

ANALYSIS

The above funds represent the State's share of maintaining juvenile homes and camps established by counties pursuant to provisions of the Welfare and Institutions Code.

A total of 842 wards are scheduled to be cared for under this program. We recommend approval of the item.

BOARD OF STATE HARBOR COMMISSIONERS, SAN FRANCISCO

ITEM 417 of the Budget Bill

Budget page 1170
Budget line No. 37

For Support of Board of State Harbor Commissioners, San Francisco, From the San Francisco Harbor Improvement Fund

Amount requested -----	\$4,044,739
Estimated to be expended in 1952-53 Fiscal Year -----	4,027,616
<hr/>	
Increase (0.4 percent) -----	\$17,123

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$33,284	\$33,284	---	1175	22
Operating expense -----	83,340	83,340	---	1175	23
Equipment -----	67,179	67,179	---	1175	24
<hr/>		<hr/>		<hr/>	
Total increase -----	\$17,123	\$17,123	---		

RECOMMENDATIONS

Amount budgeted -----	\$4,044,739
Legislative Auditor's recommendation -----	4,044,739
<hr/>	
Reduction -----	None

ANALYSIS

Expenditures for support of the board are budgeted at \$4,044,739. This represents a net increase of \$17,123 over estimated expenditures in the current year. The major increase in the support budget is occasioned by proposed replacement and purchase of additional items of heavy equipment.

All activities of the board are met from the various fees, rentals, tonnage tax, and other charges which accrue to the Harbor Improvement Fund. The estimated accumulated surplus in the fund is shown at \$2,037,696 as of June 30, 1953, and at \$1,758,961 as of June 30, 1954.

In respect to the surplus in the fund, it is noted that expenditures exceed revenues, and unless greater revenues than are now accruing to the fund are realized, the fund will gradually be depleted. In this connection it is noted that the Harbor Board is planning a program of expansion of the harbor facilities, and plans for the immediate future contemplate a \$6,000,000 revenue bond issue. Included in the program of expansion is the remodeling of the Ferry Building to house the World Trade Center which was created by Chapter 1508, Statutes of 1947. This will provide office space and display space for exporters, manufacturers, merchants, representatives of foreign governments, trade promotion organizations, and other allied concerns and activities. The Harbor Board

will have jurisdiction over the center as landlord and custodian of the building, leasing space to interested parties.

We recommend approval of the sum requested for support.

ITEM 418 of the Budget Bill

Budget page 1170
Budget line No. 46

For Maintenance of Fireboats From the San Francisco Harbor Improvement Fund

Amount requested	\$150,000
Estimated to be expended in 1952-53 Fiscal Year	210,000
	<hr/>
Decrease (40.0 percent)	\$60,000

ANALYSIS

It is noted that the sum requested is less by \$60,000 than that to be expended in the current year. This is explained in the following paragraph.

For many years the Board of Harbor Commissioners and the City of San Francisco have shared the cost of operation and maintenance of two city-owned steam-powered fireboats. The board's share of the expense has averaged around \$95,000 per year from 1924 to 1951. This cost has increased to an average of \$192,600 per year for the last four years. In view of the increasing cost, the Harbor Board decided to acquire two new diesel-powered fireboats and proposed that the City of San Francisco participate in the cost of operating the boats. The City of San Francisco, we are informed, will discontinue financial participation in the fireboat service in the current year and, since there would be no fireboat protection unless supplied by the Harbor Board, it is essential that the board acquire such equipment. An appropriation of \$600,000 from the Harbor Improvement Fund for the acquisition of two diesel-powered fireboats is contained in Senate Bill 122, introduced January 8, 1953, and carrying an urgency clause to make funds available for expenditure in the current year.

It is proposed that the fireboats will be manned and operated by the San Francisco Fire Department. However, the cost is estimated to be considerably less using diesel-powered boats in place of the out-of-date steam-powered fireboats. Cost of services of the firemen is appropriated in Budget Bill Item 419.

ITEM 419 of the Budget Bill

Budget page 1170
Budget line No. 54

For Services of City and County of San Francisco Firemen From the San Francisco Harbor Improvement Fund

Amount requested	\$23,500
Estimated to be expended in 1952-53 Fiscal Year	23,500
	<hr/>
Increase	None

ANALYSIS

Explanation of this request is contained in the analysis of Item 418. We recommend approval.

ITEM 420 of the Budget Bill

Budget page 1170
Budget line No. 62

For Promotion of the Maritime and Commercial Interests of the Harbor by Advertising and Solicitation of Business From the San Francisco Harbor Improvement Fund

Amount requested	\$75,000
Estimated to be expended in 1952-53 Fiscal Year	50,000
Increase	<u>\$25,000</u>

ANALYSIS

The sum of \$75,000 is requested for promotion of the maritime and commercial interests of the harbor through advertising of the harbor's advantages and the port's facilities. The sum requested is \$25,000 more than that appropriated for the current year.

The board has for the past several years budgeted the sum of \$50,000 for the purpose of developing greater trade for the state-owned harbor through a more intensive program of advertising of the various features of the port. It now proposes to expand this program and estimates the additional need of \$25,000 to carry out the proposed expansion.

While it is difficult to project the value dollarwise as to the additional port business that may accrue from this expenditure, it is pointed out that other large eastern and southern ports spend sums far in excess of this sum, thereby creating a greater field of competition between ports for greater business. In view of this, and the fact that the harbor needs greater revenue than it now receives from its facilities and services to place the current operations on a fully self-sustaining basis annually, and take care of the annual debt service and deferred maintenance, we recommend that the sum requested be approved.

It is pointed out that the Interim San Francisco Bay Ports Commission, was created by Chapter 737, Statutes of 1951, for the purpose of conducting an investigation and study of the needs for a cooperative Bay Area ports program, with a view to securing greater commerce for the Bay Area ports. The report of the commission is to be submitted to the 1953 Legislature.

ITEM 421 of the Budget Bill

Budget page 1170
Budget line No. 69

For Construction, Improvements, Repairs, and Equipment for San Francisco Harbor From the San Francisco Harbor Improvement Fund

Amount requested	\$99,500
Estimated to be expended in 1952-53 Fiscal Year	690,000
Decrease	<u>\$590,500</u>

ANALYSIS

We recommend approval of the sum requested for minor construction, improvements, repairs, and equipment to be financed from the Harbor Improvement Fund.

The comparatively large expenditure as shown for the current year includes the acquisition of two diesel-powered fireboats at an estimated cost of \$600,000. The appropriation for the acquisition is contained in Senate Bill No. 122 as introduced at this Session of the Legislature, and carries

an urgency clause to make the funds available for expenditure in the current year, inasmuch as this amount was not requested in the current year's budget.

Explanation of the acquisition is contained in the analysis of Item 418 of the Budget Bill.

**Department of Employment
DISABILITY AND HOSPITAL BENEFITS PROGRAM**

ITEM 422 of the Budget Bill

Budget page 1225
Budget line No. 7

For Support of Disability and Hospital Benefits Program From the Unemployment Compensation Disability Fund

Amount requested	\$2,990,208
Estimated to be expended in 1952-53 Fiscal Year	2,836,743
<hr/>	
Increase (5.4 percent)	\$153,465

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$116,214	\$116,214	---	1245	19
Operating expense	24,360	24,360	---	1245	20
Equipment	12,891	12,891	---	1245	21
<hr/>					
Total increase	\$153,465	\$153,465	---		

RECOMMENDATIONS

Amount budgeted	\$2,990,208
Legislative Auditor's recommendation	2,990,208
<hr/>	
Reduction	None

ANALYSIS

The increase of \$153,465 in the amount requested for 1953-54 over that estimated to be expended for 1952-53 is due entirely to increased work load and salary adjustments. As we pointed out in our 1952-53 analysis, the 1951 Legislature liberalized both basic benefits and hospital benefits in a number of important respects, and while these changes were effective January 1, 1952, their full impact in the form of increased work load will be spread over a period of several years.

While the disability and hospital benefits program, both as to costs of administration and as to benefit payments, is entirely state controlled in contrast to the unemployment insurance program which is administered entirely from federal grants and is therefore to a large extent at least subject to federal control, the two programs make joint use of certain records, facilities and personnel. In the budget of the Department of Employment the joint activities are included in the detailed budgets of the various operating units primarily engaged in administration of the unemployment insurance program shown on page 1226 through line 33 on page 1242 of the printed budget, with notations in total only for each unit of the amount chargeable to the Unemployment Compensation Disability Fund, while those activities relating solely to the disability and hospital benefits program are shown under that division starting on page