

Recommended reduction of miscellaneous positions :

0.4 Chiropracist ----- \$1,805

We recommend that this increase in service to a full-time chiropracist be disapproved. This increase is opposed because there has been no change in population anticipated over the previous fiscal year and the request represents increased medical services.

OFFICE OF THE ADJUTANT GENERAL

ITEM 176 of the Budget Bill

Budget page 586

Budget line No. 31

For Support of Office of the Adjutant General From the General Fund

Amount requested ----- \$3,212,874

Estimated to be expended in 1950-51 Fiscal Year ----- 2,518,595

Increase (27.6 percent) ----- \$694,279

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$592,101	\$67,529	\$524,572	593	67
Operating expense -----	205,041	—13,271	218,312	593	68
Equipment -----	—102,863	—101,975	—888	593	69
Total increase -----	\$694,279	—\$47,717	\$741,996		

RECOMMENDATIONS

Amount budgeted ----- \$3,212,874

Legislative Auditor's recommendation ----- 3,212,874

Reduction ----- None

ANALYSIS

The increase in this budget request is due principally to the expansion of the California Defense and Security Corps. For the fiscal year the request for support is \$1,205,737. This is an increase of \$741,996 over the amount estimated to be expended during the last eight months of the 1950-51 Fiscal Year. A Corps of 12,000 members is anticipated. Office, telephone and telegraph, automobile operation, medical examinations and a 10-day training period at camp for 5,000 members are the major items of expenditure for this program.

We wish to point out that this budget request provides for the retention of a major part of the National Guard and in addition a partial organization of the Defense and Security Corps. It is our understanding that if the present guard units remain there will be no necessity for the full amount budgeted for the Security Corps and the money appropriated for support would in large part revert to the General Fund. Furthermore, if the Guard is called up and the Defense Corps program is put into effect, then reductions should be made from the appropriation for support of the Guard.

The proposed expenditures for support of the National Guard, excluding the Defense and Security Corps for the 1951-52 Fiscal Year show a net decrease of \$47,717 under the amount estimated for the 1950-51 Fiscal Year. The decrease occurs in the National Guard Headquarters Staff and Field Organization expenditures, and is due principally to the induction of the 40th Division into federal service.

Maintenance and operation of installations is estimated to increase \$59,640 for the 1951-52 Fiscal Year. This increase is due to the completion of new armories in the 1950-51 Fiscal Year and additional armories to be completed in the 1951-52 Fiscal Year. From July 1, 1950, to December 15, 1950, six armories had been completed.

In our analysis for the 1950-51 Fiscal Year we pointed out several factors which appeared to indicate that the budget request for the 1949-50 Fiscal Year was considerably overestimated. We also believed that the 1950-51 budget request, which seemed to be of the same pattern, was excessive for actual needs. It now appears that the budget request for the 1949-50 Fiscal Year was excessive and resulted in an unexpended balance of \$329,468 for that fiscal year.

In our prior analysis we pointed out the lack of customary controls in this office, and insufficient justification of the amounts requested for support for the Fiscal Years 1948-49, 1949-50 and 1950-51. The unexpended balances of prior fiscal years indicated that sound methods were lacking in the budget making process and accounting controls over expenditures.

Item 179, Budget Act of 1950, prescribed that a joint quarterly report to the Legislative Budget Committee by the Legislative Auditor and the Director of Finance be made with respect to the expenditure of funds for support and the extent to which adequate and sound financial and accounting procedures have been established. In the report on the first quarter July, 1950, to September, 1950, we noted that considerable progress had been made to eliminate backlogs and establish good accounting procedures. We believe that this is due in part to the appointment of a qualified accountant as fiscal officer. Billings to the Federal Government for reimbursements due to the State have been accurately and more properly prepared. The accounting procedure has been strengthened by a greater use of the punched card installation. The past amounts due and the anticipated future requirements for uniform allowances have been established.

The Office of the Adjutant General issued instructions to the various units of the National Guard as to how to prepare their budget requests for the 1951-52 Fiscal Year. After these requests were received, comparisons with actual expenditures of the prior years were made. Allowances for increase in National Guard strength and additional facilities were taken into consideration. This budgetary process was used to prepare the request for the 1951-52 Fiscal Year.

In our analysis of the 1950-51 budget request we pointed out certain operating expense items for the various divisions of the National Guard which appeared to be unrealistic and unjustified when compared to actual expenditures. For the 1951-52 Fiscal Year, however, a comparison of these same items with actual expenditures of prior years, allowing for increases in activity, shows a reasonable justification for the new increases.

For example, operating expense of the Office of the Adjutant General shows an increase of \$1,325 for the 1951-52 Fiscal Year as compared to the estimated amount to be expended in the 1950-51 Fiscal Year. This increase is due principally to the printing of a biennial report. It is significant that the total amount of \$12,100 for operating expenses of this

office for the 1951-52 Fiscal Year is \$858 less than the actual expenditures for the 1949-50 Fiscal Year.

The proposed amount for operating expense for Headquarters Staff for the 1951-52 Fiscal Year is \$2,852 over the estimated amount for the 1950-51 Fiscal Year. The largest single item of increase is \$1,572 for rental of additional punch card equipment, which is justified by an increase in work load. The balance of the increase is due to price increases of various items.

The proposed expenditure for operating expenses for maintenance and operation of installations for the 1951-52 Fiscal Year is \$42,057 over the estimated amount to be expended in the 1950-51 Fiscal Year. This increase is due to a full year maintenance cost of armories completed in this fiscal year. Six armories were completed as of December, 1950, and 10 more are anticipated to be completed before June 30, 1951. We wish to point out that the total proposed operating expense for 1951-52 is \$2,264 less than the actual amount expended for the 1949-50 Fiscal Year.

The proposed expenditures for operating expense of Field Organization, National Guard, is \$59,505 less than the amount estimated for the 1950-51 Fiscal Year and \$98,010 less than the actual amount expended during the 1949-50 Fiscal Year. This decrease is due in part to the induction into Federal Service of several units of the National Guard.

In our 1950-51 analysis we recommended that revenues resulting from the use of armories should go to the General Fund. The Budget for 1951-52 shows \$3,500 as reimbursement to the General Fund from this source. The same amount is shown for the 1950-51 Fiscal Year. No amount was reimbursed during the 1949-50 Fiscal Year. Actual revenue from this source amounted to \$37,091 for the 1949-50 Fiscal Year. However, only approximately \$23,000 remained in the Armory Board Fund. The balance was paid for overtime, janitorial services and abatements to the support appropriation for utilities in living quarters.

Revenues from this source should increase as new armories are constructed. We believe that a definite policy as to the use of these revenues should be made and an equitable amount be returned to the General Fund to compensate for maintenance cost.

A total of 16 new armories will have been completed during the 1950-51 Fiscal Year. The armory construction program is anticipated to continue until 1956. We believe that serious consideration should be given to the costs of this program. It must be borne in mind that costs of maintenance will increase as each new armory is occupied and will be a continuing cost to the General Fund.

Although improvements are being made in the budget-making process and the accounting procedure of the Adjutant General's Office, we recommend that every effort be made to scrutinize all expenditure requests and that only necessary items be approved.

**Office of the Adjutant General
CALIFORNIA CADET CORPS**

ITEM 177 of the Budget Bill

Budget page 594
Budget line No. 2

For Support of California Cadet Corps From the General Fund

Amount requested	\$196,084
Estimated to be expended in 1950-51 Fiscal Year	195,170
Increase (0.5 percent)	\$914

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$4,490	\$4,490	---	594	27
Operating expense	-2,471	-2,471	---	594	48
Equipment	-1,105	-1,105	---	594	61
Total increase	\$914	\$914	---		

RECOMMENDATIONS

Amount budgeted	\$196,084
Legislative Auditor's recommendation	196,084
Reduction	None

ANALYSIS

Ten additional schools with approximately 250 cadets are being added to this program during the 1951-52 Fiscal Year.

The increase in salaries and wages is due to normal salary adjustments and employment of five instructors for the full year to take care of the training of additional cadets.

DEPARTMENT OF MOTOR VEHICLES

ITEM 178 of the Budget Bill

Budget page 595
Budget line No. 40

For Support of the Department of Motor Vehicles From the Motor Vehicle Fund

Amount requested	\$8,934,463
Estimated to be expended in 1950-51 Fiscal Year	8,442,647
Increase (5.8 percent)	\$491,816

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$420,810	\$371,322	\$49,488	605	40
Operating expense	188,699	172,499	16,200	605	41
Equipment	-29,893	-49,365	19,472	605	42
Less: Increase in reimbursements	-87,800	-87,800	---	---	---
Total increase	\$491,816	\$406,656	\$85,160		

RECOMMENDATIONS

Amount budgeted	\$8,934,463
Legislative Auditor's Recommendation	8,449,308
Reduction	\$85,160