in Prop. 13—and these were provisions that were explicit at the time—is that it was Prop. 13 that then required a two-thirds vote on revenue increases for the state of California. So it had that new requirement about taxation, and it also required a two-thirds vote for

general taxes locally. So the two-thirds vote requirement was also a major feature of Proposition 13.

So, much has been written about it, but there's no doubt that it fundamentally changed public finance in California, not only by the measure itself and the rollback and then cap at 1 percent, it means, of course, now that homes of the same market value pay disproportionately different property taxes depending when the property was acquired. So folks that are still in their home from 1978 will be paying much different property taxes than, say, young people buying a home of equal value in that neighborhood today.

And then the state response of freezing those local preferences for cities, counties and special districts is something that we should talk about when we get to the Pete Wilson years.

CASTANEDA: Okay. Thank you. That's very clearly stated.

HILL: It has so many elements to it, I had to refresh some of my memory, because there have been so many little tweaks and different things over the years. But I think those are the fundamental issues.

CASTANEDA: Okay. Good. So is this a good stopping point?

HILL: I think so, if that works for you.

CASTANEDA: This is excellent.

[End of August 11, 2015 interview]

[Session 3, August 28, 2015]

**CASTANEDA:** It's August 28<sup>th</sup>, 2015. We're continuing our interview with Liz Hill, and we're going to pick up with the situation leading up to your appointment as legislative analyst.

**HILL:** Sure. Well, Bill Hamm, who was my predecessor as legislative analyst, announced his retirement in 1986, shortly after the budget analysis was completed for the year, and the Joint Legislative Budget Committee, the oversight committee for the Analyst's Office, began to do a search. They hired a search firm actually here in Sacramento, Ralph Andersen & Company, to assist them with the search.

There were several candidates inside the office, and one of my bosses, John Vickerman, who was chief deputy legislative analyst at the time and had also been in the office for many, many years, was acting legislative analyst when Alan Post retired and then served Bill Hamm as chief deputy throughout Bill's tenure. I basically went to him and said, "Hey, John, I think you've got all the credentials for this position, and I don't want to compete with you because I think you should really go for it."

He was about fifty-seven years old at the time, and he said, "Liz, you know, I don't know what the committee's going to be looking for, and so I

think you really should apply, because I'm closer to retirement and you're considerably younger."

I also had the situation that I was pregnant with our second child at the time, so I basically also had to decide how to approach the Joint Legislative Budget Committee, and I knew by the time the interviews would happen, if I made it to that stage of the process, that I'd be very pregnant. So I decided to just raise that issue myself.

So I did apply, as I say, with John's encouragement, actually, and by the time the committee made its decision in August of 1986, I was eight months' pregnant and was due in September. There was only one woman on the Joint Legislative Budget Committee at the time, and that was Maxine Waters, who's now a congresswoman from Los Angeles, and the rest of the committee were all males. As I mentioned, I decided in my interview just to make it clear to the committee of my, of course, sincere interest in the position, that I would be taking some time off after the baby was born, and that I intended to come back for the budget analysis in January of '87.

So I was appointed legislative analyst on August 19<sup>th</sup> of 1986, and arrangements were made with the committee that John Vickerman, who had encouraged me to apply, would be the acting legislative analyst during my maternity leave, and I did return that January.

You asked, Chris, about what sort of changes, if any, I made in becoming the analyst, and I was encouraged by a number of people to be

sure that I was going to put some stamp of my own on the office's publications, for example. So we started developing a logo and trying to brand the documents that were coming out of the office, if you will. In prior years, we had changed the color of the budget analysis every year. We decided to instead just use a consistent color. I really also sought out input from the staff and the managers about how we should perform as an office, how they were feeling about the office.

And then we started some new things. I did create a policy unit fairly soon after becoming the legislative analyst, in part out of a concern of seeing issues that crosscut different program area sections, because we were organized into program area groups throughout my tenure. But a lot of times, issues have, say, a health component as well as an education component, or have a criminal justice as well as an education component, and I wanted to break down some of those barriers between program areas. So I established a small policy unit. Actually, Mac Taylor [phonetic], who's the current legislative analyst, headed that policy unit for me at the time.

**CASTANEDA:** How did that work in terms of program heads?

**HILL:** So each of our subject area sections was headed by—at that time it was called a principal, and then later we renamed it as director. Then the unit that Mac headed, the policy unit, basically worked with all of those units.

Over time, the focus on future issues and crosscutting issues we eventually distributed back into the sections, but for several years the

policy unit helped us both to do more long-term thinking to get beyond the current and budget fiscal years and look further down the road at some long-term issues and take a crosscutting approach.

Then we did some fun things, like we established something called Trash Day, where we had one day where everybody just came in their casual clothes, and we went through all the files, so that we didn't have to buy so many filing cabinets. We made a competition, who could get rid of the most stuff. So, anyway, it became a new tradition. When we computerized in later years, Trash Day had both the paper component but also cleaning out your computer files so that we wouldn't have to have as many servers in the office.

**CASTANEDA:** Was storage of records becoming an issue? Did you have to do offsite storage?

**HILL:** You know, we always did have some offsite storage, and particularly with the office's long history dating back to the 1940s. We had some very old records that we wanted to keep, and eventually, before I retired, I made sure a number of those went to state archives, just to be preserved. But, yes, you know, we had a number of staff who were packrats, and so we'd keep having to buy file cabinets to put all these documents away. So we tried to think of a way to make it fun and still have a nice purpose as well. The Department of Finance and the Analyst's Office have had a long-term understanding that confidential copies of the governor's budget as DOF, Department of Finance, was preparing it, would come to the office prior to

its publication, and, similarly, we would share with the Department of Finance confidential copies of our analysis as we prepared it. This was a professional courtesy given the tight timelines of the budget process.

Sometimes in years gone by, if we found a mistake, we just sat on the mistake and then wrote it up in the budget analysis. I, instead, encouraged our staff, if we found a mistake, just to call their Department of Finance counterpart and tell them about it so that it could be corrected, because I was concerned that we have a good working relationship with the Department of Finance.

Maybe just to touch on that for a moment, as I mentioned in one of our earlier conversations, the first legislative analyst was actually a former director of Finance, Roland Vandegrift, who had been the director of Finance in the 1930s, and the Legislative Analyst's Office ended up returning the favor in that five different people that worked for the Analyst's Office later became the director of Finance: Tom Hayes between '91 and '93, Craig Brown from 1996 to 1998, Tim Gage from 1999 to 2003, Mike Genest from 2005 to '09, and the current director of Finance, Michael Cohen, who was appointed by Jerry Brown in 2013.

So there's always been a good working relationship between the two offices because, in a way, we're both what in state budget parlance is called control agencies, looking for ways to make sure that the budgeted amounts are at the right level, being spent appropriately, revenues gathered appropriately, and so we had a lot in common, even though the director of

Finance and the Department of Finance are directly responsible to the governor, and the Legislative Analyst's Office is directly responsible to the legislature.

So there's always been historically a little tension, but also a good respect for our appropriate roles between the executive and legislative branches. And Department of Finance and LAO used to play softball games against each other. So we had fun things to do, in addition to our analytical work on the state budget.

**CASTANEDA:** I'm curious. When your office began pointing out mistakes, I don't know what kind of mistakes, was that a real change in the interaction? In other words, did they not like having mistakes pointed out?

**HILL:** Well, sure, none of us like having mistakes pointed out, and they can be of a whole variety of natures. But these weren't, say, policy differences as much as it was clearly maybe some arithmetic errors or things of that type.

**CASTANEDA:** Typos.

**HILL:** Well, or just that maybe it doesn't take a million dollars to fund so many positions. They meant to say \$100,000. Just call them up and say, "You know, I think that maybe there's a calculation mistake here," and go from there.

**CASTANEDA:** It makes sense, like you're saying, to do it upfront rather than just way down the road.

**HILL:** Yeah. So, I mean, that was just an olive branch that I felt I could easily extend across the aisle, if you will.

CASTANEDA: Did many people come to you and say, “Here are some changes we think you should make”? I mean staff members or others.

HILL: Yeah. I think the main thing was many of them had never been asked before, so it was really important to get that input. Timing-wise, it was a little bit awkward because I was trying to gather the information, but then I knew I’d be going off in maternity leave really quickly, so some of the things were acted on more over time as opposed to right away. But I also wanted to just send the message that I really sought their opinions and valued the input, and we would be trying to move forward as an organization.

Then a couple years after I was appointed, we did go through kind of a bottom-to-top process of a vision, mission, and values process to really clarify what the vision and mission of the office were and what did we value as an organization. I think this was an important activity because by that time in the office’s history, we had been around more than forty years, and for some people we were everything to everybody, so to really be sure that we were clear ourselves about the focus that we wanted to have. And one of the things that was important to me is recognizing that we had 120 bosses, all the members of the California legislature. I wanted to be sure that we were really serving legislative needs.

One of the things that I did just to help with that and kind of, again, related to getting input from managers and all of the staff, was to invite members of the legislature over to the office and try to understand better

what was a day in the life like of a legislative member. And I can still remember when Assembly member Jackie Speier came to the office—she’s now a member of Congress—and she brought her inbox, just to give us a sense of all the competing things that were coming across her desk on a daily basis. So if there was a Legislative Analyst’s Office report buried in two feet of other materials in her inbox, how would we get her attention? How did it need to be structured? What sort of summaries might be helpful? How could we highlight things so that she as a member would know what to pay attention to?

And, similarly, I can remember Phil Isenberg coming over to the office, and he really impressed upon us how important information was to members, that what they needed was good, solid information, which they could then use to craft different legislation or rebut an argument that was maybe being made on the floor.

And really as a result of many of Phil’s recommendations to me and the staff, and other observations, we started some different product lines. One of them was called CalFacts, started in 1993, and that was to give information in a graphic form with just a little bit of bulleted explanation. It was designed to help legislators, as well as members of the public, understand how California works—demographically, the economy, what are all these revenue sources that come to the state of California, where do we spend the money. We tried to present it in a kind of snappy, easily

understandable form. So those were just a couple of the things that I tried to move forward when I became legislative analyst.

**CASTANEDA:** Other than Phil Isenberg and Jackie Speier, were there others who were interested in the kind of information you provided or shaping the way it came to them?

**HILL:** You know, I would say there were many members who really did have the policy focus and the budget focus, and clearly a lot of our relationship with the legislature was through the Assembly Ways and Means Committee in the Assembly and the Senate Finance Committee in the Senate. Those two committees not only considered the state budget which we were analyzing for them, but they also considered all the fiscal bills that were moving through the legislature. We produced a bill analysis for each bill that they considered, and then, as I mentioned last time, testified before Ways and Means and Senate Finance on each of those bills.

**CASTANEDA:** I'm trying to get a sense of exactly what the process would be, because I know there would be testifying, then you would respond to inquiries from individual members, and then you worked with the Department of Finance and then also the committees.

**HILL:** And then all the departments in state government. So any bill that was introduced in the legislature usually affected either some element of state government, some department, or the local government level or school districts, for example, that would be overseen by the state Department of Education, so that there was always someone directly affected by the

proposal, whether it was a budget proposal or a legislative bill proposal. And so we really had to get information from all sources, and whether it was the individual state department or calling up the county and understanding how this would affect that particular county government, we had to get our information and fiscal estimates from a wide variety of sources so that we could boil it down and present it to the legislature.

**CASTANEDA:** Were there regular meetings that you would attend or ones that you'd be to called to attend meetings and called to testify?

**HILL:** When I became legislative analyst, there would be certain meetings where they wanted the legislative analyst to make, say, a budget overview presentations to the Ways and Means and Senate Finance Committee, or a special subject would come up. For example, in, I believe it was 1987, the Assembly was wrestling with some MediCal issues and decided to meet as a committee of the whole, which means that all eighty members of the Assembly were convened as a committee of the whole, and they took testimony from the rostrum in the Assembly chambers. So I can remember making a presentation in 1987 to the entire body about some of the things that were going on in MediCal, which is Medicaid at the federal level, called MediCal here.

But usually, particularly with regard to budget subcommittees, my colleagues in the office, both the head of the programmatic unit and the analyst that wrote the different analyses, would attend the subcommittees,

and then we had office representatives that would go to testify on each of the bills. It becomes a complicated process in that regard.

**CASTANEDA:** So you're sort of always on call, but there were some regular processes that you were part of.

**HILL:** Yes, yes, absolutely.

As I was thinking back on some of these years, one of the things that happened after Proposition 13 that we talked about last time was Proposition 4 in 1979, which was called the Gann Spending Limit in everyday parlance, and that basically set a limit on appropriations for each entity of local government as well as state government.

Shortly after I was appointed analyst, the state appropriations limit really came into play. For example, in the 1986-87 budget, the state exceeded the appropriations limit for the first time, and about a billion dollars was rebated back to taxpayers. Interestingly enough, that '86-'87 rebate was followed in '87-'88 by a billion-dollar shortfall that many thought was actually due to federal tax conformity that had occurred over that period, where many high-income taxpayers in California took their capital gains in one year, which caused more money to come into the '86-'87 year, and then took less than we had estimated the following year because the gains had been pulled back into the prior year. So there was a one-billion-dollar budget shortfall.

But as the state kept coming up against the Gann limit in the early years that I was legislative analyst, it became clear that the limit was

distorting some decision-making both at the state and the local level. There was such a concern of going over the appropriations limit and having to make payments back to taxpayers and—

**CASTANEDA:** What would the form of those payments back to taxpayers be?

**HILL:** I believe it was an offset in '86-'87 to the income tax, but, to be honest, I don't remember exactly what the form was, and I didn't go back and double-check. But I think it was an income tax offset, and if you didn't file, I assume there was another way that you got—I believe we issued checks to folks that didn't file. But, like I say, my memory's a little bit weak on that.

But it became clear to the office that both at the state level and local level that the limit and the way it was calculated from one year to the next was causing decisions to be made on the part of the executive branch that was distorting government decision-making. For example, bonded indebtedness was exempt from the appropriations limit, and we started seeing more and more proposals for state-level bond debt, because those moneys would not be subject to limitation.

Similarly, fee revenues were excluded from the calculations, and so we saw more and more fee revenues being proposed or programs funded by fee revenues. We also saw in a number of proposals by the governor, Governor Deukmejian at this time, trying to shift, say, a MediCal payment to counties that would normally occur in June, to shift it into July so that the payment would not count against the appropriations limit and we would

stay under the limit. We also saw local governments basically funding new entities of government because a new entity of government would have its own appropriations limit and would not count towards the city's or county's individual limits.

So, long story short, basically, in our 1989 budget analysis, we recommended repeal of the Gann limit, because we felt that it was distorting government decision-making, and we also recommended at that time an increase in the gas tax of up to twelve cents a gallon. At that time, the excise tax on gasoline was nine cents a gallon. But in looking at the demands of the California population on our transportation system, it became increasingly clear that we really needed more money in order to keep up the infrastructure that we had and to also plan for transportation systems in the future.

And I think it's interesting, going back. Needless to say, those recommendations were controversial, but ultimately the legislature and the governor agreed to put Proposition 111 on the June 1990 ballot, and Proposition 111 was a significant measure in several respects. One was that it actually changed the formula in the way the appropriations limit was calculated so that the state had more of an opportunity to use then-current revenues to fund current services.

We had done a number of analyses that showed that about 70 percent of the state budget was actually governed by either the constitution or statute. The largest part of that was actually because Proposition 98 (the

school funding measure) had been enacted by the voters back in 1988. But that meant that a lot of the fight was over 30 percent of the state budget, and 70 percent of the budget really was dictated by constitutional or statutory requirements.

So Prop. 111 both looked at the appropriations limit and made changes in how the limits were calculated at the state and local levels. It also made adjustments actually in Proposition 98 that had just been enacted in 1988 because of a concern, again, of the automatic provisions of Proposition 98, that at least so much of a percentage, roughly 40 percent, of the General Fund budget had to be allocated to education, regardless of how many students would be attending or what the state's fiscal situation was.

So Prop. 111 basically changed some provisions of Proposition 98 to give the state a little bit more flexibility in its implementation, still keeping the thrust of Proposition 98, that a certain percentage of the state General Fund budget would go to education, but being sure that if Proposition 98 was reduced, that it be restored in future years to where it otherwise would have been. And that was one of the major provisions of Prop. 111.

Then the final component was actually an increase in the gasoline tax that started out with a five-cent allocation increase, immediately followed by four one-cent allocations or increases in excise tax over the subsequent four years.

So I think, in reflecting back, I feel that the office helped really frame that issue and what was happening in the state at that time, and the legislature and the governor both, as well as the voters, responded with the passage of Proposition 111.

There was a lot else that was happening in 1990. We also started talking a lot about ballot-box budgeting. The state was becoming a bigger player in local government finance, in part because of the Proposition 13-related backfill and different programs that it was taking responsibility for, but you also had had a number of other things that had happened by initiative, such as Proposition 99, which was a cigarette tax increase that dedicated money only for certain purposes. The state income tax was indexed by the voters in Proposition 7 (1982). The inheritance and gift tax was eliminated by the voters in Proposition 6 (1982). So you had a lot of ballot-box budgeting that was making it more and more difficult for the legislature as well as the executive branch to balance the budget on an ongoing basis.

**CASTANEDA:** Would there be any proposition that your office would object to, or would you ever say, “This change in the way we’re doing the budget is just not right. It’s going to create more problems”?

**HILL:** Well, with regard to the ballot, because we had a nonpartisan analytical role in analyzing every measure that was on the state ballot, we never took a position on a ballot measure prior to the vote. That doesn’t mean that we

didn't, in the analysis of the measure, explain what the measure would do and possible implications.

Similarly, when we analyzed bills for the legislature, we never took a position on bills, because, remember, we were a legislative entity also analyzing legislative proposals, and contrast that with the governor's budget, because the executive branch in California, and the governor in particular, proposes the state budget, but the legislature, in considering it, ultimately appropriates the money. So the budget was a very different balance of power, if you will, between the executive and the legislative.

But, no, we didn't ever take positions on ballot measures because we were very cognizant that we had an election role to play for the public in analyzing each of the measures that went to the ballot.

CASTANEDA: It's such an interesting function, that objectivity that you just have to maintain.

HILL: Actually, that reminds me. You had asked about changes when I became the analyst. One of the other ones was that I needed to reregister to vote. I had been registered with a party by the time that I was appointed and had been voting for some time, and I reregistered "declined to state," because it was really important to me that members knew that it was a level playing field and that we could serve all members of the California legislature in a nonpartisan, professional manner. So that was really important.

The 1990, '92, '93 period were also really difficult times for the state because of both the California recession and the U.S. recession, so a lot

was really happening at the same time. At the start of the legislative session in 1990, we really warned of a huge budget gap that was going to be coming. Governor Deukmejian was going out of office. Governor Wilson was coming into office. Governor Deukmejian had called a special session in hopes of dealing with part of it. The legislature didn't have a big appetite to do that prior to Governor Wilson coming in. So we were in the beginning of some very significant budget problems, particularly recession-related.

But also in 1990 we had the Proposition 140, the term-limits measure, that was put on the November 1990 ballot, and in addition to putting in term limits for members of the Assembly, Senate, and the constitutional officers, it required a 40 percent reduction in the legislature's budget.

Our office traditionally had been funded in the legislature's budget, 50 percent by the Assembly and 50 percent by the Senate. So, really, with the passage of 140 that year, we started a period that was a very difficult one for the office. We had a lot of work to do because the state was in very bad financial times, and at the same time the legislature's budget was being reduced, and a number of my staff certainly saw the handwriting on the wall, knowing that the legislature's budget was going to be reduced by at least 40 percent, and not knowing what effect that would have on our budget in particular.

So the legislature, actually, in June of 1991 filed with the Supreme Court for a stay of the provisions of Proposition 140 because they were

supposed to go into effect with the start of the fiscal year, July 1<sup>st</sup> of 1991. Part of the argument that the legislature made to the court was that the Legislative Analyst's Office and the Auditor General would be closed unless the Supreme Court granted relief.

In October of 1991, the Supreme Court ruled finally on the legislature's petition and found that Proposition 140 was constitutional and that the legislature would need to make its 40 percent reduction in the legislative budget. So if you look at that particular fiscal year and the implementation of 140, it had a very dramatic effect on the Legislative Analyst's Office, first because the legislature telegraphed that the office might close, and so we started losing staff. We had roughly 100 staff at the time that Prop. 140 passed, and a budget of about \$8 million, and our office took a 60 percent cut in its budget, and because most of our budget was funding of staff, that had a significant reduction in staff as well. So we went down from about 100 staff to forty-five, and the forty-five staff was at about the level the office had been in 1966 when the state budget was about \$4 billion, and now we were a staff of forty-five when the state budget was about nearly \$60 billion.

So we had to make a number of choices as to how we would carry out our statutory responsibilities with significantly less staff, and our main overriding objectives were that we were going to keep quality analytical products coming out of the office, and to do so in a nonpartisan manner, and to really, in terms of the state budget, particularly focus on the larger

budgets where most of the state's appropriations were, not just General Fund budgets, which would be the case in education and health and social services, but transportation as well, because transportation is a large budget item, even though it's funded by revenues other than the state General Fund, for the most part. But we made a conscious decision to be sure that we were looking as hard as ever at areas of the budget where the largest expenditures in terms of the overall budget were being made.

I also made the decision that we could no longer effectively analyze all the bills that were going to fiscal committees. So I approached the Joint Legislative Budget Committee, our oversight committee, and the leadership of the legislature and made a recommendation to them with the reduced staff that we would concentrate on the large budget items, as I mentioned, and then no longer do the bill analyses.

**CASTANEDA:** May I ask, did you have to eliminate any subject areas, or did you consolidate?

**HILL:** We did mostly consolidation so that if there was a big proposal from the administration in any given budget that maybe we originally hadn't planned to spend a lot of time in that budget area, but if we knew that there was a significant proposal before the legislature, we would shift gears and be sure that we could give the legislature information and advice about that.

Just as a way to think about it, we used to, for example, prior to Prop. 140, have one analyst whose entire assignment was the University of

California. After Prop. 140 passed, basically, that person had not only all University of California, but all of CSU, the Maritime Academy, the Student Loan Commission. So we increased everybody's assignment pretty dramatically.

But it was difficult to keep our ship afloat, shall we say, during that time, because we were losing so many staff, and yet, understandably, where the office was threatened with elimination, I certainly understood, as head of the office, that each individual staff member had to look at their own family situation, the income situation they had, the health insurance they had, and make their own choice as to whether they could ride out the uncertainty until we knew if we would have a budget or if it was in their best interests to move on.

So we used, really, a multi-prong attack. We did have to have some layoffs. We had furloughs. We had pay reductions. In going from 100 staff to forty-five, we had more space than we needed for forty-five staff, and yet we had contracts with the building we were in for rent, so we had to sublet the space.

So at the same time that the state of California was going through this incredible financial problem, we also had to deal with some of our own financial problems and keep our own house in order, if you will, in order to do that.

**CASTANEDA:** Were there particular, if you can talk about this, members of the legislature who were very supportive or some maybe who were not supportive in keeping your office open?

**HILL:** I think the dilemma that members of the legislature felt is that the approach that was taken in figuring out by the two Rules Committees how to adjust to this reduction, in effect pitted individual members' office budgets against some of the institutional funding. Both the Auditor General and our office were jointly funded, and so if an individual member was asked, "Can you do with less committee staff for your individual committees and your personal staff, or should we cut the Legislative Analyst's Office," even though I think the work of the office was really valued, it was framed in a way that was very difficult for the individual members of the legislature.

Certainly, we had many legislators who were in support of the office. A number of them carried bills to see if we could either move out of the legislative budget in some way, and ultimately a bill was passed, both for us and the Auditor's Office, that became Proposition 158 and Proposition 159 that were considered in 1992. Both of these measures would have moved the two offices out of the legislative budget and set them up basically as independent offices, responsible to the legislature in our case and the legislature and the executive branch in the Auditor's case.

But both Proposition 158 and 159, despite the support from major newspapers throughout California, the thirty-five largest-circulation

newspapers, both measures went down to defeat, and not so surprisingly in some ways because, for one thing, we had no money for a campaign. We did raise a little bit of money. Alan Post and Bill Hamm helped with the Prop. 158 committee, as did other former office alums. But maybe there was \$24,000 for a little bit of activity to help wage part of a campaign.

So in just thinking about that implementation, after Proposition 158 and 159 went down to defeat—and I can only really speak to Prop. 158, which was the Analyst’s Office measure, directly—then, again, some members felt, “Well, the voters just turned down funding for the Analyst’s Office. Do we really need an Analyst’s Office, since it’s just been turned down, and we have to live under the new requirements of Proposition 140?”

So, actually, I was informed in December of 1992, just before the budget was going to be introduced in January, that the Assembly would not provide any money for the office in the upcoming fiscal year. So we had enough money to last until basically June 30<sup>th</sup> of the then current fiscal year, but that the Assembly had decided not to provide money starting in July 1993.

Fortunately, at that time, the Senate was still in support of having an office, and so the Senate indicated that they would provide at least their 50 percent share of the office’s budget for the ensuing budget year.

I think it’s remarkable, really, the products that the office was able to produce while we had this sort of elimination to our necks, if you will. I

think that we were very helpful to the legislature in terms of identifying options and recommendations for them and balancing the budgets for '91-'92 and '92-'93, even though, like I say, we were really faced with elimination. And I think that speaks to the professionalism of the staff and the dedication to state service and the nonpartisanship of the office.

At the end of the day, the Assembly relented and we did get funding from both houses at the reduced level of forty-five staff. We were able to continue in operation during that time and then essentially grow with the appropriations limit adjustment that affected the legislature's budget in the following years.

But I'm very proud of what we were able to accomplish during that time, and I think one of the more seminal pieces that we produced was actually produced when we had the sword to our necks, which was our "Making Government Make Sense" recommendation, which was published as part of the '93 budget analysis. So that was in February of 1993.

Over a period of time following Proposition 13, following the Gann measure, seeing how the state and local government were interrelating, we came to the conclusion that the existing system of government in California in 1993 was dysfunctional, that there wasn't the common conception of mission, the public didn't know who was responsible for what and who to hold accountable, and there was constant finger-pointing between the state and local governments as to who was responsible for not providing the services that were needed in local communities.

The “Making Government Make Sense” piece really came after we had done a number of other reviews in the immediate years prior to that, looking at county fiscal capacity, looking at the county-state partnership in different programs. We looked at state-local realignment in '92-'93, which had been part of the budget solution in that year. So it was developed, really, over a period of time where finally we came to the conclusion that it was important for the office to throw out a proposal of how to fix this, that if the state was so dysfunctional, what could we really do to work with it and make California government work better.

So I think that was really a seminal piece that the office put out, and, again, like I say, it was kind of under the cloud, but it was at a time when just the year before, the budget had not been approved until almost the end of August. We had been paid by registered warrants because the budget was not in effect. Members of the staff had had to go to their banks or the Golden One Credit Union and, in effect, get a loan in advance because their salaries couldn't be paid. So it was pretty incredible times for the state of California, registered warrants and the like.

**CASTANEDA:** Going back to this earlier theme that keeps coming up, I'm curious, did anybody suggest that there was a partisan nature to this report? I know there wasn't, but I'm wondering if because it was a critical piece, if you were accused of that.

**HILL:** No, it's interesting, we certainly were accused of partisanship on many, many occasions, but I have no recollection of that accusation being made

around the “Making Government Make Sense.” I think both the Assembly and Senate welcomed it. I think also the administration welcomed it as a new way of thinking about this, because the executive branch was in a jam, too, of trying to balance the state budget, having local governments at war with the state, kind of at every turn.

Back in the '92-'93 budget solution—let me just be sure I've got this right, because maybe it was—no. It was actually in '93-'94, there was a property tax shift done to basically reverse some of the state bailout from post-Prop. 13 and instead have property taxes shifted from local governments back to schools, closer to how they had been at the time Prop. 13 had passed. And then that freed up state money that had been going to schools to be used to help balance the state budget, because we were basically in the third year of very difficult budget times at that time.

So the administration was looking for opportunities as well to think differently about how the state of California and its local entities should be governed, and I think it was a big part of what ultimately led to legislation that established the Constitution Revision Commission at that time.

CASTANEDA: So everyone recognized that it was kind of a mess?

HILL: I think so. If you looked at the different editorials over the time, I think that whether it was the *Orange County Register* in a more conservative part of California, or the *San Francisco Chronicle* in a more liberal part of California, that newspapers in those communities thought, “Yeah, we really need to do something differently, because this really isn't working.”

**CASTANEDA:** Well, it's also interesting that the LAO is making the statement public as its own budget is being cut. It shows the value of the office even as it's being threatened with extinction. So that's got to be a statement in its favor. This is an agency of California that's willing to stand up and say, "We have to fix this."

**HILL:** I think so, and I think the roots of that were established long before me, in terms of just the professionalism of the office and the dedication to making government work better. Those of us who were left decided if we were going to be out of a job, we were at least going to go down with our integrity intact.

Several folks had tried proposals out on us. "Why don't you move into the executive branch? Don't you want to do that? Because then you'll be 'saved.' Your job will be saved."

And my response to them was, no, because we really couldn't carry out our responsibilities on the state budget if we sat within the executive branch, when we really were a legislative entity that was trying to keep the executive branch accountable and help the legislature set its priorities in appropriating funds annually in the state budget. So, to me, the moves never quite made sense.

There was one other proposal that happened at the time. If we really got down to essentially very, very few people, we wouldn't do the budget analysis at all and we'd become an entity in the Secretary of State's Office to do the ballot work. That was a proposal that was floated at one time.

And I should mention that—and really this has never been public, but Lieutenant Governor Leo McCarthy, former Speaker of the Assembly, during our dark days also reached out to us and said that he hoped there would be a legislative solution, that at the end of the day, he so valued the Analyst’s Office that if some little group had to go to work for the Lieutenant Governor’s Office, he might try to make that happen, if nothing else.

I mean, frankly, I was trying every option I could think of to at least have options both for the staff and the integrity of the office to move forward, if that meant maybe getting some private foundation funding as kind of a bridge, because ultimately the Auditor General’s Office did close. And my plea to the Rules Committees and the legislative leadership was that there was a cadre of us that were willing to go the distance, even if that meant that we would be down to just a handful of people, that we felt that strongly about the importance of the office and its role in the fiscal process for the state of California.

CASTANEDA: Do you want to get into the Constitutional Revision Committee?

HILL: You know, I thought of one topic that we might want to cover, which is the Commission on State Finance. We haven’t talked about that. You had asked whether I had worked with some of the different constitutional officers over the time. Jesse Unruh, after serving as Speaker of the Assembly, ultimately became the treasurer of the state of California, starting in January of 1975, and in 1979, legislation was passed to establish

a Commission on State Finance that would sit in the Treasurer's Office, but be composed of the treasurer, the controller, the director of Finance, the Speaker, the president pro tem, and the Assembly and Senate Minority Leaders. Those would be the actual commission, and then it would have a staff accountable to it.

So by the time I became analyst, the Commission on State Finance had been around since 1980, and they were another one of the multitude of budget players, in that the Assembly and Senate had both their majority and minority budget staffs. There was a Commission on State Finance. There was a Legislative Analyst's Office. The controller that cut the checks for the state of California certainly also had a role in the state budget. So there were a number of players.

Ultimately, when Jesse Unruh died in office, it's kind of an interesting story about his successor. So Treasurer Unruh died in 1987, and there was an acting treasurer, Elizabeth Whitney, for a period of time. Then Governor Deukmejian proposed that Dan Lungren be the new state treasurer, but Congressman Lungren wasn't approved by the legislature.

So the second nominee that the governor put forward was Tom Hayes. Now, Tom had been at the Legislative Analyst's just prior to my arrival in 1976 and had become the state auditor in 1979 and was serving as state auditor when the legislature confirmed him to be state treasurer. Ultimately, he lost in the subsequent general election to Kathleen Brown,

who became the state treasurer in 1991, and then Tom Hayes became the director of Finance for Governor Wilson.

So at the time, too, that we were going through not only our own budgetary problems in the Analyst's Office, but the overall state fiscal problems, I knew Tom Hayes both from his time at the Analyst's Office, the State Auditor's Office, the Treasurer's Office, and then now he was in the director of Finance position.

I think it's a good indication, actually, of the policy and fiscal world in Sacramento, in that individuals always don't stay in the same place. Sacramento's small enough that who you interact with today, you may interact with in another capacity down the road. And one of the things that we always tried to instill in our new analysts that joined the Legislative Analyst's Office was how important it was to have those professional relationships, because if you burn someone today in terms of telling them one thing and then doing another, they might well be in a different position the next time around and make it more difficult. So Tom was a great person to work with, and, like I say, it was a good example of how those things happen.

Ultimately, as the state went through its fiscal problems, the Commission on State Finance ended its operations in 1993, but was part of the forecasting and budget overview function from 1980 to 1993.

CASTANEDA: Thank you.

HILL: Sure. So I don't know, Chris, I'm not sure of other things that we might cover today. Like I say, I kind of went through my notes up to around this period.

CASTANEDA: That's fine.

HILL: Do you think we covered enough?

CASTANEDA: Sure. That's great.

[End of August 28, 2015 interview]

[Session 4, September 17, 2015]

CASTANEDA: So we're beginning. This is our fourth session.

HILL: I think so.

CASTANEDA: Thank you. So it's September 17<sup>th</sup>, and I think we stopped on—where did we stop exactly? We stopped at about mid-1990.

HILL: I think about 1993.

CASTANEDA: Right, 1993. We had talked a little bit about some of the funding issues, and we're going to move on.

HILL: Yeah, a couple things. I know we talked a little bit last time about the Legislative Analyst's Office implementation of the Proposition 140 reductions and some of the choices that we had to make, and I did want to touch on one thing that I forgot to say. There were certainly some disagreements on the choices we made to implement the 60 percent reduction in our funding, and one of my predecessors, A. Alan Post, certainly disagreed with our decision to no longer do bill analyses. And I just wanted to say for the record that in reflecting on Alan's comments—and we've talked to each other about that—I still feel it was the right decision.

One of the things that we'll talk about later today is that members still had the ability, even though we weren't analyzing every bill that was coming to the appropriations committees, to still ask us to do special

analyses, and that's one of the things that happened with Governor Schwarzenegger's health reform that I'd like to talk about today.

And the other thing I forgot to mention, we were talking a little bit about our relationship with the Department of Finance, and this is also part of, I think, the office's Proposition 140 story, that it was really the Department of Finance that was kind of an anchor for us during that time. They even threw the office a picnic in Capitol Park just to show their support of counterparts that were going through a real tough time. I'll always remember Diane Cummins and Carl Rogers, who organized that picnic for the office, because it was a very dark day for us, and to have really our counterparts in the executive branch were the ones that came to our support was very touching to me personally and I know meant a lot to all of my colleagues.

**CASTANEDA:** May I ask you this? I understand the very difficult choice to [stop doing] bill analyses. Were there other ways to cut back? I'm just wondering if there were other alternatives.

**HILL:** Well, we had many alternatives, because we lost 60 percent of our staff and 60 percent of our budget, so we could no longer operate in the same fashion. So particularly on the budget, we used to analyze every—they called them budget items, so every single department, commission, council throughout the entire budget. And as I mentioned last time, we had to really focus on where most of the money was, and so that was a significant difference that we did.

We also had to meet certain statutory requirements, and one of those was, for example, our elections work, and the analyses that we did on what are called titles and summaries, when someone has proposed an initiative measure and filed the proposal with the secretary of state and the attorney general, we had to analyze those, and that was a very significant workload for the office, but one we still had to do whether we had 60 percent less staff or not. So we had to make a whole variety of changes in order to live within our means and carry out our statutory responsibilities.

CASTANEDA: So you were really limited in how you could really cut back, it sounds like.

HILL: I mean, there were some things that we absolutely had to do because of statutory requirements and others where we had more discretion in talking with our bosses, the legislature, what they wanted, as our bosses, to focus on. So those were the changes we made.

CASTANEDA: Thank you.

HILL: One of the other things I mentioned was our “Making Government Make Sense” proposal from 1993, and I think it’s a nice segue into a broader conversation today of just some of the major pieces that we did from 1993 until I retired. But I think the “Making Government Make Sense” proposal also highlights a change that we made as a result of term limits, in that with term-limited members who did not in many cases have the same programmatic background in the different subject areas of the budget, we found that it would be really helpful to the legislature to not only point out problems in the state budget, but offer more solutions.

So the “Making Government Make Sense” proposal was really an entire package, and not that we thought that the legislature would adopt what we were offering wholesale, we knew they wouldn’t, but we wanted to at least give them the structure of solutions so that they could consider one alternative, the one we offered, but then also certainly look at other alternatives and figure out what best met legislative priorities.

But with members having less subject-area knowledge than they had, say, at the time that I first joined the office, when I first joined the office, you would have members who had, say, made their whole career to understand the mental health program in California. So if you went to them and said, “Well, we’ve uncovered this particular problem in mental health,” the typical member at that time would say, “Oh, okay. Well, I know exactly how to fix this. We’ll introduce a bill and it’ll make these changes, and we’ll work on the budget in this sort of way, and that will address this problem that you’ve identified.”

Well, that really changed radically under a term-limited legislature. There clearly was a transition period where you still had a number of members who had that program-area expertise across the state budget, but over time, the legislature as an institution started losing that expertise.

CASTANEDA: Interesting.

HILL: So we felt, again, as I think I mentioned early on in our conversations, we had to adjust to the times. It wasn’t enough just to point out a problem we had uncovered in the state budget or how programs operated or that

something was overfunded or underfunded, but that we felt that offering, in selective cases, packages of solutions would be helpful to the membership so that they could come up with a legislative package that met their priorities.

**CASTANEDA:** So that's fascinating. So this loss of expertise, is that debated? I know it gets talked about, but if the legislature couldn't come to you, who fills that gap of the loss of expertise?

**HILL:** Well, I think some observers would argue that the lobbying corps filled part of the gap. I would say that term limits also shifted more power and authority to the executive branch, which was already very powerful, in my view. So it's hard to look back because these changes, of course, happened over a period of time, and so to step back far enough and then to say there was a causal relationship, but clearly as a legislative staff member, I could see that my bosses needed assistance in figuring out how these different program pieces worked together.

I thought maybe we should talk a little bit about the Constitution Revision Commission because I would say that our "Making Government Make Sense" piece really highlighted the dysfunction in state government, and a lot of observers, as I think we talked about last time, were interested in what we could do about it, what we as the state of California could do about it.

There had been really tough budgets in really the early 1990s because of the economic recession, so Senator Lucy Killea, who was an

Independent from San Diego, introduced a bill in 1993 to establish the Constitution Revision Commission, and it was to be a twenty-three member commission.

The last Constitution Revision Commission had actually been in existence for eight years, between 1964 and 1972, and that commission ended up revising all but two articles of the California constitution and streamlined a lot of the wording of the constitution, taking out about 40,000 words. But the focus, really, I think, of the '94-'96 effort wasn't so much fine-tuning of the constitution, but to really take a step back and see if there were reforms that could be implemented, and particularly ones that might require a revision of the constitution.

In fact, our "Making Government Make Sense" piece anticipated that you would need to make changes in the California constitution as well as a number of statutes, and they were things like the school funding guarantee with Proposition 98, the appropriations limit, various parts of property tax exemptions, local government powers, and even some of the trial court provisions of the constitution.

So this was an opportunity for California to take a look at that, and so the twenty-three members were appointed in 1994, and we started our first meeting in May of 1994. This was toward the end of Governor Wilson's first term. Bill Hauck, who had been a Coro fellow, had also worked for Speaker Moretti and Speaker Willie Brown, had also worked for Governor Wilson at one point and then later became the chair of the Business

Roundtable, was the chair of the commission, and Don Benninghovan, who had been with the League of California Cities for many years, was the vice chair.

I was also appointed to the commission, as were directors of Finance, originally Russ Gould and then Craig Brown. And there were three legislative members: Senator Lucy Killea and Senator Bill Leonard from the Senate, and Phil Isenberg from the Assembly. So it was a diverse group. Joel Fox also, from the Howard Jarvis tax group, was on the commission.

We had, I think, a lot of very productive efforts. I think the one thing that's important for historians to note is that Speaker Willie Brown lost his speakership during the time the Constitution Revision Commission was meeting. He lost it to Doris Allen in June of '95, who then lost it to Brian Setencinch until the beginning of 1996, and then the Assembly elected Curt Pringle as Speaker, and Speaker Pringle decided to change five of the twenty-three members of the commission in 1996, just as the commission was winding down. So you had a situation where four of Speaker Pringle's new members joined four of the original members and issued a minority report.

I think you also had some very interesting dynamics about that time as the commission was winding up its work, the economy was improving, and so then all of a sudden you didn't maybe have the budgetary opportunity that would affect programs in the same way as opportunity

presents itself when you're in really bad economic times. And I would say, unfortunately, we had neither, at the time that the commission finished its work, a real legislative proponent nor a gubernatorial proponent to take the commission's thirty-five recommendations over the finish line.

I would just offer that the thirty-five recommendations made by the commission, which are still available online, you can find them at [CaliforniaCityFinance.com](http://CaliforniaCityFinance.com). Many of those recommendations are still valid, in my opinion. One of them, for example, was a consolidation of the tax agencies that the Legislative Analyst's Office first recommended back in the 1940s. They have yet to be consolidated. It's pretty controversial, but that was one of the recommendations of the commission.

So even though there was a bill introduced related to the commission's recommendations, none were adopted early on, but I think it is important to highlight three of them that were adopted along the very same lines as the commission's, if not totally. For example, one of the ones that the commission was concerned about was lengthening the terms of term limits, that it was felt that we were having quite a bit of churning in the legislature as a result of the term limits, and so it was recommended to lengthen them to twelve years.

Ultimately, there was a proposition, Proposition 28 in June of 2012, that, in fact, did lengthen term limits in either house to twelve years, and this was sponsored by the Los Angeles Chamber of Commerce and the Los Angeles Federation of Labor. And I think in some ways it had to be an

outside entity to propose a change, because the legislature proposing its own change of term limits would have been very suspect from the beginning.

There was also concern about establishment of a larger General Fund reserve and to not do debt financing related to balancing the budget, and these were later incorporated in Proposition 58, which was passed by the voters in March of 2004. This was one of Governor Schwarzenegger's reform measures.

It highlights also that when recommendations are in print—and this was one of the things I often shared with my colleagues at the Analyst's Office—there's a long shelf life, and so while some people would look back at the Constitution Revision Commission and say, well, we weren't successful, I would argue just the opposite, that we could actually have highlighted, as we did these problems, some proposed solutions that others over the years could look to and find maybe some pathways for reforming some things in state government.

**CASTANEDA:** Was there a sense during the work of the commission that that might actually be the case, that some of the recommendations might not be adopted but you were making a statement in pointing out some issues that needed to be addressed, at least in the future?

**HILL:** I think so. I mean, I think that the commission members were realistic enough to know that our thirty-five recommendations, many of which were extremely controversial, would have a hard time being just adopted carte

blanche, but we thought that it did provide a roadmap for people to look at if you were really going to try to fix some of the dysfunction of California government, where could you go.

I'm sure if you talked to the individual members who served, you'd probably get a whole variety of opinions, but most of the members of the commission were either pretty seasoned government participants themselves, like myself, or observers of government, and so I think they knew that governments works pretty incrementally most of the time.

CASTANEDA: May I ask how was it working with Joel Fox?

HILL: You know, Joel and I always had a very good relationship, and he's a very smart guy. Sometimes we would agree to disagree, but we had worked over the years on a whole number of projects, and we always wanted to consult with him and his group, particularly on issues that we knew were near and dear to them, like the property tax. So we always had a good working relationship, and I think that's continued under both my successor and his successor, Jon Coupal, going forward.

One of the other things that the commission recommended was a majority vote on the budget and budget-related legislation, and that ultimately was incorporated in Proposition 25, which passed in November of 2010.

So when I look back on the Constitution Revision Commission, I feel like our "Making Government Make Sense" piece helped move the conversation forward, and while it wasn't successful all the way around, I

think that it did provide a roadmap that others have been able to look to. I think anytime you're really, though, talking about the California constitution, you probably have a lot more success with targeted amendments, as opposed to an entire revision of the constitution. It opens up so many related possibilities when you're looking at a revision of the constitution. So efforts that are more targeted, I think, are probably most likely to be successful. [laughs]

I think another thing that I would mention about "Making Government Make Sense" is, you know, we're looking at the question of what level of government should do what, ended up really influencing our work from that point forward in terms of the Legislative Analyst's Office. So as we approached then 1997, the federal government had done a major welfare reform in 1996, the Clinton welfare reform, and each state had to basically come up with its plan to meet the new federal requirements, which eliminated the old Aid to Families with Dependent Children's Program which had been established in the thirties, and replaced it with Temporary Assistance for Needy Families, known as TANF.

So we had, of course, followed welfare reform through both Governor Reagan and President Reagan's time at the federal level. California had also done a major welfare reform called Greater Avenues for Independence, or the GAIN Program, in 1985. So when California was looking to meet the new federal requirements in 1997, the legislature really had done a very interesting thing when it passed the GAIN legislation in

'85, in that it required an independent evaluation of how the Greater Avenues for Independence Program was working in the individual counties.

So the state hired the Manpower Demonstration Research Corporation out of New York, which was an evaluation company looking principally at social policy issues, and MDRC, as its acronym was, also had an office in California, and they won the contract for doing the evaluation of the Greater Avenues for Independence Program. They studied basically six counties in California that had taken different approaches from welfare to work, which was what the focus of GAIN was, and they found, actually, that Riverside County, which had adopted a kind of work-first and adequate support sort of support services for welfare recipients to ensure that they could get from welfare to work, had had a lot more success than the other five counties.

So when the federal government passed welfare reform in '96 and we were looking to advise the legislature what to do, we had spent a lot of time looking at evaluations of welfare programs really throughout the country. So Governor Wilson, in his budget in 1997, proposed a welfare reform to meet the federal requirements.

Well, we were ready at that point to really look at what the literature told us about what worked in welfare reform and offer our own proposal, which we did in the *Perspectives and Issues* that we released in February of 1997. And while the governor's proposal had an estimate of a half-year

fiscal effect that the administration had calculated, because the program would have gone into effect halfway through the fiscal year, so it only had an effect of half of the '97-'98 fiscal year, our proposal actually went out six years in terms of its fiscal effect. We found, basically, that while you had some upfront costs in the first two years of what we proposed, that you could actually generate savings by grant reductions and folks going off aid if you looked at a longer time frame.

There were two people in our office that really deserved a lot of the credit for the welfare reform piece that we put out: Todd Bland, who was heading our Social Services section at the time, and my deputy, Hadley Johnson, who had been the prior director of the Social Services section and so knew welfare policy very well. Todd was reporting to Hadley as the office was organized at the time. So Hadley was a big help to Todd in terms of really helping to craft the piece, making sure we had a long-term view and going out, I'd say, for the multiple time horizon.

So the legislature began in earnest to then craft its own proposal, and I think a couple things were of benefit from what we proposed, because the legislature, as I mentioned earlier, was being impacted by term limits. The legislature didn't understand in some cases that it had options, that it had options compared to what the governor was proposing that would still meet the federal requirements, and so we were able to identify for them where their options were.

One of the things that they wanted to do, particularly in a welfare-to-work approach, was to give counties more flexibility to design programs in individual counties that would move then their residents from welfare to work, knowing that what might work in Humboldt might not work in Los Angeles, and similarly, what would work in the Central Valley might be different in Imperial or San Bernardino. And I think the legislature deserves a lot of credit, because this was one of the few times that I can remember during the 1980s and nineties that the legislature really bought into the idea that it was good to give counties flexibility in meeting what the needs of their local residents were in an individual program.

Really in both the Greater Avenues for Independence Program and because of the successes there, I think this was carried over to the successor to Greater Avenues for Independence, which was the California Work Opportunity and Responsibility to Kids Program, which is CalWORKS. So CalWORKS is really the new program in California starting with the enactment of legislation in 1997 that replaced the Aid to Families with Dependent Children's Program.

I think also a couple things in the piece that were also noteworthy, we really tried to give fiscal incentives to welfare recipients to get off welfare, and to advise the legislature how to create incentives so folks would really want to move from welfare to work. And we also knew in some cases, even though we had really studied the welfare-to-work evaluations that had been done across the country, we knew sometimes there was only

anecdotal evidence of what worked. And I think one of the key things that we did in the piece was where we had literature that really documented findings that we could point to, we did that, and where it was really just anecdotal evidence that we'd picked up, we highlighted that too. I mean, we didn't want to oversell to the legislature what was based on research and not, but in some cases just from our fieldwork and also in talking to experts in the field, we were picking up on things that we thought would work in California and help meet the federal requirements.

CASTANEDA: And they ring true, even [unclear].

HILL: Right. Exactly. So while CalWORKS didn't reflect everything that our welfare-to-work model that we proposed in 1997 highlighted for the legislature, I think it contributed to much of the structure and the knowledge that the legislature then had that they really could craft this to meet their priorities and negotiate with the governor to put together a program that worked for all Californians.

So I feel really good in hindsight with the effect that our work had, and the resulting bill that was introduced and enacted, AB 1542, which was co-authored by Assembly member Denise Ducheny and Assembly member Roy Ashburn and Senator Mike Thompson and Senator Ken Maddy. It had some significant legislative leadership that was really brought to bear to push CalWORKS across the finish line.

CASTANEDA: Thank you. Were other states interested in the way California was organizing this effort?

HILL: You know, I don't have a good sense of that. I think everybody was hungry at the time for what was working and what approaches different states were taking, so certainly you had national groups, like in the legislative arena it'd be the National Conference of State Legislatures that would share what was happening as different legislatures were considering. You had a National Governors Association, National Association of State Budget Officers, Council of State Governments. So there were a lot of national organizations that were trying to follow this. And certainly the Manpower Demonstration Research Corporation was following it keenly too. They had done the GAIN evaluation in California. And, frankly, I made a kind of judgment call, which I rarely made, but in this case I thought it was important.

I actually sent a draft of our proposal to the president of MDRC, Judith Gueron, and I asked her to review it before we published it, on a confidential basis because she was seeing what was also happening across the country, and we were citing empirical research across the country, and I wanted to be sure that we weren't missing something and to give our best shot at this to the legislature. So Judy Gueron did review it for us on a confidential basis, which I think was very helpful just to the integrity of the piece, as far as I was concerned, because I knew that our folks had done a great job, but you don't want to miss anything when you're laying out a reform plan. And we had a good working relationship with MDRC because we had worked with them for many years as they were doing the

evaluations in California. So that was also a little something different that we did in 1997.

I guess if we wanted to jump into another kind of seminal piece, and it's also in the health and human services area, was Governor Arnold Schwarzenegger's health reform. After the governor was elected for his second term, after he completed the first term after the recall in 2003 and then was reelected—

CASTANEDA: May I ask a question?

HILL: Sure.

CASTANEDA: This may be not a good question. But were there any budgetary issues related to the recall? I'm just curious. Maybe there were not. But were there any issues that your office might look into in that regard?

HILL: Well, I mean, there were certainly election-related costs, and the state reimbursed counties to a certain extent. Also, anytime you have a change in leadership and a new governor, the new governor will put his or her imprimatur on different proposals and organizations. So the only direct costs I can recall are really the election-related costs due to the special election in 2003.

But I would say during Governor Schwarzenegger's second term, he became, I think, very interested in healthcare reform, and in 2007 he had made a proposal related to healthcare reform that we actually analyzed in the *Perspectives and Issues* for 2007-08. And while that proposal ultimately did not move forward, the administration kept really working on

healthcare reform throughout 2007, and when the 2008 budget was proposed, there was a new proposal along with an initiative that would implement part of the proposal that had been submitted to the secretary of state at the end of 2007. It was called the Secure and Affordable Healthcare Act of 2008.

There had also been a special session of the legislature called in September, I believe, of 2007, and bills had been introduced to incorporate the governor's proposal, and then-Speaker of the Assembly, Fabian Nuñez, was carrying that bill in the special legislative session, so it was AB 1 of the first-extraordinary session.

So as we were ending 2007, moving into 2008, you had a lot of legislative action, and the Assembly had passed the Speaker's bill during the extraordinary session. So we actually had what we would call a special request that came into the office from the State Senate to analyze the Speaker's AB 1x.

CASTANEDA: Interesting.

HILL: And the initiative had also been filed for Title and Summary, and so we had our role to analyze the initiative as well. And I highlight this for a couple reasons, I think, both this whole story of the governor's healthcare reform has many interesting dimensions, but it shows also a lot about the internal workings of the Legislative Analyst's Office. So you had a request come in from the Senate, which ultimately was made public. It was President Pro Tempore Don Perata's request that we analyze his

counterpart's bill, the Speaker's bill, so we were analyzing the Speaker's bill but not able to tell the Speaker or his staff or the administration who had made the request.

CASTANEDA: Interesting.

HILL: So, as we've discussed previously in our chats, we had these confidentiality rules in the Legislative Analyst's Office that you couldn't divulge the requestor. Now, clearly, if you're the administration sponsoring the Speaker's bill that he's carrying on your behalf, and you have the Legislative Analyst's Office saying that they have a request to analyze it, you can probably guess that it is someone in the Senate who is requesting it, but we were not in a position to acknowledge that to anyone.

The request was actually not made public until the day we released it to the Senate and they authorized us to then brief the Assembly and the administration, which was the day before a hearing in the Senate Health Committee in late January of 2008. And I do think, in fairness, we kept all our protocols straight, but it was very challenging, and most of the people that we were dealing with were long-term staffers who knew that we operated under those rules and could respect that we had to maintain that. And at the same time in a very tight time frame, we had basically a month to analyze the Speaker's bill before the hearing of the Senate Health Committee. So we assembled a group of ten people in the Analyst's Office in both our Health Section and in our Revenue and Taxation/ Fiscal

Forecasting Section because there were a lot of fiscal implications on the tax side of the measure as well.

Even starting in 2007 with the early proposal that Governor Schwarzenegger had made in the January 2007 budget, the administration had started working with a professor at the Massachusetts Institute of Technology named Jonathan Gruber, who was doing a lot of health reform modeling at the time, so that when we wrote the piece in the *Perspectives and Issues* back in the beginning of 2007, we had already worked with the administration to understand what was then called the Gruber Model, which was referring to Professor Gruber at MIT, and to understand how he had crafted the model, how it worked.

When we got the request from the Senate to analyze the bill then in its current form as it came out of the Assembly in conjunction with the initiative proposal that had just been made, the administration gave us permission to ask questions of Professor Gruber. This was very helpful to us to do this analysis in a one-month time frame, because we also wanted to try to do some sensitivity analysis on different underlying assumptions within the model. The only way to do that was to be able to make a request of Professor Gruber to run the model with a couple different assumptions.

So I think that the administration also deserves a lot of credit when I look back on those times, because, frankly, without their cooperation, we would not have been able to do the same type of analysis that we ultimately were able to do on the proposal. Basically, the Senate had asked us to do

three things: to do a five-year fiscal projection of the healthcare reform; to identify risk-cost pressures and implications for the state General Fund in healthcare reform; and then to ask how the January 2008 budget proposal, so for the '08-'09 fiscal year, was going to be impacted by healthcare reform. That's a pretty tall order in a month's time.

Ultimately, we briefed the Assembly the day before the hearing. There was a hearing on January 23rd of '08. I testified for the office. We had all of our ten colleagues who'd done the analysis for the office in attendance to answer any questions of the committee that I could not handle. There was about a twelve-hour hearing, and we highlighted the fiscal effects of the measure.

One of the key things was an assumption about how the premiums for healthcare would be paid by participants in healthcare reform. The details aren't as important, but one thing when I talk about the sensitivity analysis that we were then able to do, with the assistance of Dr. Gruber in running the model for us, is that the administration's proposal that was incorporated in the Speaker's bill was assuming a payment level of \$250 per month per participant. We found if you used instead a \$300 per-person per-month assumption, that it radically altered the fiscal projections of the measure.

So we were able to lay out a whole variety of fiscal issues for the legislature's consideration before the Health Committee. And had we not done the work I think throughout, really, 2007 and followed the legislation and then had access to the model as well as consultations with the

administrative staff, as well as the legislative staff that had been working on that measure throughout that period, it would have been very difficult to pull it off. But it was published then as a letter; you can still actually find it on the Legislative Analyst's Office website. But I think that it was a good example of our nonpartisan role as well.

So the Senate Health Committee heard the testimony, they were concerned about the fiscal effects of the measure and how some of the different provisions of the measure worked. They didn't take a vote that day. They ultimately put it off over the weekend and took a vote the following Monday, and did not pass the bill out of the Senate Health Committee to the Senate floor, so, in effect, the bill died at that point in the process.

Some members cited our analysis as the reason they didn't vote for the bill, and that may well have been true. We did point out a number of fiscal problems. By then also the fiscal situation of the state was deteriorating again, and there were some severe budget projections that I'll talk about in a moment. But also I think it's an example of how a nonpartisan office can be helpful to the legislature as "the cover" politically, if you will, for both what the Democrats and the Republicans wanted to do on the bill.

Earlier in the year, President Pro Tem Perata and Speaker Nuñez came to the conclusion that even though many Democrats in the legislature would like to do a single-payer type of healthcare reform rather than the

approach that the governor had proposed, they knew that the governor wouldn't buy on to single-payer. So you still had many members of the Democratic delegations in both houses wanting a single payer health reform, and that was certainly what the chair of the Senate Health Committee, Senator Sheila Kuehl's, preference was at the time. You also had many Republican members of the legislature that just wanted the market forces of healthcare to operate healthcare reform and to not have the government doing a healthcare reform piece.

So you already had legislative camps, if you will, by the time the bill got out of the Assembly and got over to the Senate Health Committee as the policy committee considering the bill. But I think that we provided an objective long-term fiscal analysis and identified a number of the risks that the legislature really needed to think about going forward. We had not been pulled into the debate as the bill was considered in the Assembly. So it's kind of interesting in a way that the Senate decided to pull the office into the debate at that juncture in the legislative process.

Some felt that our analysis was the final bullet in the proposal. A lot of effort had been put in by the administration and legislative staff to try to have California deal with healthcare reform. I mean, ultimately, the federal government came up with a plan as well, and, interestingly enough, Professor Gruber did a lot of modeling of the federal plan. But I think it was another excellent example of how the Legislative Analyst's Office was helpful to the legislature at looking at a proposal and in creating a level

playing field for the legislature to set its priorities and look at its long-term fiscal effect of a major reform to California government.

**CASTANEDA:** Isn't it fair to say, just listening to this and both what I know, that while there are very strong political issues and aspects to this, that your office, in the end, provides more objective information for both sides to make a real decision?

**HILL:** I think that has always been the mission of the office, to create a level playing field for all parties, Republicans and Democrats, Assembly members, Senate members, so that the legislature could really exert its policymaking and appropriations authority to carry out its constitutional role in government. Frankly, that we could help the legislature balance the executive branch, which has a whole cadre of every department in state government that is responsible really to the governor.

So it was to level that playing field, and that's really why we were established in the 1940s and certainly throughout the office's history, is what we tried to do in a nonpartisan, fact-based, analytical manner. It didn't mean you didn't make enemies or have honest disagreements, and disagreements are part of the policy-making and political process. So you have to take your lumps. I used to joke that I used to be six feet tall, but I was pounded down to five-four. [laughs] But, seriously, you knew that was an occupational hazard, if you will.

I think 2008, I mean, it's an interesting segue. So you had 2008, you had healthcare reform. The governor also had just proposed his budget on January 10<sup>th</sup> for the 2008-09 fiscal year.

CASTANEDA: May I jump in with a—

HILL: Sure.

CASTANEDA: Did you meet the governor at this point? Did you have direct dealings?

HILL: I really had met with his staff, and ultimately I did meet him, but not then.

So the governor had proposed a budget January 10<sup>th</sup>, 2008, and things were so bad in state government that the governor proposed basically an across-the-board reduction across every entity of state government by 10 percent in order to balance the budget.

The document that the legislature considers the budget in is actually a bill, so a governor's proposal is always put in bill form. It's the budget bill and later becomes the budget act when enacted. At the end of the budget bill, historically there are things—this is a little technospeak, but it's important—are called control sections, and these control sections then govern the operation of the entire state budget.

So rather than going into each budget and the governor then making his proposal for these across-the-board reductions and seeing what effect it would have on the operation of the program, the governor decided instead to do the 10 percent reduction in one of these control sections. So it was actually buried in his proposal as an across-the-board reduction that we had very serious concerns about, because there was no transparency as to what

would be the effect of a 10 percent reduction in all of these budgets. In fact, it was buried in the budget bill to try to make the budget look balanced when it was introduced on January 10<sup>th</sup>.

We historically had always had a concern about treating all parts of state government the same, because we always have been of the view that the legislature and the governor should set priorities, and you have to make tough choices, and those should be reflected in the document. So to do an across-the-board reduction of 10 percent set no priorities as to what were the main priorities for the state of California and how do we bring this budget into balance.

So we decided to develop an alternative budget to what the governor had proposed. So then in February 2008, relying on much of our “Making Government Make Sense” proposal back in '93, offered an alternative budget, and we put the whole package together and laid that out for the legislature, with making targeted reductions rather than across the board cuts. We tried to eliminate or modify ineffective or nonessential programs, and we also offered ongoing revenue solutions.

We knew that it would be very difficult for particularly Republicans to stomach a general tax increase, but we were also of the view that we needed some additional ongoing revenues, given the fiscal condition of the state of California. So our revenue proposals were actually done by closing loopholes in the California Tax Code. Now, one person's loophole is another person's favorite tax benefit. Homeowners, for example, in

California get a mortgage interest deduction if they have a mortgage on their home. In technical-speak, these are called tax expenditures. They're basically exclusions from the California Tax Code, but in common parlance they're usually called tax loopholes. So our revenue proposals were related to closing some of these tax expenditures, if you will.

We thought that our alternative proposal gave the legislature a better foundation in order to put the budget together. Again, we certainly knew they were not going to adopt this just as a total package, but we did feel that we gave them the building blocks and that we really focused better on essential services, trying to help the legislature think about their priorities and, using past legislative priorities as our guide, where we found that programs weren't working, to try to highlight those for the legislature's attention.

So the details of much of that were in our companion volume, *The Analysis of the 2008-09 Budget Bill*, but the overall approach was summarized in the *Perspectives and Issues*. Had our proposal been adopted, assuming that our estimates were correct, the state would have had a positive balance at the end of '08-'09 and that would have stayed balanced through 2012-2013. So we felt that we had come up with a balanced approach. We weren't going to do more borrowing to balance the budget, but that it was a roadmap for the legislature to make choices. We looked a lot at the state and local responsibilities. So one of the pieces that

was related to that was a proposal we made about parole and moving low-level offenders to be monitored by counties rather than the state.

We also looked at budgetary reform. The voters had passed Proposition 58, as we talked about a little bit ago, in 2004. That measure would establish different reserves, but it, frankly, hadn't had much time to work.

So the governor also was proposing budgetary reforms as part of his budget package that year, and it was creating a number of formulas. So we also, as part of our analysis of the governor's budget, looked at the governor's budgetary reforms and offered alternatives. We were concerned that, frankly, formulas tend to limit rather than increase future policymakers' options to craft budgets, so we're always a little bit leery about different budgetary formulas, because it's very hard to see all of the future circumstances that will confront the state of California and its local governments. And when you write a formula anticipating the nature of future economies, world events, catastrophes, social preferences, very—

CASTANEDA: [unclear].

HILL: So, I mean, to the extent we had a bias, we felt it was important to give policymakers and folks elected to make decisions, decision-making authority. But we did look at the governor's proposal and offered ways to strengthen some of Proposition 58's provisions and to rethink a lot of these budgetary formulas that in our view were tying the state's budget up in knots by taking revenues that used to be General Fund revenues and

restricting their purposes very narrowly and locking in spending that had to be met every year. We highlighted a whole variety of statutory cost drivers as well as budgetary cost drivers for the legislature's consideration.

I think, again, it was a good example of the office using its understanding of the programs in state government, understanding the state-local fiscal relationship, because, frankly, the state and local governments are tied at the hip currently in terms of the fiscal relationship, and then using our budgetary expertise to give our bosses, the California legislature, a better starting point for the budgetary conversations in '08-'09 than what, in our view, the governor was offering them—an across-the-board approach.

So when I reflect back on thirty years of doing budgets, at least some of these things that we've highlighted today are, I think, good examples of where the Analyst's Office used its nonpartisan fiscal ability to be helpful to the legislature and policymakers and just interested observers about how the state of California's budget works and how the government works.

CASTANEDA: And this alternative budget, that is the first time your office had done this?

HILL: Yes. We had never offered an alternative budget, a complete budget before.

CASTANEDA: Did this come out of a staff meeting, or how did this idea get started?

HILL: You know, my memory is a little bit cloudy, but because we started getting confidential copies of the governor's budget before the budget was

released, we had some inklings that the administration maybe was going to do an across-the-board approach.

We had also been working, once the legislature had adjourned in 2007, we knew the budget was going to be bad and we had done our fiscal forecast in November of 2007 and knew that the outlook for the state of California's fiscal situation was terrible. So I'd already directed the staff to be thinking about how we could make major recommendations about balancing the budget, and basically charged all my section heads to be sure that their sections were coming up with recommendations—it had to be significant money. We knew that a few million dollars' savings here and there was not going to be enough and to really start taking a hard look.

So, frankly, we had been doing our homework in anticipation, but we really hadn't decided, as I recall, to do the alternative budget until we knew for sure what the governor's proposal was, because we had other avenues to offer major options to the legislature for budget balancing. And historically through each major state recession, we always were called upon to identify budget balancing options for the legislature, and then we often self-initiated that as well. So that was part of our role as fiscal advisor to the legislature, to know where we could save some money or generate some revenue, but we just decided that it would be most helpful to the legislature to put a whole package together.

Now, frankly, I also knew I was going to be announcing my retirement, and I didn't want to be a lame duck on either our analysis of the

governor's health reform, which we had published in late January, or in the release of this alternative budget. I did not want people to think that the only reason we were doing it was because I was retiring and I couldn't be fired kind of thing. That actually had nothing to do with it, but I knew that had I announced my retirement earlier in 2008, before we did these major pieces, it may have looked like we were doing these just because it was my last year and what could they do to me then. [laughs] But that was not what was going on, so I actually didn't announce my pending retirement until March, and even then some people said, "Oh, well, you only did the alternative budget because you're retiring," but that was not the case. We would have done it regardless.

So those were some of the things I wanted to highlight, Chris. We could talk about some of the ballot-related work, if you'd like.

CASTANEDA: Do you want to take a quick break?

HILL: Sure. That'd be great.

[pause]

CASTANEDA: How did you announce that you were going to retire?

HILL: In thinking about retirement, it was important to figure out how to both notify my colleagues in the office as well as members and the press in general and the public. So I had been working closely with a couple members of the Joint Legislative Budget Committee, just telling them in advance that I was considering retiring at the end of the legislative session.

I wanted to be sure that they had sufficient time to organize and figure out how they wanted to approach selecting a new analyst.

So I had worked with them, but then as we got into March, we had released our two major volumes in February. I got my management team together and told them first and then talked with the entire office, and then we did a press availability and I covered it then. I had also, of course, talked with the legislative leadership, so that they knew, the President Pro Tem and the Senate Republican Leader and the Speaker of the Assembly and the Leader of the Assembly Republicans.

So it's important to do that in the right manner, and I think everybody knew that I'd been doing the job a long time, but I also was still in my late fifties. But for me personally, my husband, Larry, had retired about five years before, and so we wanted to be sure that we had time in retirement to do some of our priorities, so the timing was right.

Somehow over the years, I had been labeled "the budget nun" by some folks in the press. I'm not quite sure where that started, but I think it was Greg Lucas, who was working for the *San Francisco Chronicle* at the time and is now the state librarian. He had and has a wonderful wit, and I think he was the one who gave me "the budget nun" title.

The Joint Legislative Budget Committee was methodical in terms of how it went about the process. It did hire a firm to assist it. My main concern was that the committee make a decision on my replacement by the time that the legislature adjourned. I had been concerned about that

because the Congressional Budget Office back in Washington, D.C. had been left without a leader for a period of time after Bob Reischauer resigned as director, and I was concerned that when an office is left without a leader, it can both make the internal staff very leery about staying and carrying out professional responsibilities, and it can also call into question whether there's a priority to keep the office vibrant and moving forward. So I just thought it was very important that we have a decision.

So my main work with the committee—it's the committee's decision—was just to be sure that they would really make a decision before I retired. Once in a while, I was getting questions, "Would you serve beyond the end of the session?" and I basically indicated that I would not, because I wanted to be sure that they made a decision and that the office remained nonpartisan, fact-based, that it was responsible to both houses of the legislature, that it would carry on the traditions that we had had for more than sixty years at that point, and that was very important to me. And I think that my successor, Mac Taylor, has really maintained those traditions of an analytical approach, fact-based, level playing field for the membership.

But, you know, the legislature is also a changing institution, and as we've kind of talked through these conversations, you have to keep changing through the times, and Mac has made some changes in the office that, in his judgment, I think tries to keep the office relevant as the legislature changes.

In terms of myself and what I did after retirement, I really decided that after I retired I wanted to be sure that I was not hanging over Mac's shoulder in any sort of way, he was the legislative analyst, and while I was always available to be of assistance in any way to him or other members of the staff, that I certainly didn't want to get in the way.

I was also concerned about just actually decompressing from the job after three decades in the Legislative Analyst's Office, three-plus decades, and so my initial priority was to do some traveling and to decompress. But after a while I had resigned from most of the advisory boards that I was sitting on at the time that I was legislative analyst because I would no longer be serving in that capacity. I was an advisory board member for the Goldman School of Public Policy that I had attended, and I kept that going. But other than that, I tried to resign from other boards that I was serving on just to kind of make a clean break, if you will, from my professional responsibilities.

But after a couple years, I did get some inquiries that intrigued me in terms of opportunities that I might pursue in retirement, and one was from the California Healthcare Foundation based in Oakland. The foundation has an interesting history itself, because it was established when Blue Cross moved from not-for-profit to profit status, and the California Healthcare Foundation was charged with monetizing Blue Cross assets. The California Endowment was established as well as the California Healthcare Foundation as a result of this conversion.

The Healthcare Foundation's CEO at the time, Mark Smith, and I had certainly had contact over the years with various other health measures, including Governor Schwarzenegger's healthcare reform, and so I'd gotten to know Mark and some of his staff over the years. He approached me if I would be interested in being a board member. At first I wasn't sure if I was really ready for a commitment, but I really became intrigued with so much happening in healthcare. I had worked and had responsibilities for healthcare throughout my tenure as legislative analyst, but I had never really delved into the area with a deep dive, if you will. So with what was going on at the national level with the Affordable Care Act and just personal experiences in the family with different healthcare issues, I thought I could learn a lot and also be helpful to the foundation.

So I did join that foundation board about four years ago now, and I'm current serving as the chair of the Governance Committee on the board. I'm in the second of what I hope will be three, three-year terms. I've enjoyed it a great deal, and I've learned a lot.

Then the other outside activity that I joined was a group called California Competes, that's actually been looking at higher education in California and how to be sure that the state is positioned—

[pause]

CASTANEDA: Okay. We're back on.

HILL: So California Competes is a small organization founded by several foundations to try to be sure that California's economy will have the

horsepower from residents trained both in vocational schools and in higher education to really move our economy forward. Basically, what a number of observers have found is that if you look out between now and 2020, we're probably at least 2.3 million graduates short if private universities, the University of California, the California State University, community colleges, and technical schools continue the current output of graduates between now and 2020.

So what this council has been looking at is what ways are there, basically, to ensure that we have the graduates that the state economy needs as the state moves forward. So I found that very interesting as well. Higher education is, again, a big part of the state budget, and having been a product of higher education in California, it's always been important to me. My husband worked in higher education for his career. So that's also been an interesting effort that is ongoing as well.

Beyond that, we've had two grandchildren born since I've retired, and it's been nice to be able to spend time with family and travel internationally. I've retaken up golf that I started when I was ten. I'm now captain of our local team at one of the local golf courses, so I'm enjoying staying active. We've remodeled our house and remodeled our garden, things that would have been very difficult to do when we were working.  
[laughs]

CASTANEDA: Well, that's great. I think that's wonderful for today, maybe, and then we'll continue. Is that okay?

HILL: Yeah, or we can do the ballot or we can—

CASTANEDA: Let's do that. Yeah, let's do that. We can do that. We might as well, if you have time.

HILL: Yes, I'm okay.

CASTANEDA: Okay. I guess we'll go back and cover some, as we discussed, some sort of themes in the ballot issues. Which one did we want to talk about? Just in general?

HILL: I think just in general, the ballot work.

CASTANEDA: Okay. That'd be great. How did that change over time?

HILL: I think I want to touch on that as we go forward if you want. The Legislative Analyst's Office is involved in elections-related work at several different levels. During my tenure as legislative analyst, I ended up working on ballot measures for twenty-five statewide elections. As I mentioned earlier, starting in 1974 with Proposition 9, which was the Political Reform Act, the responsibility for analyzing measures that qualify for the statewide ballot was moved from the legislative counsel, which are the legislature's attorneys, to the Legislative Analyst's Office.

Jerry Brown was a proponent of the Political Reform Act. He was secretary of state at the time, and three measures were sponsored as legislative measures by him as secretary of state, but none of those passed the legislature. So he helped sponsor Proposition 9, which was passed by the voters, and that gave us that particular responsibility in 1974. So by the time I joined the office in 1976, we already had that responsibility.

We also had an additional responsibility to do the fiscal effect of any proposed initiative measure, and these are called Title and Summaries, in parlance related to the Elections Code. Basically, our office was charged with, in the Elections Code, doing a joint fiscal estimate with the Department of Finance on all of these initiative measures. Because of our responsibility on the statewide ballot, however, we tended to take the first chair in doing the Title and Summary fiscal estimates, because we knew we would have to defend any changes between our estimates for the Title and Summary phase of the process and ultimately if a measure were to qualify for the ballot. And sometimes the time frames can be a year or more between the time of a Title and Summary, the measure goes out for signature-gathering ultimately qualifies, then depending whether there's a statewide election, and so sometimes there could be quite a gap in time between when we had done the initial estimate and when we had done the ballot estimate.

There were also times when the Legislative Analyst's Office and the Department of Finance could not agree on a fiscal estimate, in which case each office—I can only remember two times during my tenure as legislative analyst, and the details are a little vague in my mind, where we disagreed. So during my tenure as legislative analyst, we did over 950 of these, so it was a large workload at different times. For example, in the 2005 election cycle, we actually analyzed 109 Title and Summary proposals. So this was a heavy workload for the office at different times,

and it could really vary. I mean, some years it would maybe be twenty-nine or thirty. The 109 was certainly a high point in 2005, and the vast majority of these didn't qualify for the ballot. It was a way, frankly, for some groups, to shop for a fiscal estimate by first making one proposal, getting the response as to what the fiscal effect would be, and then submitting another proposal.

So over the years, I think I certainly came to realize that quite an industry had developed in terms of supporting statewide elections.

CASTANEDA: Can I just get clarification?

HILL: Sure.

CASTANEDA: When you say "shop," just so I understand, there would be times when a group would not necessarily—their primary goal would be to get an analysis and an estimate, as opposed to really getting the ballot out there?

HILL: Well, it takes about—and I don't know what the current figure is, but during my tenure, to qualify a measure for the statewide ballot takes roughly a million dollars by the time that you go out for signature-gathering and pay signature-gatherers. So before someone would go out for signature-gathering, they might be concerned what the fiscal effect of the measure might be and how that fiscal effect would be characterized in the state ballot pamphlet. So they might, for example, take a proposal and try in legal language—this is all done in statutory or constitutional language—five different approaches to a particular charter school proposal

or whatever it might be, to see how the fiscal effect might change, depending how the measure was drafted.

Because, again, these all come forward as legally drafted statutory or constitutional language, to do the fiscal analysis you have to read every word and be sure how it's different. So when I say "shop," it's just that sometimes if we would characterize, for example, that this measure would cost a billion dollars, and another differently crafted measure might cost \$100 million the proponents of the measure might want to go with the \$100 million measure and go out to signature-gathering rather than the one that cost a billion dollars.

**CASTANEDA:** And you've done all this work for them.

**HILL:** Yes. And starting in the 1940s, the fee was set to submit your measure to the state of California for the Title and Summary, and it was set at \$200. It actually stayed that way since the early 1940s until just this year, and I read in the paper, anyway, that a measure has been passed and signed by the governor to raise the level to \$2,000. But for \$200, you had the staff of the Legislative Analyst's Office, the Department of Finance, and the Attorney General's Office that also has responsibilities on the Title and Summary all doing some work, so it's a pretty good deal. [laughter]

But I mention that because as we would receive these Title and Summary requests, they also had, during at least my tenure as legislative analyst, during most of that time, we had twenty-five days, or sometimes twenty-five working days it was changed to, in order to prepare the

analysis. So there were very tight time frames to meet to do these Title and Summaries.

Over the years, I certainly became aware that a whole industry had really grown up in California around elections-related work: lawyers that specialized in elections-related work on both sides of the aisle, Democratic and Republican; you had lobbying firms that specialized in campaigns; you had signature-gathering firms. So it makes it more and more difficult to make changes, I think, in the initiative process.

I think California will always have an initiative process. It's part of the state's DNA, dating back into the progressive reform era of 1911, 1912. And interestingly enough, the initiative process went in in California to really break the lock of special interests, which at that time were the railroads, on California's state government. And I would argue now that the initiative process has also become the captive of special interests, but not a singular special interest, as it was in 1911 or '12.

But if it's going to cost more than a million dollars to get a measure passed, it's very likely that you need a campaign, you need funding and you need support, and some special interests will choose to go the route of the initiative process rather than go through the legislature, where proposals are more subject to amendment.

And I think what's very interesting in that regard is that there are only twenty-five of the fifty states, at least at the time I retired, that had an initiative process, and it's predominantly a West Coast phenomenon, for

some reason. But California is the only one of those twenty-five states that doesn't permit some sort of legislative repeal or amendment of statutory initiatives, usually after a period of time, and we've had a variety of commissions that have looked at the question. Actually, our office had proposed changes in this filing fee of \$200 that we talked about some time ago, just to adjust for inflation. But because of the kind of depth of the initiative process in the California's DNA, it is a difficult one to change. Personally, I feel like, like I said, we'll always have the initiative process, but I think making some changes to make it work better are in the state's best interest.

The other thing that the legislative analyst does in the statewide voter pamphlet are twofold. Senator Rebecca Morgan was concerned about state bond debt and thought that it would be a good idea in the State Voters Pamphlet to have an analysis of the state's debt, so that as voters are considered general obligation bonds that appear on the state ballot, that they would have an idea of what the state's indebtedness was and what changes these bond measures would make. So she designated the Legislative Analyst's Office to do the analysis of the state bond debt, which we still do today.

Then Senator Kopp, Quentin Kopp of San Francisco, after the 1988 election authored legislation to have the Legislative Analyst's Office explain what a yes or no vote meant on each measure. In 1988 there were five competing insurance measures on the ballot in the same election, and

those measures were intertwined in a variety of ways. They had what in technical parlance is called poison pills, which means that, basically, if you vote for a certain measure, it had a poison pill that would kill off part of another measure. These five insurance measures in 1988 were all linked together.

In fact, I can remember as we were preparing the ballot analyses on those five measures, we put our analyses out on a large conference table in the office, to try to be sure that we had appropriately explained how each measure interacted with the other measures so that we could explain to voters what all of those interaction effects were. And in some cases, a “yes” vote on a measure actually was the equivalent of saying “no,” but you had to vote “yes” in order to say “no.”

So Senator Kopp became concerned after that election that we should have something in the State Voters Pamphlet that explained what a “yes” vote meant and what a “no” vote meant.

CASTANEDA: Interesting.

HILL: So in today’s Voters Pamphlet, you’ll see what a “yes” vote means and what a “no” vote means. Those are also prepared by the Legislative Analyst’s Office. I would say of all the things—

CASTANEDA: It must get so complicated.

HILL: Yes. [laughs] And it has to be done in a limited number of words. Of the many things that the office does in relationship to the elections work and the California Voters Pamphlet, in some ways boiling down the “yes” and

the “no” is one of the most difficult assignments because it has to be done in clearly understandable language and in a very few words and in a nonpartisan, impartial manner.

Anyone can sue the Legislative Analyst’s Office and other parties related to this elections work. When there is a draft version of the ballot pamphlet, it’s put on display for a certain period of time, and then anyone can bring suit against the office for being false or misleading, in essence, in any of these write-ups.

CASTANEDA: Even at the draft stage?

HILL: Oh, yes. And so consider for a moment if you are a proponent of a major policy change and you don’t like how the Legislative Analyst’s Office has characterized a “yes” vote or a “no” vote on your measure. You’ll bring suit in hopes that the Superior Court here in Sacramento will deem that the Analyst’s write-up is false or misleading and direct a change.

Now, I’m old enough to remember—and you probably are not—Perry Mason, but Perry Mason had a wonderful track record in court, and I would also say that the Analyst’s Office has had a good track record in court. The office spends considerable time not only in doing the analysis, but thinking then how to explain it in readable terms. We put it through computer programs to be sure that it’s readable to the general public. The general public reading level is at about the seventh-grade level.

We also had and are required by statute to have an advisory committee to read our drafts before they were submitted to the secretary of

state and then put on public display. So that advisory committee, which I appointed as legislative analyst, would advise us on each write up—is this readable, does it make sense, do we understand what you’re trying to say. And that was a very good process because we attracted a number of people to that committee who really had a common-sense approach to what’s going to make sense to the general public. We had local government experts, because many measures had a local government component. We always had someone that was like an English professor, an English teacher that could help us with the semantics and the wording. But the long and the short was that a lot of effort had gone into each write up before it got to the public display period.

Our office was originally represented by the attorney general when we went to court. But when Van de Kamp was attorney general, he had four of his own proposals on the statewide ballot, and so we decided at that point that it would be better if the legislature’s attorneys, rather than the attorney general, represented us in court. So at the time of that election, we asked, and the legislature agreed, that we could be represented in court by the legislature’s attorneys, the legislative counsel. Legislative Counsel also participated in the Review Committee of the measures so that they could advise us of any legal problems about the measures before they went on public display. So the legislative counsel then became our representatives in court.

I can still remember when we were still represented by the Attorney General's Office and one of the attorney general's attorneys urged me to change the wording of one of our measures as a compromise on the courthouse steps at the Sacramento Superior Court. I told the lawyer at that time I was never going to make an amendment on the fly. We had spent too much time and consideration that to make an amendment now rather than to let the court speak to its view was not in my interest, so that if going forward they had suggestions of changes that we should make, that the Attorney General's Office needed to raise that to me before getting to the courthouse steps. [laughs]

But where most of the litigation does occur is actually on the "yes" vote and the "no" vote language. Many proponents and opponents of measures on the statewide ballot were of the view that that was what members of the public read as they went into the voter's booth and probably were not reading the longer analysis in the ballot pamphlet.

So it was with a great deal of care that, historically since we got the responsibility following Senator Kopp's legislation, we crafted the "yes" and the "no" vote and what they meant. It's also very difficult to write a constitutional amendment analysis without using the word "constitution," and constitution is actually considered college-level reading. So you can imagine our dilemma in trying to make these analyses readable to the California public.

I would say that the ballot work probably brought us closer, if you will, to the electorate in California and voters and folks just trying to understand the proposals that were in front of them. In some ways, it was our most difficult responsibility during my tenure, in my opinion, just because of the time frames that were required and it was statutory language that would—I mean, we would break the law if we didn't meet the time frames, so we had to meet the time frames, no matter what else was pending in the office. So it was one of our difficult responsibilities during my tenure.

But in some ways I think we were the logical place to go to do the work, because we had the program knowledge of state programs and we had the fiscal knowledge to do that. Historically, I've worked hard at trying to write for the general public. I always told my colleagues, "I want you to write for your mother, to make sure that your mother understands it. So don't write in terms and use terminology that your mom wouldn't understand, because then a member of the public is not going to understand and a member of the legislature is not going to understand." So we used that as our little rubric inside the office to try to write at a readable level.

I didn't enjoy going to court, but it was part of the occupational hazard. I still kind of never got over when you see your name in print as being part of a lawsuit.

CASTANEDA: Did that happen very often?

HILL: Yes, particularly in a number of election years. If, say, you had fourteen or fifteen measures on the ballot, we might be sued on two or three. It really depended on the individual measures on any given ballot, but it happened fairly often.

We also sometimes appealed the court's decision if we really felt strongly. We didn't do that often, either, but there were times we felt so strongly about the accuracy of our analysis and that the wording change proposed by the court, which the wording change is usually presented to the court by the person suing you, that it was inaccurate and misleading. So at times we appealed the superior court's ruling.

CASTANEDA: And the attorney general would not be involved after the [unclear]?

HILL: The attorney general was not involved in representing us after the change during Attorney General Van de Kamp's time, but because the attorney general also drafts language that appears in the State Voters Pamphlet, often a lawsuit would be against the attorney general as well as the legislative analyst and sometimes the secretary of state, so we would all have to appear in the Superior Court.

CASTANEDA: Boy.

HILL: So that's a little rundown of some of our elections-related work, and that elections-related work continues today. There have been some changes in the process. For example, I believe that fiscal measures now can only go on certain ballots. So what I'm talking about is how it was during my tenure.

CASTANEDA: Sure. Thank you.

HILL: So that's a little brief overview.

CASTANEDA: It's fascinating, what attention to detail, that's what it's all about.

HILL: Yes.

[End of September 17, 2015]

[Session 5, September 24, 2015]

CASTANEDA: We're recording September 24<sup>th</sup> [2015], and we're continuing our interview with Liz Hill.

HILL: Thank you.

CASTANEDA: Thank you.

HILL: Well, one of the things I thought we might talk about, Chris, was just nonpartisan work in a partisan environment, particularly because in this day and age, not only partisanship in California is at an all-time high, but maybe even more so back at the national level in Congress and between Congress and the president.

I think it's really interesting, in the Legislative Analyst's Office's case, if you look at the resolution that established the office, the joint resolution of the Senate and Assembly in 1941, there was no mention that the office was to be nonpartisan. Similarly, even when a statute was passed to establish by law the office in the Government Code, there's no mention of nonpartisanship.

But I think Roland Vandegrift, the first analyst, certainly had his hands full with World War II and the state coming out of World War II, and by the time that Alan Post became legislative analyst in 1950, I think it became very clear to Alan that the nonpartisanship was going to be central to the office's survival. And remember that at that time, Earl Warren was governor. You had the Senate and the Assembly both controlled by the

Republicans, but it was clearly Alan's view that if the office was going to be successful, it had to be nonpartisan and fact-based.

And I think it's interesting, Alan passed away in 2011 at the age of ninety-six, and Dan Walters, the columnist for the *Sacramento Bee*, really attributed to Alan, and I think appropriately so, that he established the office as fiercely independent, nonpartisan and fact-based, and I think that is really part of Alan's legacy.

One of the ways that we translated that internally, which some prospective employees of the office at times had concerns with, is that none of our staff could have yard signs or bumper stickers for a legislative race or a gubernatorial race if a member of the legislature was running for governor. Similarly, they couldn't participate in ballot measures in any sort of leadership role if it was in their subject area of expertise, so if there was a ballot measure, say, related to education and you worked in the Education Section, you couldn't be in the position of writing op-eds opining about the ballot measure, because that would be a conflict of interest.

Similarly, the office was sensitive to civic engagement that members of the staff might have if, again, it might conflict with their role in the Analyst's Office. So those internal rules were sometimes a little bit tough on staff, but it was really important, I think, to maintaining our nonpartisanship.

HILL: We were talking about the nonpartisanship of the office, and I think, as we talked a little bit, both when I became analyst and then when Mac Taylor became analyst after me, you always worry at transitions what's going to happen to an organization. And I was pleased when I was appointed, Dan Walters again wrote an article in 1986 saying that the office's nonpartisan role had again been validated, and to quote from Dan, we were "an isle of independence in a sea of partisanship and political minefields." [laughs] I thought that was pretty good.

CASTANEDA: I'm curious. The rules for nonpartisanship, you mentioned these were internal?

HILL: Uh-huh.

CASTANEDA: We talked about it earlier. Were these written down?

HILL: Yes, they were written down in an office conflict-of-interest policy. Not during Alan's tenure, but starting in Bill Hamm's tenure we actually put the rules down on paper so that all the staff would have the same information, basically. We had a little matrix about what sorts of activities were okay and not okay, and then there was also a difference as it applied to the analytical staff versus the support staff, because the support staff weren't authoring recommendations, so they had some more flexibility than the analytical staff had.

But I think when I reflect on the nonpartisan work in a partisan environment, we were both, of course, a budget and program expert, and the legislature was relying on us to frame issues, debunk myths, come up

with changes to the status quo to make sure the government would work more efficiently and economically. That was part of the charge given us by the legislature. And I think also to think long-term. It's tougher to do in a partisan environment to think long-term, and as a nonpartisan office, I think we could step back a bit and see some of the long-term issues that might be facing the state of California.

We also really were charged to try to help with public accountability and transparency of government and to hold the administration and the executive branch, in particular, accountable. I think as a nonpartisan office, that was easier to do than if we were a partisan office, which in other states, the legislative analyst's type of role was actually performed by partisan staff rather than nonpartisan staff.

Also when I think of the attributes of nonpartisan work, I mean, we had to be sure that we created a level playing field for members. I think we've talked about that a little bit, but if you're not a straight shooter, there's not a level playing field, and so that was really important to our work and to be sure that our work was of high quality and meticulous and thorough. We always had an excellent staff that treated people they would contact in the office as well as those that we worked with on an ongoing basis in a professional manner.

I know that during Alan's tenure, he got a lot of pressure at times to hire individuals that were friends or acquaintances of different members, but, to be honest, during my tenure, I really didn't get those types of phone

calls. Sometimes members would call just to make an introduction of someone who might be interested in working in the office. But I think also because of just our history, having started with the nonpartisan role so early on under Alan's tenure, it was easier for Bill Hamm, myself, and now Mac Taylor to continue that tradition.

I thought it might be also interesting just to talk about the legislature as an institution a bit. When I joined the office, I think the legislature was quite a strong institution at that time. You had members who had served a long time. They had an institutional memory about the appropriations authority that they had, the budget, policy-setting through legislation, and their oversight role. There's also something I call legislative prerogatives, and what I mean by this is the legislature's charged in the state constitution with making appropriations, and so that's a legislative prerogative. And if you see the executive branch trying to do something de facto that has the effect of making a legislative appropriation, that's kind of hitting on legislative prerogatives, if you will. So that was certainly one of our roles as well, to try to help the legislature as an institution by being their eyes and ears when we were out in the field seeing how programs worked, when we were reviewing the budget, were programs working the way the legislature had envisioned, was the money they had appropriated spent that way.

But I think as term limits came in in 1990, I really started to see more challenges to the legislature as an institution. Newly elected members

didn't have the same mentors that they had, say, twenty years before, who had served in the legislature a long time. Similarly, you just had no historical background, so folks were thrust into being chairs of committees just after being newly elected. For example, during the Republican control of the Assembly when Pete Wilson was governor, Assembly member Gary Miller was elected from southern California, and he immediately became chair of the Budget Committee without even having served on the Budget Committee as a member. So that put him in a very difficult situation. Luckily, he had staff who were pretty familiar with how that budgetary process worked, but it was putting members right into the fire without a chance to get a little track record of their own with the committee structure and the chairing of the committee.

I think that you had that loss of institutional memory and you also had a loss of the art of compromise and knowing how to "make a deal," how do you negotiate a deal. So there were a number of times as term limits took hold where the members who were charged with coming to agreement had a lot of difficulty, because that art of compromise that's learned after your tenure in politics, you didn't have as many players in the legislature that had that background and experience.

I'm hopeful, going forward, that with the lengthening of term limits by the 2012 measure, Proposition 28, that's lengthened terms to twelve years, and also with some of the reapportionment reforms, for example, in 2008 with Proposition 11, that you'll get more members who are in the

middle of the political spectrum from either party and have more of an ability to reach compromise in the middle.

I also think the effects of Proposition 14 in 2010, the open primary, where the top two vote-getters are the ones that move on from the primary to the general election, that you'll get more members in the middle and that the legislature as an institution hopefully will be strengthened.

**CASTANEDA:** May I ask, after the term limits has taken effect, does that at all change the role of your office because you have to get different kinds of advice?

**HILL:** I think it did in some respects, and it didn't maybe happen overnight, but certainly as you had a transition in the membership, once term limits was really in its full effect, it was my job in part to go introduce the office to all the new members. And it was not uncommon to have thirty to thirty-six new members out of the eighty members of the California Assembly. So I would go and try to introduce the office to these new members, and you saw that in some cases, just harkening back to our nonpartisan conversation, I would explain our nonpartisan role, I would explain that part of our role was a level playing field for all members, but I could really see more and more skepticism in new members' eyes than I used to see, because I always had done these introductory meetings during my tenure. But particularly under term limits, there wasn't as much background into the legislative process.

So we were a new entity to these new members, and I think that as we've talked in some of our prior conversations, the need for more basic

information, how programs work, how the budget works, the solution orientation that we moved forward with, in part was because we felt that in a term-limited legislature, we could be more helpful to our bosses, the 120 members of the legislature, by offering more solutions and being sure that that kind of basic information was available.

So, for example, we started a series of new reports, called primers, and we would do them on different subjects, whether it was on transportation or criminal justice, and that was just to give members a lot of basic information about how programs worked, where the money went, how it was spent, what the legislature expected those programs to do. And it was in part that in the term-limited legislature, it seemed to us that that more basic information would be very helpful to new members that were trying to get their handle around all the programs in state government.

I think another key difference in the years prior to term limits, you had members of the leadership that stayed in leadership positions for a long time. If you harken back in the State Senate, for example, Hugh Burns was the president pro tem from 1957 to 1969, and James Mills who succeeded him shortly thereafter was the president pro tem for ten years from 1971 to '81. And you had similar patterns in the Assembly. Jesse Unruh was Speaker for almost ten years, and Willie Brown was Speaker for fourteen years.

When you had that continuity of leadership, you also were able to basically deliver your caucus as votes were needed, and you could exercise

some discipline within the caucus as you were trying to both pass legislation, enact the budget, and follow up, and that became a little bit more difficult, I think, for the legislature as an institution because of the short-term nature.

I realize, Chris, I also wanted just to talk a little bit on this nonpartisan in the partisan environment, with just a couple of legislative examples that might help understand how members thought to use us in this nonpartisan role. I still remember Assembly member Maxine Waters calling over and saying that she wanted to see me and the head of our Capital Outlay Section, Jerry Beavers. Jerry had been with the office even longer than I had and had been our capital outlay expert for many, many years.

Assembly member Waters called us over and she said, “I know that there’s this proposal in the budget related to a capital outlay project in my district, and I want you guys to be as hard as nails on that proposal, and you just go through that with every ounce of analytical power you have. I want you to know I’m going to vote for it, but I want it to be improved by you guys taking an extra hard look at it.”

I just still harken back, because Assembly member Waters was very smart and very political, but she knew that if she could use us to improve the project, it was going to be better for her district in the long run. So I thought that was a good example of nonpartisanship in a partisan environment.

Also when the state was going through some really severe economic times, the Orange County delegation pulled the office into analyzing Orange County's bankruptcy proceedings and why Orange County was going into bankruptcy. The delegation asked us to do an analysis of the fiscal condition of Orange County as it was going into bankruptcy and coming up with a plan to ultimately get out of bankruptcy. I thought that was another good example of using a nonpartisan office that was analytically based to be helpful.

CASTANEDA: May I ask, it's interesting that the word "improve" came up, because it seems like maybe that wasn't the original intention of the office, but people did look to the office for constructive criticism and objectivity that would improve a bill or something. Is that something that really wasn't intended, or did that play a real role, were you thinking, not just analyze but improve?

HILL: I think it certainly did, and I think in some ways the legislature contemplated that, because it charged the office to look at ways state government could be more efficient and economical, and that was in the Joint Rule to begin with in terms of the mandate of the office. So I think your point is well taken, that it wasn't always just to—

[interruption]

HILL: I think I was going to share a story. It goes to term limits as well as this nonpartisan in a partisan role. As I was visiting members who had been elected in 1990, one of my meet-and-greets, as we called them, was to

Assembly member Jim Brulte, and Mr. Brulte had done some work with the Republican National Committee and he had also been on the staff of California Senator S.I. Hayakawa, so he had had a lot of political experience before coming to the California legislature. Basically, in Mr. Brulte's second term, he became the leader of the Assembly Republican Caucus, and then when he was term-limited out of the Assembly and elected to the Senate, he became the Senate Republican leader. So we had a long working relationship over his time in the California legislature.

But I think Mr. Brulte, of many of the members that I worked with over the years, really saw how he could use the office to the benefit of his caucus, and he was particularly concerned, since they were the minority party, how to strengthen their role as they were negotiating with the Democrats on the state budget. So he would frequently pose different questions to us, knowing what the answer probably, I suspect, would be on the state's fiscal condition or particularly the long-term projections of, say, where the budget would stand if we, the state of California, adopted such-and-such Democratic plan.

Then he would have us, again, on this confidential basis that we previously discussed, get back to him, and then he would release the letter, and then he would wave it around as a way to counterbalance the Democratic-Republican division in both the Assembly while he was Assembly Republican leader and then again as he was Senate Republican

leader. I think it's particularly interesting how Mr. Brulte saw in an instant how he'd really be able to use the office to his advantage in his role.

I think another member on the other side of the aisle, Phil Isenberg, did very similar things. Mr. Isenberg's the local Sacramento Assembly member. He also really understood how to use the nonpartisan office by posing different questions. Whether he had a bill that he was trying to get enacted or a budget proposal that he was trying to push through, he saw the value of being able to pose questions to the office, and then used them for his particular purposes.

**CASTANEDA:** So I have to ask, does that take extra time for your office or is it just part of what you do?

**HILL:** I would say it's really part of our bread and butter as a legislative office, that we were serving both houses and both parties. Any member could pose a fiscal or programmatic question to us, and we'd get back on a confidential basis. Sometimes members wanted it yesterday, and I'd have to call and say, "You know, we're juggling a few things here. I need to have a better understanding of your timing, to be sure that we meet your needs."

Members, generally speaking were understanding. Sometimes they'd say, "I really don't need it till next week. It's not really something that's that urgent, but I need it by such-and-such a time." So we would generally be able to work it out. I would just be candid with them, maybe we were having to do ballot work, as we discussed last time, or something else, so

to try to be sure, though, that we could meet their needs. If their bill was going to be heard in committee, and they needed it by such-and-such a time, then we would have to reorder priorities and try to be sure that we could meet it. So I would say it was a normal part of doing business, and part of my job as legislative analyst was to do that juggling to make it work out.

CASTANEDA: Let me just ask a technical work question. Do many staff have to work overtime?

HILL: Considerable overtime. That was just part of our normal work to put out the budget analysis in February as we did for many, many years. Typically, most of the analytical staff would work at least three weeks of overtime during the late December to February period, so that meant most nights and most weekends. Sometimes there was some flexibility, depending on people's budget assignments and whatnot. But, yes, significant overtime was part of the job, and then that was always extensive also as the legislature was hearing the budget, particularly as you got into the end of budget deliberations, starting with May and then moving forward into budget enactment, which sometimes during the bad years could go clear until August before the budget was enacted.

Excuse me one second.

CASTANEDA: Okay.

HILL: I do understand, by the way, from talking with Mac Taylor, that now that the budget requires a majority vote rather than a two-thirds vote, and now

that the office is not doing a one-volume analysis of the budget bill as we did during my time, that the overtime has been more manageable, but I can't speak to it personally.

Chris, you were also asking about relationships with different governors, and just a few thoughts come to mind. When I became the analyst, George Deukmejian was governor. He was not happy with us that we said that there was a deficit in the budget. We were later proved correct, so I have a little bit of correspondence during that particular time in the office where he was very incensed with our overview of the state's fiscal condition.

Pete Wilson came in after George Deukmejian, and Governor Wilson was a very hands-on governor and very interested in policy, and there was a few times where he just called me up directly and said, "I understand this is your revenue estimate. Tell me about it." Certainly most of our contact with any governor was through the Director of Finance in the Department of Finance, the governor's fiscal staff. But some governors had their own style, like Governor Wilson, and I was as surprised as anyone when he called me up directly.

Governor Jerry Brown didn't call me up as governor, but he was mayor of Oakland and had been governor while I was in the office but not when I was legislative analyst. I still remember him calling up. Again, he's one of those hands-on governors or mayors, and he just called up directly to ask questions that he had.

And, finally, Governor Schwarzenegger, I did have occasion to meet him. I think one interesting thing during his tenure that was different than different governors is that we had some very tough budget years during Governor Schwarzenegger's time, and it became clear that to move the budget to final agreement required, first, the legislative leaders of both houses and both parties to reach agreement and then go to Governor Schwarzenegger. That was entirely different than the way the end of budgets had been negotiated before, where the governor was integral to those final negotiations. So it's an interesting story, again just showing how different circumstances result in different demands and different ways of operating.

In terms of my relationship with legislative members, I mentioned doing the introductions of the office, which was really important, and trying to also be sure the members knew what we could do for them, for example, making requests of us to do research for them on different fiscal or programmatic policy questions. Some members really liked to get documents from the office and distribute it to their constituents. A lot of times members would ask me to come down and make speeches in their districts, and so I tried to do as much of that as my schedule would permit.

We always had a policy, too, of briefing members before we released some sort of recommendation or report that would impact them directly. So, for example, when our *Analysis of the Budget Bill* came out every February, I always had a long list of members that I needed to call. Maybe

we were making a recommendation related to a bill that someone had carried in the legislature that had become law and now we were maybe recommending elimination of the program, for example, because it wasn't working, or maybe there was a capital outlay project at the state university in their district that we were recommending against. So I would make sure that I called all the members that were affected before the release of our recommendation.

When I first started doing these sort of things as I became analyst, I thought these were really going to be tough calls, and certainly there were occasions where they were very tough calls, where the members were very upset with us in the office. But I would have to say for the most part, they were very cordial and professional calls where the members appreciated not being blindsided because they knew in advance. So if a press person called them the next day, they already knew the information and the rationale, they could be as critical as they wanted to be, of course, about the recommendation and that they disagreed with us, but at least they weren't blindsided. And I think they really appreciated that heads-up, if you will, and it served us well over the years.

Two of the long-term members that I dealt a lot with a long time were the chair of the Joint Legislative Budget Committee, Al Alquist from San Jose, and the vice chair of the Budget Committee was John Vasconcellos, also from the San Jose area. So you had Senator Alquist, the chair of the Joint Legislative Budget Committee, and the chair of the Senate Finance

and later Senate Budget and Fiscal Review Committee for many years, and then you had Assembly member John Vasconcellos who was the vice chair of our committee and then the chair of Ways and Means and the chair of the Assembly budget committee.

Senator Alquist was an old-line politician, always a gentleman, always on time. He was a Swede who had worked for the railroad, and he had the Swedish trait to always be on time, and the railroad tendencies as well.

John Vasconcellos, I still recall the first time I had a one-on-one meeting with Assembly member Vasconcellos. It was in his office and he had a Slinky toy and he was interviewing me because I had applied for the legislative analyst's position, and the whole time of the interview, he was playing with this Slinky. So at the end of the interview, I thought, "I have no idea if this was a good conversation or not." But John was a brilliant guy and really a quick study, and he and I developed a very close working relationship and personal relationship as well, where I could call him up when we were having a problem or maybe there was a difficulty in the Assembly, and he could give me his advice.

It is interesting to note the way the Budget Conference Committee worked to reconcile differences between the Senate and Assembly. This has to happen so that a joint bill goes to the floor of each house for final passage. The Conference Committee is designed to reconcile those differences between the two houses. And our office testified on each item

of difference between the two houses, and because we had participated in the hearings in both the Senate and the Assembly, we could help the members of the Conference Committee know what each house had done, and often we could offer a compromise between the two versions of the Senate and the Assembly version of the budget to move it forward.

When Mr. Vasconcellos was chairing the committee, he used to rip out the pages of the conference agenda, and he moved so quickly through the items, that you had papers flying all over the dais, and those of us who were staff just trying to keep up because he just would move at a pace that was very difficult.

But it was quite a powerhouse tandem between Mr. Vasconcellos and Senator Alquist since they both also represented the same area, and sometimes Senator Alquist would get so frustrated with the proceedings, he would throw down his pen and adjourn the committee because he was ready to go home and had had enough. So they were pretty interesting times, shall we say, during the Budget Conference Committee.

So those were a few observations that I had of members. I really enjoyed working with the members. You know, some personalities were very different than others, but for the most part, I thought that the working relationship we were able to establish was a positive one. Some members were really interested in budgets and some weren't, and some were really interested in policy and some weren't, and so it was important to get to know the members and what their priorities were.

You asked about term limits. Actually, after term limits went in, I was given some very sage advice by another staff member of the legislature who told me, “Liz, if you really want to understand what term-limited members care about, understand where the member wants to go next.” So if an Assembly member wants to go to the Senate or an Assembly or Senate member wants to go to Congress or a member wants to go to, say, the Board of Supervisors, particularly in Los Angeles County where members of the Board of Supervisors in Los Angeles have quite a bit of power—you need to know. That was very sage advice. I would try to make a mental note, as I did these conversations with members to get to know them and to introduce the Legislative Analyst’s Office to them, what their long-term objective was, because then I could alert them to particular issues that might be coming up in the budget or in legislation or on the ballot that were of interest to them. So it helped us be a better, I think, service organization as well.

CASTANEDA: It’s an interesting observation.

HILL: I had not thought of it on my own. It was definitely something that I was told. But I took that advice to heart and I thought it was very sage advice.

So I thought maybe, Chris, we’d just talk a little bit about kind of my looking backwards at the analyst’s position.

CASTANEDA: That would be good.

HILL: Frankly, it was my dream job. I loved analysis and I loved the nonpartisan role, so it was a great fit for me because I could really take my analytical

skills and do something that I felt was meaningful. I think when I reflect back on my years, probably the thing that I'm most proud of is, frankly, just preserving the office during one of its most challenging periods, which was when we lost 60 percent of our budget and most of our staff, and that we were able to preserve the office in such a way that we were still doing high-quality analytical work and we were working for both houses and both parties.

So that was really significant to me, and I think that because of trying to do that, that was the reason that *Governing* magazine in 1997 recognized me as a Public Official of the Year. It probably wasn't really for other things, but really kind of maintaining the office through some adversity, and it was a wonderful honor to get it, along with, I think, eleven or twelve other people that year.

When I look back, being able to preserve the office is probably one of my best legacies, and that we maintained the nonpartisanship and being data-driven and analytical. I think also the solution orientation, starting with the "Making Government Make Sense" piece that we talked about in 1993. I think it was the right decision at the right time to try to recognize that in a term-limited legislature, like we talked about, that we had to be proactive as an office to go ahead and offer solutions and take the risks of going out of business if we stepped on too many toes or didn't really have a well-thought-out, documented proposal. The legislature at that time could be helped and served by having that sort of proposal—and we talked about

“Making Government Make Sense”, as well as welfare and health reform, and we also did a piece, for example, on the K-12 Master Plan, which was in 1999. So we did this in a whole bunch of areas.

We also pushed the administration to have a long-term capital outlay plan, and finally that was adopted in statute. So, by being solution oriented, I think we were really helpful to the legislature, and we expanded the product line of the office in order to be able to do that.

I think one of the things, in addition to the primers that we’ve talked about that provide basic information, is we decided to start doing a long-term fiscal forecast in 1995 and publishing it each November. And the November date was important. We wanted it to be before the governor would come out with the state budget proposal that the governor would be introducing on January 10<sup>th</sup> so that the fiscal forecast was really with the legislature in mind. It was to help them with their appropriation authority and to know, “Hey, what things are coming down the tracks and what do we do about it? And we’re not only going to look at the year the state is in now, we’re going to look at next year, which the governor is going to propose in January, and then we’re going to look out five years after that so that we can have a long-term fiscal horizon.” Because if we just have a little blip on the radar screen, but it’s going to be terrible the year after that, it’s better that the legislature know now and can start its planning, and, again, to help it with its appropriation authority and oversight, if you will.

I think that we were able, just speaking of oversight, to really help the legislature with legislative oversight during my tenure, whether it was some of the information technology, big projects that went awry, like with the Department of Motor Vehicles, or it was problems that we were having with sole-source contracting like Oracle in 2002. We took oversight really seriously in terms of trying to help the legislature with its oversight orientation. This was true not only in my tenure, but certainly in all the Legislative Analyst's Office tenure, of being pulled in to help the legislature with oversight. For example, as I mentioned during Alan's day, we were pulled into the Bay Area Rapid Transit System, BART, to do a special project on BART for several years. And after my tenure, we've been pulled into the Bay Bridge under Mac's tenure as analyst. So that oversight has also been an important one.

I think in looking back, if I look at some of the newspaper articles and criticisms of me, I was criticized sometimes for not being bold enough, and I think that's an interesting point and certainly is well taken. There's always probably opportunities to be more bold, but I guess, in reflecting back, I think that it's important to look at my own kind of personality and expertise and assessment of the situation at the given time, whether it was the state's fiscal situation, whether it was our relationship with the Senate and the Assembly, and I had to take all those things into account. So I feel like during my tenure I tried to use a mirror test. Could I look in the mirror every morning and feel like I did the best job I could? And then I also used

the newspaper test. How did I conduct myself, so if I read about what I was doing in the newspaper, was I going to be embarrassed? I also took the kind of public servant role very seriously, that at the end of the day, my salary was paid by taxpayers of California and that our bosses, the legislature, really charged us with helping the public make state government run more efficiently and economically. So we wanted to use those things as a test.

So I just feel very fortunate to have had the opportunity to serve as legislative analyst. We had a terrific staff, and none of this was just me. It was our team that was doing it, who were well-trained professional folks that really took the job seriously and wanted to make the state of California a better place. So those are some thoughts in just looking back.

**CASTANEDA:** That's very nice. Looking ahead, what would you say?

**HILL:** I'd say my sense is that the office is still very relevant to the legislative process, budgetary process, that the partisanship right now makes government tough. When I first joined the office, I don't think there was a negative to being a "state bureaucrat," but it has kind of a negative connotation now that concerns me, and I hope at some time in the future we get back to support for doing the public's business and having more trust in government. And I think that trust has to be earned, but I hope we get to that place, because California's society is complicated enough and we want to have it really working for all parties.

So I've always been a glass-half-full rather than half-empty sort of person, and so I still remain optimistic. I'm pleased that the budget is in better shape now. It's important that we take actions now to keep it in good shape going forward and that the budget be responsive to the needs in California. I think we shouldn't be afraid of reform to make things work better, even though it's tough. We still have some heavy lifting to do in many of the program areas, but I hope that political leadership will materialize that are willing to take on the challenges. Otherwise, we can't really move forward.

CASTANEDA: Well, I want to thank you for taking the time to do this interview.

HILL: Oh, absolutely.

CASTANEDA: It's been fascinating for me personally to learn this myself, and also the role your office played. So thank you very much. Is there anything else you'd like to add at this point?

HILL: No, I really can't think of anything offhand, Chris. Certainly, if you think of something, you know, when you look back over thirty-plus years, there's so much that happened during my career, of necessity we've talked about some of the different high points and low points, but a lot of years were doing the everyday kind of work of government as a team, a staff team, and with legislative members that were trying to make California better. So I'm sure I've left out many good anecdotes, but it maybe gives you a flavor of what some of that tenure was.

CASTANEDA: Thank you very much.

HILL: Sure. My pleasure.

[End of interview]

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