

## Local Assistance

## SUBVENTIONS FOR EDUCATION

ITEM 385 of the Budget Bill

Budget page 960

## FOR STUDY GRANTS TO COUNTIES FOR MASTER PLANS OF SCHOOL DISTRICT ORGANIZATION FROM THE GENERAL FUND

Amount requested .....	\$200,000
Estimated to be expended in 1960-61 fiscal year.....	None
Increase .....	\$200,000
<b>TOTAL RECOMMENDED REDUCTION.....</b>	<b>\$200,000</b>

## GENERAL SUMMARY

This item of \$200,000 appears in the 1961-62 Budget in anticipation of approval by the Legislature of a proposal endorsed by the Department of Education. This proposal would restore a financial appropriation to the legislation under Chapter 1950, Statutes of 1959, which directed the counties of the State to prepare master plans for school district unification. The act, embodied in Sections 3551-3587 of the Education Code, has established that the counties must have prepared and submitted their master plans to the State Board of Education for approval by September 15, 1963. The Department of Education is directed to prepare the plans for any county that has not accomplished this assignment by the 1963 date, in order that a plan would have been prepared no later than September 15, 1965. As originally proposed this legislation provided for the appropriation of funds for assistance to the counties in the performance of this assignment; however, this provision was not included in the final legislation.

Therefore, at this time it is understood the Legislature will be asked to re-establish a financial appropriation to enable the Department of Education to administer distribution of study grants to the counties in order to assist them in completing their studies. If approved, the sum of \$200,000 would be appropriated to the Superintendent of Public Instruction to be administered in accordance with standards to be established by him for study grants on the basis of outlines submitted by the individual counties. It is not intended that the Department of Education provide personnel or resources other than in the form of financial grants. These grants would be allotted on the basis of need. An annual audit would be provided to insure proper application of the study grant funds in the period between making the funds available to the county and the completion of its study.

## ANALYSIS

*Deletion of this item is recommended.* We recognize that distinct benefits are to be derived from completion of the county master plan school district unification studies. We also urge unification of many of the State's smaller, uneconomical districts, noting that some of these have reported per pupil expenditures as much as three times higher than statewide averages for students in the same grades. However, we cannot recommend approval of the use of state funds as grants for these studies. Further, there is no clear indication of what factors

**Subventions for Education—Continued**

determined establishment of the amount of the requested appropriation of \$200,000, nor the basis of the distribution of this amount. Since the Legislature removed the appropriation from the proposed legislation in its original form it appears that the intent was that these studies be financed from existing funds. We believe that failure to comply with this legislation should be met by a reduction in the delinquent county's County School Service Fund apportionment.

We understand the Department of Education does not anticipate being called upon to complete any county's master plan study; this assumption is based on the department's understanding of widespread interest on the part of the counties in completion of the assignment.

We also point out that the Bureau of School District Organization, Division of Public School Administration, one of whose functions is to serve as technical adviser to county committees of school district organization, is intended to accomplish these studies if they are not completed by September 15, 1963.

*Therefore, we recommend that, in the event any county is unable to present to the Board of Education its study by the specified deadline, the Superintendent of Public Instruction be authorized to deduct from that county's apportionment for the County School Service Fund a sum not to exceed 10 percent to be applied for such assistance as might be necessary to enable that county to complete its study.*

**Subventions for Education****VOCATIONAL EDUCATION: REIMBURSEMENTS TO SCHOOL DISTRICTS**

ITEM 386 of the Budget Bill

Budget page 959

**FOR SUPPORT OF VOCATIONAL EDUCATION: REIMBURSEMENTS TO SCHOOL DISTRICTS, FROM THE GENERAL FUND**

Amount requested -----	\$195,762
Estimated to be expended in 1960-61 fiscal year -----	199,350
Decrease (1.8 percent) -----	\$3,588
<b>TOTAL RECOMMENDED REDUCTION -----</b>	<b>None</b>

**ANALYSIS**

Discussion of this budget item and an outline of the component costs may be found in the Analysis of Vocational Education, Item 83 of this budget bill. *We recommend approval.*

**Subventions for Education****CHILD CARE CENTERS**

ITEM 387 of the Budget Bill

Budget page 950

**FOR SUPPORT OF CHILD CARE CENTERS FROM THE GENERAL FUND**

Amount requested -----	\$5,125,851
Estimated to be expended in 1960-61 fiscal year -----	5,157,913
Decrease (0.6 percent) -----	\$32,062
<b>TOTAL RECOMMENDED REDUCTION -----</b>	<b>None</b>

## Child Care Centers—Continued

## GENERAL SUMMARY

Child care centers, originally established in 1943, provide state subsidized care and supervision for children of certain parents legally defined as eligible on the basis of demonstrated need. From 1943 until 1956-57 the Legislature continued support on a one-year or two-year terminal basis; in 1957, however, the program became a permanent one by statute.

Section 16618 of the Education Code provides that about \$0.26 per attendance hour per child be made available as state support; the remaining third is intended to be provided in fees paid by the parents. These fees are administratively established by the Department of Education.

Section 16622 of the code provides, in effect, an open-end appropriation for support of the centers by permitting the Superintendent of Public Instruction to withhold from or add to the apportionment of the next succeeding, or any successive fiscal years if the apportionment for the current year is not sufficient. In 1959-60 the costs of the program exceeded by \$178,268 the apportionments, and provision for this deficit was made in the 1960-61 Budget. No deficit is anticipated for the current year.

In 1959 the Legislature established a new program for child care for physically handicapped and mentally retarded children; the sum of \$46,613 was made available for 1960-61. It is understood that none of this money is expected to be used during 1960-61, that no new centers were established to provide this service, and that this money reverted to the State General Fund. For 1961-62, the same sum is included in the request to provide for the intent of the Legislature.

## ANALYSIS

Total General Fund expenditures for 1961-62 for support of child care centers are estimated to be \$32,062 (0.6 percent) less than 1960-61. It should be noted, however, that the 1960-61 General Fund expenditure of \$5,157,913 includes \$178,268 for payment against the 1959-60 deficit of the same amount. Therefore, actual expenses for operation of the child care center program in 1961-62 will reflect an increase of \$146,206 over the 1960-61 level, based on an estimated increase of 2 percent in the number of hours of attendance. In 1960-61 the estimated number of hours of attendance was 18,921,635.

Also included within the sum requested for 1961-62 is \$46,613 for implementation of the program established in 1959-60 for services to physically handicapped and mentally retarded children. We have noted that none of this sum is expected to be spent during 1960-61 and that it is part of the \$593,542 of unexpended funds which are scheduled for reversion in the 1960-61 fiscal year. The inclusion of the \$46,613 figure in the 1961-62 Budget represents the department's estimate of services for 179,280 enrollment hours for physically handicapped and mentally retarded children.

Administrative costs of this program appear within the budget of the Administrative Services Bureau, Division of Public School Administration, Department of Education.

Child Care Centers—Continued

In past years we have outlined three alternatives in determining the future of this program. Although no action has been taken, we believe a restatement of the alternatives is appropriate:

1. Discontinuance of state support,
2. Requirement of equal support from local school districts, parental fees and state sources (a wider base of participation than at present), or
3. Establishment of statewide standards for better control if state support is to continue at approximately the same level.

*We recommend approval of this item with these reservations.*

**STATE TEACHERS' RETIREMENT SYSTEM**

ITEM 388 of the Budget Bill

Budget page 951

**FOR TRANSFER TO THE TEACHERS' RETIREMENT FUND FOR OPERATION OF THE STATE TEACHERS' RETIREMENT SYSTEM FROM THE GENERAL FUND**

Amount requested .....	\$41,236,000
Estimated to be expended in 1960-61 fiscal year .....	38,700,000
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Increase (6.6 percent) .....	\$2,536,000
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>None</b>

**ANALYSIS**

The State Teachers' Retirement System does not maintain full reserves against actuarially determined liabilities. The \$41,236,000 requested is the amount of the State's estimated obligation to pay retirement benefits for services performed over past years. The total amount estimated to be spent during 1961-62 is as follows:

Retirement allowance .....	\$71,430,000
Death benefits .....	2,600,000
Survivors benefits .....	250,000
Subventions to local retirement systems .....	2,000,000
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	\$76,280,000

The sources from which the above amount is obtained are as follows:

Transfer from General Fund (Budget Act appropriation) .....	\$41,236,000
Prior year balance available .....	232,000
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Total state contribution (General Fund) .....	\$41,468,000
Unrestricted reserves .....	250,000
Employer contributions .....	27,477,000
Member contributions .....	7,085,000
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Total expenditure .....	\$76,280,000

Benefits for survivors of active members who die while in service were added by Chapter 2060, Statutes of 1959.

*We recommend approval of the item as submitted.*

## Subventions for Education

## FREE TEXTBOOKS

ITEM 389 of the Budget Bill

Budget page 952

FOR SUPPORT OF FREE TEXTBOOKS  
FROM THE GENERAL FUND

Amount requested .....	\$8,558,166
Contribution to State Employees' Retirement System .....	4,500
Total .....	\$8,562,666
Estimated to be expended in 1960-61 fiscal year .....	12,370,555
Decrease (30.8 percent) .....	\$3,807,889

TOTAL RECOMMENDED REDUCTION .....

\$8,592

## Summary of Recommended Reductions

	Amount	Budget Page	Line
2 Stock clerk .....	\$8,592	952	55

## GENERAL SUMMARY

This item provides for the distribution of free textbooks to elementary public school pupils. The books are authorized by the State Board of Education upon the recommendation of the State Curriculum Commission. The Bureau of Textbooks and Publications of the Division of Public School Administration, Department of Education, has the responsibility of maintaining book stocks and of distributing them to local schools. Since the early thirties the State Printing Plant has printed and bound the large majority of the texts, leasing from publishers the plates at agreed royalties; only a few specific books, such as braille texts, were purchased printed.

The 1960 Legislature, however, was faced with a change in the established policy by the action of the Board of Education in approving contracts for the purchase of privately finished readers and a requested augmentation of \$2.5 million for that purpose. Item 361 of the Budget Bill, as approved, made available funds for the operations of the textbook printing program similar to previous years, and for the purchase of finished readers with the stipulation that they not cost more than 10 percent above the average cost of the three highest priced competitive textbooks submitted on the basis of leasing plates to the State. Renegotiations were commenced by the Department of Education with the book publishers to align their earlier bids with the Legislature's provisions. The final contracts represent total reductions from original bids of \$2,100,955, bringing the total contract figure down to \$12,348,539. According to the figures made available by the department this twelve million dollar expenditure will exceed by \$1,090,449 the estimated cost to the State of \$11,258,090 if it printed comparable finished reading texts at the State Printing Plant. This increase is within the 10 percent differential set by Item 361) Budget Act of 1960.

## Free Textbooks—Continued

The contracts were concluded with three different firms for the supplying of basic and supplementary readers. The individual contracts reflect the following totals for the full eight-year span:

Allyn and Bacon, basic texts, grades 1 to 6.....	\$5,199,800
American Book Company, supplementary texts, grades 4 to 6	1,026,635
Ginn and Company	
Basic texts, grades 1 to 6.....	\$5,206,484
Supplementary texts, grades 1 and 2.....	915,620
	6,122,104
Total for eight-year period of contracts.....	\$12,348,539

The contracts establish initial deliveries of books within the first year (1960-61) and delivery of the balance in the second-through-eighth years. Reader adoption details upon which the Department's original 1960-61 budget request including a \$2.5 million augmentation was based, contemplated the printing that year of 9,974,000 readers. It was necessary, in order to finance the costs of reader adoptions under the decision of the Board of Education to buy finished books, to defer the purchase of 1.3 million books (\$1,552,923) into the 1961-62 fiscal year with delivery still intended to schools in time for the 1961 academic year commencing in September. Actual orders placed by the department for readers to be purchased were 2,431,943 less than the 9.9 million copies originally contemplated. Funds saved through this reduction from the original estimate of purchases were used to meet the costs of the books ordered at the higher prices. For 1961-62 the total number of readers to be purchased is estimated to be 3,037,143 at a cost of \$3,237,326. This figure appears within the category "Printing Textbooks" in the operating expenses of the budget request.

In 1960-61 it is estimated that \$9,578,715 will be spent for reprints and adoptions. This figure represented estimates of \$1.9 million for reprints of previous adoptions and \$7,638,880 for reader adoptions. No new adoptions are proposed for 1961-62, and total expenses within this sub-item, reprints and previous adoptions, are proposed to be \$3.8 million less than in the present fiscal year.

An element of the textbook printing program warranting attention is the storage of printed books prior to their actual shipment to local schools. The practice has been that books are ordered in one year for delivery to schools the next; only seldom are books shipped from the state warehouse to the districts immediately upon receipt from the State Printing Plant. For almost all books delivered to the state warehouse some storage provision must be made. Storage inventories and shipments follow annual cycles; inventories are at their highest in March and April, at which time the period of greatest shipment activity commences. Following the heavy shipment activity ending in the late summer, stocks are at their lowest and the build-up commences that will culminate the following spring. The growth in the elementary school enrollment and in the number of titles approved by the State Board of Education has meant increases in the workload of the warehouse personnel and exhaustion of available storage space in the

## Free Textbooks—Continued

state warehouse. The Department of Education by 1959-60 was obliged to conclude contracts with private storage firms to accommodate the additional books. The pallet is used as the measure of storage space and unit cost; although the numbers and size of individual books stored on pallets may vary, the pallet itself remains a constant unit. In 1959-60 the Department of Education was billed \$9,937 by commercial storage firms for storage and handling charges for a total of 15,624 pallets. In 1960-61 this expenditure is estimated to rise to \$20,000; the 1961-62 proposed expenditure is \$28,120 for commercial storage and handling charges. Contracts concluded by the department have reflected the best available terms and therefore no continuity seems present in outside storage practice. That is, per pallet storage costs have varied and in some instances books to be commercially stored have been transported to the commercial warehouse by its proprietor at a figure prorated into the storage contract; in other instances the department has engaged transportation at costs which have run as high as \$1 per pallet.

Application of the provision in each of the reader adoption contracts for direct shipment to local schools, rather than shipment to the state warehouse, of any single delivery consisting of not less than 30,000 pounds may be expected to effect reductions in freight and cartage costs to the State. The delivery need not be confined to 15 tons of any one title, but may consist of various titles intended in any single delivery from any one publisher to any school. The department does not at present know how much is expected to be saved by application of this provision, but it does seem to us to be an area well worth careful investigation. The savings possible in this area would come largely in reductions in freight and cartage resulting from elimination of unnecessary transportation of books between the printer's warehouse and the ultimate destination. The contracts allow for increases and decreases of costs between the department and the publishers for differences in shipment expenses above or below the cost of direct shipment to Sacramento. The relative infrequency of shipments of 15 tons of readers to any one recipient is such that the department does not look for noteworthy reductions in storage costs from application of this provision.

Alternatives to relieve the present rise in storage expenditures appear to be these: establishment of more state warehouse facilities, or possible decentralization of storage and shipment of texts not printed in Sacramento. Towards this end the department has commenced study of a program whereby readers printed by private firms can be shipped directly from the printer's warehouse to local schools without limitation to the present 30,000 pound level. Although the department to date has not been able to furnish estimates of costs and possible savings from this proposal, it has indicated its firm contention that reductions are possible, particularly with regard to shipments of books to schools closer to the printer's warehouse than to Sacramento. The possibility of this decentralization is in our opinion well worth the department's study, but we also feel it advisable that the Legisla-

## Free Textbooks—Continued

ture be informed by the department of its projection of actual effect on freight and storage expenditures before such a program be put into effect.

## ANALYSIS

Proposed expenditures in 1961-62 for free textbooks are \$8,562,666, a reduction of 30.8 percent from the 1960-61 figure of \$12,370,555. This reduction occurs in the operating expenses area with a reduction over the 1960-61 level for reprints and purchases of previous adoptions of \$3,812,961 and a reduction of over \$59,000 in royalties. Increases in salaries and freight and cartage expenses counteract this \$3.8 million reduction but slightly.

A total of 3.2 new positions are requested; 2 full positions as stock clerks, and 1.2 positions as temporary help.

*We recommend the deletion of the 2 stock clerks.*

In view of the statements of the Department of Education with regard to these position requests, we feel inadequate justification exists for the stock clerk positions as distinct from the temporary help position request. The general reason cited for the position requests is the increase in workload due to the growth in the number of titles and the school population. Shipments of a wider number of titles entail more processing, more packing and greater shipments. *It is for these reasons, in view of the department's justifications, that we recommend the addition of 1.2 positions of temporary help.* The factors leading to the determination of need for stock clerks do not appear to us as warranted as the outlined need for temporary help during the period of highest shipment activity. In this context we have also noted the possibility that some decentralization of textbook shipments, discussed in the General Summary, may be expected to offset workload growth at the Sacramento warehouse.

Two expense categories not discussed above but worthy of attention are royalty payments and freight and cartage. The former is estimated for 1961-62 at \$2,438,944, representing 15,359,800 copies. During the present fiscal year the royalty expenditure is estimated at nearly \$60,000 greater than the proposed 1961-62 figure. These royalties are paid for the lease of publishers' plates by the State Printing Plant for its use in printing of texts. Books purchased printed are not reflected in this expenditure. It should be noted that usually royalties are paid to the publishers the year the books are actually distributed, rather than the year of their printing.

With regard to freight and cartage costs, these figures represent the state expenditure for the shipment of books to recipient districts. For 1961-62 this item is expected to be \$35,721 higher than the present fiscal year, another reflection of increased copies of more titles of books. As discussed in the General Summary, arrangements to be developed between the Department of Education and the printers of purchased textbooks may effect some reductions in this area, although no definite estimates have been made by the department.

Department of Mental Hygiene

ASSISTANCE TO LOCAL AGENCIES FOR MENTAL HEALTH SERVICES

ITEM 390 of the Budget Bill

Budget page 961

FOR ASSISTANCE TO LOCAL AGENCIES FOR MENTAL HEALTH SERVICES FROM THE GENERAL FUND

Amount requested .....	\$3,130,500
Estimated to be expended in 1960-61 fiscal year.....	2,844,775
Increase (10.0 percent).....	\$285,725

TOTAL RECOMMENDED REDUCTION..... None

*We recommend that the \$3,130,500 requested for this program in 1961-62 be approved subject to further review as additional data becomes available.*

SUMMARY

This subvention commonly known as the Short-Doyle Program was initiated in January 1958. Funds are provided by the State for the establishment and development of locally administered mental health services. The State supplies one-half of total support funds for each local program approved. The local jurisdiction in which an operation is located, which may be a city or county, finances the remaining one-half of support costs and the total cost for capital outlay. In addition, local organization and control is maintained in the actual operation. Types of services supplied must consist of at least any two and may include all of the following five mental health services: inpatient, outpatient, rehabilitation, education, and consultation.

ANALYSIS

The agency is requesting \$3,130,500 for this program in 1961-62. This represents an increase of \$285,725 or 10.0 percent over the \$2,844,775 budgeted for 1960-61.

Development of Short-Doyle has been slower than anticipated by the department. As a result, the department's requests for appropriations have been greatly in excess of actual requirements in each fiscal year to date since the program was initiated in January 1958. This is shown in the following table:

	1957-58	1958-59	1959-60	1960-61	1961-62
Department request _	\$786,000	\$1,900,000	\$3,024,700	\$2,844,775	\$3,130,500
Amount budgeted---	786,000	1,600,000	2,485,190	2,844,775	--
Total expended-----	37,083	510,762	1,204,242	--	--

Difference between department request and total expended \$748,917 \$1,389,238 \$1,820,458

Although the official budget for 1960-61 has not been changed as yet from the original estimate of \$2,844,775, it probably will be somewhat less than this amount when finally resolved. In fact, the latest estimate for 1960-61 from the department dated October 18, 1960, indicates a total expenditure estimate of \$4,635,893. Assuming the State's share to be one-half of this amount would indicate a state expenditure of

Assistance to Local Agencies for Mental Health Services—Continued

\$2,317,946. This is, however, probably on the conservative side as additional new programs may enter or other services may be added in the present programs.

Our recommendation last year that the 1960-61 appropriation should be reduced to \$2,500,000 would still appear to provide sufficient funds for the program. In this respect, the requested 1961-62 appropriation should be reviewed as more data become available during budget considerations.

Table I shows how the expenditures are distributed among the various services and among the different programs according to the October 18, 1960, estimate.

Although only six programs have inpatient facilities, it is noted that the total expenditures are higher for this service than any other. Inpatient costs at \$956,747 form, in fact, about 41 percent of the total expenditure.

The inpatient costs are also high on a per patient daily basis. For instance, the daily cost to the State only, assuming this is about one-half of total per patient daily costs, is estimated as follows:

<i>Program</i>	<i>Approximate daily cost to State</i>	<i>Inpatient caseload *</i>
Contra Costa -----	\$15.47	9
Los Angeles County		
(Los Angeles County Hospital) -----	16.00	68 (August 31)
(Harbor General Hospital) -----	12.50	8
San Francisco		
(Admissions ward) -----	16.46)	49
(Treatment ward) -----	15.93{	
San Joaquin -----	15.00	22
San Mateo -----	13.50	37
Santa Clara -----	12.50	Not available

\* Month ending September 25, 1960.

The agency has never demonstrated the comparable level of treatment existing between these facilities and that supplied by the state hospitals. There is, however, a considerable difference in costs per patient to the State. For instance, the average daily support cost at Stockton for 1960-61 is estimated at \$6.85 per patient and is anticipated to increase to \$6.92 per day in 1961-62.

The Short-Doyle program was proposed on the basis that it would represent actual savings in comparison to costs of state hospital treatment. This is apparently not being realized as anticipated by the department.

We pointed out several areas of weakness in the Short-Doyle Program in our analysis of the budget for 1960-61. These were in three major areas as follows:

1. The submission of claims by local programs for state reimbursement was greatly delayed in some instances. It appears that this situation has largely been corrected in the last year through departmental action.

TABLE I  
REIMBURSABLE BUDGETS OF SHORT-DOYLE APPROVED PROGRAMS  
Cost

<i>Program</i>	<i>Total reimbursable budget</i>	<i>Outpatient services</i>	<i>Inpatient services</i>	<i>Rehabilitation services</i>	<i>Consultation services</i>	<i>Information and educational services</i>	<i>Misc.</i>
Alameda County -----	\$117,692	\$55,168	---	---	\$38,618	\$23,906	---
Berkeley City -----	29,034	---	---	---	17,637	11,397	---
Contra Costa County -----	155,561	69,369	\$63,273	---	17,451	5,468	---
Kern County -----	32,900	15,781	---	---	17,119	---	---
Lassen County -----	3,480	---	---	---	2,145	1,335	---
Los Angeles County -----	1,143,729	166,792	788,057	\$113,615	56,028	19,237	---
Monterey County -----	60,385	46,247	---	---	6,969	7,169	---
San Francisco, City and County -----	1,095,463	297,526	468,950	282,770	11,094	---	\$35,123 †
San Joaquin County -----	318,777	89,520	166,165	10,878	32,367	19,247	600 *
San Jose City -----	92,382	23,336	---	---	37,819	31,227	---
San Luis Obispo County -----	38,700	32,120	---	---	6,580	---	---
San Mateo County -----	953,317	384,893	333,898	150,200	72,501	9,725	2,100 *
Santa Clara County -----	370,720	167,744	93,150	36,322	38,716	34,788	---
Santa Cruz County -----	66,776	46,143	---	---	13,755	3,439	3,439 *
Solano County -----	46,844	35,229	---	---	11,615	---	---
Sonoma County -----	48,680	32,016	---	4,688	5,188	5,188	1,600 *
Ventura County -----	61,453	48,637	---	---	5,946	6,870	---
<b>Totals -----</b>	<b>\$4,635,893</b>	<b>\$1,510,521</b>	<b>\$1,913,493</b>	<b>\$598,473</b>	<b>\$391,548</b>	<b>\$178,996</b>	<b>\$42,862</b>
Approximate state share -----	2,317,946	755,260	956,747	299,236	195,774	89,498	21,431

\* Inservice training budgeted separately.

† Administrative Overhead budgeted separately.

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## Assistance to Local Agencies for Mental Health Services—Continued

2. There was no standardized approach in the setting of reimbursement fees. This resulted in considerable differences in methods, considerable time expended in setting fees, and in amounts collected as reimbursement by the different programs. In effect, the State has been subsidizing the inefficient programs in relation to the efficient ones.

We have proposed that a simple uniform fee system be set up. Some of the present systems are extremely cumbersome in arriving at a fee and, in many instances, although a basically similar method may be used in determining a fee, the final rates set may vary greatly between individual rate-setters.

The Department of Mental Hygiene, in co-operation with the local programs, should be able to develop a simple straightforward approach to this function which will greatly reduce the time involved in setting individual rates and, at the same time, provide a more uniform reimbursement structure when applied in the various individual programs.

The department has been co-operating together with the individual programs in trying to develop a better approach to the rate-setting problem and should be encouraged to continue under this method.

*We would, therefore, recommend that this procedure be continued for another year with a full study report and a recommended system to be submitted at that time by the agency.*

It would appear that progress has been generally satisfactory in this area; however, a great many inconsistencies remain in current rate-setting techniques in the individual programs and much unnecessary treatment time is lost in setting the charges.

3. The department originally indicated that a ceiling would be placed on the amount of funds that the State would supply to any one jurisdiction under Short-Doyle. This provision was, however, never written into the act and the State is thus committed in fact to support any program no matter how costly, if other conditions are met.

The original estimate was to the effect that a ceiling of \$1 per capita of general population would be appropriate in limiting the State's liability in this respect. Since the active initiation of the program, the department has apparently lost interest in such a proposal and appears now to be opposed to such a philosophy.

This is in contrast to most other states having similar programs and to the New York program after which Short-Doyle was closely modeled in other respects. Seemingly, these other states consider this a desirable safeguard. New York has since raised its ceiling from \$1 per capita of population to state support of up to \$1.20 per capita. It has, however, retained the feature of a ceiling. It is logical that the ceiling set should be reconsidered from time to time by the Legislature as basic conditions change.

It would seem that a limitation would be desirable, especially in view of the high inpatient costs which are apparently still increasing. Such a limitation should also be definitely required should the State's share of costs for this program be increased from the present one-half sharing basis.

Assistance to Local Agencies for Mental Health Services—Continued

*We, therefore, recommend that a per capita of population limitation (\$1 would appear reasonable at this time) be placed on the amount of state funds to be provided for this program; and that such a limitation be amended into the act.*

This will protect the State against possibly very excessive charges in the future. It should also be pointed out that, without some limitation on the state share in these costs, each dollar of mental hygiene expenditure in this field can conceivably produce less patient treatment than is available under the present hospital program, particularly on an inpatient basis.

**Department of Public Health  
CRIPPLED CHILDREN SERVICES**

ITEM 391 of the Budget Bill

Budget page 962

**FOR ASSISTANCE TO COUNTIES FOR CARE OF CRIPPLED CHILDREN  
FROM THE GENERAL FUND**

Amount requested .....	\$6,630,000
Estimated to be expended in 1960-61 fiscal year .....	5,910,000
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Increase (12.2 percent) .....	\$720,000

**TOTAL RECOMMENDED REDUCTION**..... None

**GENERAL SUMMARY**

This item provides funds for a state program for handicapped children, as authorized by Sections 249 through 271 of the Health and Safety Code. The code provides that whenever the parent or guardian of the child is unable to finance necessary care, a designated agency of the county shall request the State to furnish such services. Also, each county must appropriate not less than one-tenth mill on each dollar of assessed property valuation for the purpose of financing its portion of the program.

**ANALYSIS**

*We recommend approval of the item as budgeted.*

The budget proposes \$6,630,000 for this item for the 1961-62 fiscal year; this is an increase of \$720,000 or 12.2 percent above the \$5,910,000 estimated to be expended for this function during the current year.

The department's budget request for the 1959-60 fiscal year of \$5,263,895 was substantially over the 1959-60 actual expenditures of \$4,309,102 for this program. We believe that consideration should be given to adopting more exact budgeting techniques so that estimated expenditures for this program do not so far exceed resulting actual expenditures.

A breakdown of the \$6,630,000 proposed for the 1961-62 fiscal year is as follows:

Treatment -----	\$5,759,000
(Cost shared with counties on formula basis.)	
Administrative allowance -----	421,000
(State share of cost of administration of independent county programs on formula basis.)	
Diagnosis -----	1,400,000
(State pays full cost of diagnosis.)	
Noncounty resident care -----	50,000
(State pays full cost of care when county of residence cannot be established.)	
Total -----	\$6,630,000

Other costs relating to this program are the operation of the Bureau of Crippled Children Services. Approximately \$500,000 is proposed for this bureau for the 1961-62 fiscal year, and state payment of the full cost, \$1,600,000 is proposed for the 1961-62 fiscal year, for therapy services for cerebral palsied children. While we have consistently supported this program, we are concerned about its rapidly increasing costs, and we believe that the Legislature should give consideration to further sharing by local governments in the costs of this program. This subject will be expanded upon in a report which will shortly be made to the Legislature dealing with programs for physically handicapped, mentally retarded, and emotionally disturbed children.

The budget bill proposes three changes in the program. The first and most important proposal provides "that counties with a population of over 200,000 operate the program on an independent basis rather than having an option to operate on a dependent basis". Although this will result in an increase of \$40,000 in administrative allowances which will be paid to these counties, the department believes that local operation will provide more efficient and effective use of treatment and diagnostic funds, resulting in no net appropriation increase. We support the requirement of independent operation by the four remaining counties of over 200,000 population and further believe that the benefits resulting from more efficient administration at the local level should be a major consideration in anticipated future action by the department in recommending the extension of independent operation to smaller counties.

The second proposal is a change in the computation of the administrative allowance limitation from  $6\frac{2}{3}$  percent of prior year net treatment expenditures (excluding re-expenditure by the county of family reimbursements and insurance payments). The department states that "the major difference between net and gross treatment expenditures is the patient and insurance company payments". Although we support this change, we find it difficult to support the department's statement that this proposal "will provide greater incentive to counties to collect these payments so that no increase in appropriation will be required," inasmuch as this proposal will result in an annual increase of \$30,000 in administrative allowances to independent counties.

Crippled Children Services—Continued

The third proposal is for a change in clinic fees. The department states that "clinic fees have not changed for many years, although the general price level has increased," and "an adequate panel of physicians can be obtained only by increasing fees from \$50 to \$75 per day." Although we also support this proposal, we believe that the department's statement "that savings resulting from an adequate panel will offset the rate increase" may be too optimistic and a total increase in clinic fees may result if this proposal is adopted.

**MEDICAL FEES**

There is no increase in the medical fees for the crippled children program proposed for the budget year; however, we would like to review our 1959-60 analysis relative to medical fees which pointed out that the three largest General Fund agencies administering a medical program are the Departments of Public Health (Crippled Children Program), Social Welfare (Medical Care Program), and Education (Vocational Rehabilitation). All three agencies make use of the California Medical Association's (CMA) Relative Value Schedule.

The Relative Value Schedule of fees is a system used by the CMA as a guide for establishing fees and for the assistance of doctors who desire to use it. For example, a routine office visit has a value of 1.0, an appendectomy has a value of 35.0, etc. If a \$4 basic unit is established, then the value of an appendectomy is multiplied by \$4 (35.0 × \$4 = \$140).

The fee schedule sets forth four categories: (1) surgery, (2) medical services, (3) X-ray, and (4) laboratory. The basic unit payments of these three agencies are shown below.

	<i>Medical services</i>	<i>Surgery</i>	<i>X-ray</i>	<i>Laboratory</i>
Crippled children program -----	\$4.00	\$3.50	\$4.00	\$4.00
Social welfare -----	4.00	4.00	4.00	4.00
Vocational rehabilitation -----	4.00	3.50	4.00	4.00

Considerable progress has been made in establishing uniform medical fee schedules among these agencies by the Medical Fee Steering Committee which was established in May of 1960; however, we feel that efforts should be accelerated to achieve uniformity in medical fees.

**Department of Public Health  
TUBERCULOSIS SANATORIA**

ITEM 392 of the Budget Bill

Budget page 963

**FOR ASSISTANCE TO COUNTIES FOR TUBERCULOSIS SANATORIA  
FROM THE GENERAL FUND**

Amount requested -----	\$4,962,475
Estimated to be expended in 1960-61 fiscal year -----	4,763,890
	<hr/>
Increase (4.2 percent) -----	\$198,585
<b>TOTAL RECOMMENDED REDUCTION</b> -----	<b>None</b>

## Tuberculosis Sanatoria—Continued

## GENERAL SUMMARY

Division 4 of the Health and Safety Code provides state grants-in-aid to counties or cities for the treatment and care of persons suffering from tuberculosis. The funds are allocated in accordance with Section 3300 of the code which provides for a graduated subsidy rate of \$2.60 per patient day for the first 36,500 patient days of care, \$2.30 per patient day for the second 36,500 patient days, and \$1.75 for all additional days. The section further states that in addition to the amounts specified for the three categories, there can also be provided any additional amounts specified in any appropriation made thereafter. There have been additional amounts added in the budget act for each year since 1954.

## ANALYSIS

*We recommend approval of the item as budgeted.*

The budget proposes \$4,962,475 for this item for the 1961-62 fiscal year. This is an increase of \$198,585 or 4.2 percent over the \$4,763,890 estimated to be expended for this function during the current year. The requested appropriation is based on the graduated rate in the Health and Safety Code, plus an additional supplemental rate of \$2.21, an increase of 45 cents over the supplemental amount of \$1.76 for each category which was approved for the current year. The increase in supplemental aid accounts for the increase in estimated expenditures despite decreasing incidence of the disease.

During the 1959 Session of the Legislature, the Senate Finance Committee directed that a complete evaluation of the basis of this subvention be made by the committee which was also to study the Subvention for Assistance to Local Health Departments. This committee was formed with membership from the State Department of Public Health, California Conference of Local Health Officers, California Tuberculosis and Health Association, County Supervisors Association, League of California Cities, State Department of Finance, Legislative Analyst and other interested agencies. The committee was instructed to examine the basis upon which the item of Assistance to Counties for Tuberculosis Sanatoria in accordance with Section 3300 of the Health and Safety Code is distributed to local areas and report to the Senate Finance Committee on January 1, 1961.

The committee report is completed and will be made to the Senate Finance Committee as directed.

**Department of Public Health**  
**ASSISTANCE TO COUNTIES WITHOUT LOCAL HEALTH DEPARTMENTS**  
 ITEM 393 of the Budget Bill Budget page 963

**FOR ASSISTANCE TO COUNTIES WITHOUT LOCAL HEALTH DEPARTMENTS FROM THE GENERAL FUND**

Amount requested -----	\$310,370
Contribution to State Employees' Retirement System -----	16,180
<hr/>	
Total -----	\$326,550
Estimated to be expended in 1960-61 fiscal year -----	291,531
<hr/>	
Increase (12.0 percent) -----	\$35,019
<b>TOTAL RECOMMENDED REDUCTION</b> -----	None

**GENERAL SUMMARY**

Section 1157 of the Health and Safety Code authorizes the Department of Public Health to furnish local public health services to those counties without recognized local health departments which contribute a minimum of 55 cents per capita. This program now includes Alpine, Amador, Calaveras, El Dorado, Lake, Mariposa, Modoc, Mono, Nevada, Sierra and Trinity Counties.

**ANALYSIS**

*We recommend approval of this item as budgeted.*

The budget proposes \$310,370 for the operation of this function in the 1961-62 fiscal year. This is an increase of \$35,019 or 12.0 percent over the \$291,531 that is estimated to be expended for this function in the current year. Included in the budget request are funds for four positions to service Tehama County which proposes to enter the program as of July 1, 1961. These funds would provide for two sanitarians and two public health nurses to handle the anticipated workload in Tehama County.

**Department of Public Health**  
**ASSISTANCE TO LOCAL HEALTH DEPARTMENTS**  
 ITEM 394 of the Budget Bill Budget page 964

**FOR ASSISTANCE TO LOCAL HEALTH DEPARTMENTS FROM THE GENERAL FUND**

Amount requested -----	\$3,869,045
Estimated to be expended in 1960-61 fiscal year -----	3,869,045
<hr/>	
Increase -----	None
<b>TOTAL RECOMMENDED REDUCTION</b> -----	None

**GENERAL SUMMARY**

State and federal funds are allocated to qualified health departments on a population basis to provide local public health services. These funds are subvened to departments which meet minimum standards established by the State Board of Public Health. The funds are distributed in accordance with the formula set forth in Section 1141 of the Health and Safety Code, which provides for a basic allotment of \$16,000 or 60 cents per capita per county, whichever is the lesser,

**Assistance to Local Health Departments—Continued**

to administrative bodies serving one or more counties. If a county is divided into two or more local health department jurisdictions, the basic allotment is divided in proportion to the population served, except that no funds are available to independent health departments serving cities of less than 50,000 population. The law further provides that after deducting the amounts allowed for basic allotments, the remainder of the appropriation shall be distributed to each local health department in the proportion that the population of the local health department jurisdiction bears to the population of all qualified local health departments of the State.

**ANALYSIS**

*We recommend approval of this item as budgeted.*

An amount of \$3,869,045 is requested for the 1961-62 fiscal year. This is the same amount as was allocated in the current year, but due to our increasing population, the requested allocation will provide a smaller amount per capita.

The 1961-62 amount is based on a July 1, 1961 population estimate of 16,396,000. The allocation is based on the formula of 60 cents per capita per county, or \$16,000 per county, whichever is the lesser, as a basic amount, plus 20.064963 cents per capita. Because of the limitation on funds available, the 1961-62 per capita allocation is somewhat less than the 20.735401 cents per capita which was allocated during the current year.

In addition to the amount appropriated from the General Fund by this item, an estimated \$1,079,561 in federal funds will be distributed to local health departments in the same ratio as state funds.

In our 1959-60 Analysis of the Budget Bill, we recommended a complete evaluation of the basis upon which this subvention is distributed by the State Department of Public Health. The Senate Finance Committee adopted this recommendation and directed that a committee be formed with the representatives of the State Department of Public Health, California Conference of Local Health Officers, California Tuberculosis and Health Association, County Supervisors Association, League of California Cities, State Department of Finance, Legislative Analyst and other interested agencies. The committee was instructed to examine the basis upon which the item of Assistance to Local Health Departments in accordance with Chapter 8, Part 2, Division 1 of the Health and Safety Code is distributed to local agencies and report to the Senate Finance Committee on January 1, 1961.

The committee's report is completed and will be made to the Senate Finance Committee as directed.

Department of Public Health

ASSISTANCE TO LOCAL AGENCIES FOR GNAT CONTROL

ITEM 395 of the Budget Bill

Budget page 965

FOR ASSISTANCE TO LOCAL AGENCIES FOR GNAT CONTROL FROM THE GENERAL FUND

Amount requested .....	\$20,000
Estimated to be expended in 1960-61 fiscal year.....	20,000
<hr/>	
Increase .....	None
<b>TOTAL RECOMMENDED REDUCTION.....</b>	<b>\$20,000</b>

GENERAL SUMMARY

This subvention is allocated to local agencies for research on the control of gnats. The State provides financial assistance for up to 50 percent of the support of approved gnat research programs. This subsidy is authorized by Sections 2425-2426 of the Health and Safety Code.

ANALYSIS

The budget proposes \$20,000 for this item for the 1961-62 fiscal year. This is the same amount which is estimated to be expended for this purpose for the current year.

*We recommend a reduction of the \$20,000 for assistance to local agencies for gnat control and discontinuance of this subvention.*

Two approved gnat research programs are being carried on under this subvention and another program is being carried out under a direct appropriation to the University of California at Riverside.

The first gnat research program being carried out under this subvention is the research on the biting black gnat being carried out by the San Mateo County Mosquito Abatement District. The State provides \$10,000 in financial assistance to this program with this sum being matched by at least an equal amount from the district. The district has carried out studies on the biting black gnat for some five years with these studies being augmented by state gnat assistance research funds for the past three years. The achievement of the objectives of the black gnat studies has necessarily entailed a long-range study of their biology, larval habitat and soil ecology in addition to experimental control.

The black gnat is found in numerous areas of California in its valleys and lower foothills and records show their presence from the northern Sacramento Valley intermittently to San Diego, both in the Central Valley and in pockets along the coast. The black gnat is certainly not restricted to San Mateo County. The current trend of development in many areas infested by the black gnat has intensified population exposure to their severe bites which in turn has elicited a strong demand for control measures which the district believes will be needed for the next couple of decades.

Short-term methods of control of the black gnat through insecticide application has achieved only a limited success and the district believes much more must be done to provide adequate physical coverage of soil sources with insecticides.

**Assistance to Local Agencies for Gnat Control**

Long-range methods of control through environmental modification are being studied, but the district believes the evaluative data will necessarily be slow in forthcoming.

The district currently has a professional staff of two graduate entomologists and supporting staff assigned to this program.

The other gnat research program being carried out under this subvention is the research on the Clear Lake gnat being carried out by the Lake County Mosquito Abatement District. The State also provides \$10,000 in financial assistance to this program and this sum is matched by at least an equal amount by the district. Since the district's inception in 1948, the main attention has been given to research and control programs directed towards the Clear Lake gnat. These studies have been augmented by state gnat assistance research funds for the past three years. Although the Clear Lake gnat is a nonbiting gnat, it adversely affects the economy of Lake County which is closely tied to the recreational use of Clear Lake. These gnats appear regularly every summer in great swarms along the shores of Clear Lake when it is at its highest recreational use and it has been said that . . . "the nuisance created by these insects is almost unbelievable unless actually experienced. At night they sometimes become so numerous around the lights that they hang in a cloud below every exposed lamp."

The Clear Lake gnat has also been identified at neighboring lakes in the same region such as Mendocino, Pillsbury, and Berryessa, but in no instance does the problem even begin to approach the gnat control problem at Clear Lake.

The first intensive research and control program on the Clear Lake gnat was carried on by the United States Department of Agriculture from the late 1930's to the late 1940's at which time the Lake County Mosquito Abatement District was formed. The first control treatment of Clear Lake was undertaken in 1949. Although this type of program has been carried on intermittently ever since, the last gnat control chemical treatment of the lake proved hazardous to fish and wildlife in and about the lake and has resulted in a search for a new insecticide to provide short-term control.

Emphasis is shifting to a long-range program of biological and ecological control and the district believes that "the results of the long-range program will eventually resolve its seemingly perpetual gnat program on a continual, economical basis."

The district currently has a staff of two graduate entomologists and supporting staff assigned to this program.

The other major gnat research program is being carried out at the University of California at Riverside. As the current annual expenditure of approximately \$30,000 for this program is carried on under a direct General Fund appropriation, the university does not take part in the gnat assistance program. We feel that a discussion of its program provides a more complete picture of state money being spent on gnat research as well as the role of the University of California in such basic research.

**Assistance to Local Agencies for Gnat Control**

The university is carrying out research on the eye gnat. The current studies on the biology and control of eye gnats were begun in 1956. Eye gnats have long been extremely annoying pests in the Coachella Valley in Southern California. They are believed to transmit an infectious eye disease known as "pink eye." The university is also currently carrying out research, under contract to the Los Angeles County Flood Control District, on an aquatic type gnat which poses a particular problem to the Flood Control District.

The research project is directed toward biological control of eye gnats which is generally the same approach taken by the two districts which are studying gnat problems under the gnat assistance program. A successful laboratory colonization of eye gnats has made it possible to carry on the biological study of this pest under controlled environmental conditions.

It is fair to say that the solution to the eye gnat problem is a long-term one. Eye gnats are a post-agricultural problem and with a tendency toward an increased utilization of water and intensive farming practices in desert areas of Southern California, the disturbance of the natural balance will result in the eye gnat posing a more challenging problem than ever before.

We believe that basic research in the gnat control field should be carried out by the university. In the case of the two districts, we find that in their gnat control programs, they are placing emphasis on a long-range program of biological control which is more of a basic research function than is chemical control which lends itself to field research.

While we have recommended against the gnat assistance program in past analyses, due to the fact that we believe it to be more of a local than a statewide problem, we recommend that if the Legislature determines that the two research programs on the biting black gnat and Clear Lake gnat should be continued, such research should be carried on at the facility equipped to do basic research, the University of California at Riverside. We recommend this course of action for the following reasons:

a. The university has one of the largest entomological research programs in the country and can call upon some 130 technical and professional personnel who are part of or available to this program.

b. The university has in excess of \$50,000 of specialized testing facilities in the mosquito and related gnat research field which could be utilized in the research project.

c. The university has an ongoing program related to the eye gnat as well as a research program on an aquatic gnat which is closely related to the Clear Lake gnat and in addition could easily add the biting black gnat to the program.

d. Finally, we believe that the research approach by the two districts and the university are similar and that the university could do a better job for the same dollar expenditure as the university has resources in personnel, equipment and facilities.

*We therefore recommend deletion of this item for \$20,000.*

**Department of Public Health**  
**MOSQUITO CONTROL**

ITEM 396 of the Budget Bill

Budget page 965

**FOR ASSISTANCE TO LOCAL AGENCIES FOR MOSQUITO CONTROL  
FROM THE GENERAL FUND**

Amount requested -----	\$190,550
Contribution to State Employees' Retirement System -----	6,165
<hr/>	
Total -----	\$196,715
Estimated to be expended in 1960-61 fiscal year -----	196,715
<hr/>	
Increase -----	None
<b>TOTAL RECOMMENDED REDUCTION -----</b>	<b>\$91,518</b>

**GENERAL SUMMARY**

Section 24216 of the Health and Safety Code provides that the State Department of Public Health may enter into co-operative agreements with any local district or public agency engaged in the control of mosquitoes or gnats, or both, under conditions to be prescribed by the State Board of Public Health. Such agreements may provide for financial assistance by the State, but the State's total contribution shall not exceed 50 percent of the entire cost of the proposed activity.

**ANALYSIS**

An appropriation for assistance to local agencies for mosquito control of \$190,550 plus retirement costs is requested for the 1961-62 fiscal year. This is the same amount as is estimated to be expended for this function during the current year. *We recommend a reduction of \$91,518 for assistance to local agencies for mosquito control and discontinuance of the mosquito research program conducted under this subvention.* The proposed appropriation consists of two major programs, a direct subvention to local districts for reporting of mosquito incidence and a mosquito research program conducted by the department.

The department proposes \$91,518 plus retirement costs for departmental research including two additional junior vector specialists at a cost of \$10,464.

There are over 40 species of mosquitoes occurring in the State of California. Some of these mosquitoes, in addition to being vicious biters, are potential vectors of a number of human and animal diseases, including malaria, encephalitis, and yellow fever. Mosquitoes in populated areas are primarily dependent on man and domestic animals for their food. The movement of segments of urban population into semi-agricultural and recreational areas has brought the public into contact with mosquito populations in these areas with a resultant demand for effective control work in these same areas.

The department's mosquito control research activities are carried on at the Fresno Laboratory and are supported by this subvention. This research remained at about the same program level each year during the period from 1946 to 1958 with some \$25,000 to \$45,000 of each year's subvention being used for departmental research. Beginning with the 1959-60 fiscal year the use of mosquito control subvention funds for departmental research has significantly increased and \$91,518

**Mosquito Control—Continued**

is being proposed for the 1961-62 fiscal year. We have discussed the value of this research, from a local agency standpoint, with eight mosquito abatement districts, and opinions vary from the opinion of some districts that this laboratory provides a useful service to the view of some districts that if the laboratory were closed, it would have no effect on their mosquito control program as they have not utilized the services of the laboratory.

Some of the districts in proximity to the Fresno Laboratory indicate that they do not make use of the State's laboratory facilities due to the lack of any information of value to their control program. The State's subvention is generally intended to be spent for research to determine the most effective and economical methods of mosquito control as the title "For Mosquito Control" would seem to imply. The laboratory is directing its emphasis toward basic biological and ecological research in the mosquito field. We believe that this approach conflicts with the original intent of this laboratory which was to assist local agencies in direct methods of mosquito control.

A significant lack of confidence and support for the research program of the Fresno Laboratory would seem to be reflected in the action taken by several districts in the Central Valley several years ago which provided, and has continued to provide, funds to the University of California at Riverside for insecticide and other mosquito research which would more directly benefit these districts in their control program. This program, which now includes four districts, provides for a contribution of \$2,000 per district or a total of \$8,000 annually for the 1961-62 fiscal year. This action was taken by these districts in spite of the fact that the State maintains a research facility which is supported by funds specifically earmarked for assistance to local agencies for mosquito control, but apparently has not been able to provide control information of value to these agencies.

There are indications that the Fresno Laboratory activities have generally not been co-ordinated with other mosquito research activities within the State to the end that there are serious indications of overlap and duplication of effort at this facility.

The Bureau of Vector Control presently has five men assigned to the mosquito research program, and if it were determined that they should continue in the program, a minimum amount of field research could still be carried out.

The Bureau of Vector Control could also complete and quite possibly engage in additional special project mosquito research activities which are fully financed from federal funds. Special project research is now being carried out as follows:

	<i>Actual</i> 1959-60	<i>Estimated</i> 1960-61	<i>Estimated</i> 1961-62
Organo-phosphorous resistant mosquitoes-----	\$13,000	\$19,675	\$14,225
A study of mosquitoes resistant to organo- phosphorous insecticides			
Blue-green algae -----	17,015	17,725	--
Toxic effect upon mosquito larvae of blue- green algae found in rice fields			
Biologic control of mosquitoes -----	--	25,000	25,000
Special project totals -----	\$30,015	\$62,400	\$39,225

**Mosquito Control—Continued**

Private enterprise is also carrying out a great deal of research in improvements in insecticides, especially in view of the more than \$1 million annual expenditure of local agencies for insecticides, and a certain amount of overlap in research in this area would be avoided by the proposed reduction in the state program.

Nonprofit agencies such as the Hooper Foundation and the Rockefeller Foundation are also carrying on research or providing funds for research related to mosquito-borne human diseases.

The United States Public Health Service is carrying out mosquito-related research at their communicable disease center in Atlanta, Georgia.

The United States Department of Agriculture is also carrying on mosquito-related research at their Orlando, Florida facility.

The University of California and more specifically the Riverside Campus and, to a lesser extent, the Davis Campus, are conducting a considerable amount of mosquito research. The overall objectives of this mosquito research program are to develop efficient and economical means of controlling mosquitoes.

The Department of Entomology which is located on the Riverside Campus believes that there is assurance from work accomplished to date that new insecticides can be developed which will be more effective for a greater period of time against mosquitoes, will be safer to handle and will not leave objectionable residue on crop plants as well as being ecologically selective in controlling mosquitoes without harming fish and beneficial predators of mosquitoes.

To further these objectives they believe that a knowledge of the basic biology, ecology and behavior of mosquitoes as it applies to control technology, must be gained to complement the information gained on the toxicity of new insecticides to mosquitoes.

Their greatest emphasis will therefore continue to be placed on the development of immediate and practical methods of mosquito control while the efforts directed towards the biological control of mosquitoes will be a lesser, but certainly not unimportant, segment of the program.

The University of California at Riverside is currently expending in excess of \$100,000 annually for mosquito and mosquito-related research as follows:

1. World Health Organization Research Grant

The work on mosquito control has been given a new and vital emphasis as a result of a research grant from the World Health Organization. This calls for a fundamental screening program of new compounds received from the worldwide chemical industry to the end that new insecticides can be found for use in the malaria eradication and other vector control programs of the World Health Organization. This program is developed on a five-year basis with total funds of approximately \$100,000 or \$20,000 annually and the Entomology Department believes that the results obtained will have practical application in the control of insect pests of all types which affect agriculture in California.

**Mosquito Control—Continued****2. Mosquito Abatement Districts Research Grant**

The university now provides insecticides and related research for four California Mosquito Abatement Districts. This research grant is in the amount of \$8,000. This grant has made it possible to hire specialists for work on specific mosquito control and related problems, especially to extend the results of laboratory developments into field practice. These studies have resulted in the development of a highly efficient granular insecticide, for use in mosquito control and all of the districts which participate in this program state that they are well satisfied with the results of this research, which provides them with practical information which they can use in their day-to-day control operations.

**3. United States Public Health Service Grant**

The department has completed three years under this grant, which aggregates approximately \$25,000 annually and has an additional five years under the contract for this program. The research is in the mosquito and fly area and places emphasis on insecticide research.

4. The General Fund also provides at least \$20,000 annually for mosquito and related research.

The overall entomological research program of the university is one of the largest in the world, and some 130 people are a part of, or available to, the program.

The program includes the Department of Entomology, including the balance of the department located at the UCLA campus which is in the process of moving to Riverside; the Department of Biologic Control, including three Ph.D. chemists and a newly constructed U.S. Department of Agriculture Entomology Research Division Laboratory employing approximately 20 people, which is ready to go into operation adjacent to the present entomological research facilities.

In addition, the research program has the services of experts from other departments making up the College of Agriculture located on the campus.

In addition to having people available from the many disciplines, the university has more than \$100,000 in specialized instruments which are used in making chemical and biochemical measurements and some \$50,000 of specialized testing facilities for use in the mosquito and allied research programs plus one of the most extensive laboratories for residue analysis available anywhere.

The university also has the only nonfederal insectary in the United States which is authorized to house any species of insect available from anywhere in the world. The advantages of this to the research program of the university are obvious.

The Davis Campus of the University of California is carrying out activities in two areas of concern in the mosquito control and research field. The first area is the equipment field in that the Department of Agricultural Engineering furnishes the various districts with information and advice relative to pest control equipment which is used in applying chemicals to the surface. A number of districts indicated that they avail themselves of the services of the department.

**Mosquito Control—Continued**

The university also has received a three-year grant from the United States Public Health Service to carry out research on mosquito ecology. This grant approximates \$12,500 annually. In addition to this research the Davis Campus has certain professors with professional standing in the vector control field who devote part of their time to carrying out mosquito and related research such as the identification of various species of mosquitoes.

The university as a whole has an unquestioned status in the mosquito control and research field and we believe that basic research in this area should be carried out by the University of California rather than the State Department of Public Health.

In summary, we believe that with continued mosquito field research by the Bureau of Vector Control staff, Bureau of Vector Control Special Project research activities, research financed by local agencies involved in mosquito control, research for the U.S. Public Health Service and Department of Agriculture, research by the University of California under special grants, and research by private enterprise and nonprofit foundations, that any further mosquito research by the Department of Public Health under the program of Assistance to Local Agencies for Mosquito Control is no longer justified. However, we believe that any functions carried on by the Fresno Laboratory, which might be considered necessary, such as an expanded program of consultation with mosquito abatement districts on the development and use of insecticides, should be continued by the university from its Riverside Campus. We would acknowledge that a certain amount, but certainly not all, of the funds being expended for the operation of the Fresno Laboratory might be made available to the Riverside Campus to provide such necessary services to the districts. *Therefore, we recommend a reduction of \$91,518 for this item.*

The budget proposes to continue \$101,000 for subvention to districts for reporting of mosquito incidence. *We recommend approval of this \$101,000 for the reporting of mosquito incidence.*

In 1947 when the State undertook to provide funds to local agencies for mosquito control, the mosquito control picture was considerably different than it is today. The original intent of this subvention program was to provide funds so as to guard against malaria and encephalitis outbreaks at the end of World War II in California. Many areas had little or no active mosquito control programs and were unable to financially provide for these programs.

The original direct subvention to local agencies was some \$400,000 annually, but this direct subvention has since been reduced to approximately \$101,000 annually in the current and proposed budget years.

The aggregate annual expenditures of local agencies for mosquito control was approximately \$500,000 when the original subvention was developed, and this figure has been increased to a present aggregate annual expenditure by local agencies of approximately \$5 million for mosquito control purposes.

More local agencies have been formed to handle the problem of mosquito control, and existing agencies have expanded and improved

**Mosquito Control—Continued**

their programs, and it is evident that these agencies have generally assumed responsibility for a program which is more local than state-wide in character.

The mosquito incidence report, which is the basis of this subvention, is developed from information provided by a mosquito trap which has been described as at best a crude measuring device. Although mosquito traps, as such, are standardized, variations in operation, location and other variables influence the possibility of obtaining an accurate count. Concern has also been expressed as to whether certain agencies and individuals, other than the State Department of Public Health and local mosquito control agencies, are misinterpreting the information provided in the report.

Despite these problems, the evidence would indicate that the mosquito incidence report subvention program should be continued for the 1961-62 fiscal year.

**Department of Public Health  
CRIPPLED CHILDREN SERVICES**

ITEM 397 of the Budget Bill

Budget page 966

**FOR ASSISTANCE TO LOCAL AGENCIES FOR TREATMENT  
OF PHYSICALLY HANDICAPPED CHILDREN  
FROM THE GENERAL FUND**

Amount requested .....	\$1,600,000
Estimated to be expended in 1960-61 fiscal year .....	1,439,220
<hr style="border: 0.5px solid black;"/>	
Increase (11.2 percent) .....	\$160,780
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>None</b>

**GENERAL SUMMARY**

This item provides funds which will permit the Department of Public Health to employ physical therapists or to enter into contracts with local health departments to provide for the employment of therapists. Although the current year's program, as approved by the Legislature, is restricted to cerebral palsied children, the budget proposes that therapy services also be extended in the 1961-62 fiscal year to those children afflicted with poliomyelitis, muscular dystrophy, amputation and multiple sclerosis.

**ANALYSIS**

The budget proposes \$1,600,000 for this item for the 1961-62 fiscal year. This is an increase of \$160,780 or 11.2 percent over the \$1,439,220 estimated to be expended for this function during the current year. The budget proposal provides for 242 therapists to meet the anticipated workload increase.

The budget provides for an expanded program in that therapy is to be made available on a "time available" basis for a number of conditions other than cerebral palsy. We can only assume that assignment of therapists would continue to be based on the number of children with cerebral palsy requiring therapy, although the budget document

**Crippled Children Services—Continued**

states that "assignment of therapists has been based on the number of children with cerebral palsy requiring treatment".

Adoption of the budget, as proposed, could be the first step in a program to make therapy services available to an indeterminate increase in handicapped children during the 1961-62 and future fiscal years. While we are concerned with this proposed program which would go well beyond the continuing intent of the Legislature to provide therapy services for cerebral palsied children, we are also concerned with the broadening of a program which provides medical service for a select group regardless of economic need. This program is not based on the principle of public health services according to financial need which is generally followed in California. We believe that this expansion of program could lead to demands from other special interest groups that their medical care programs be offered on the same basis, i.e., without regard to financial need.

*We recommend that approval be given to the item as budgeted only on condition that assignment of therapists continue to be based on the number of children with cerebral palsy requiring therapy and that treatment be made available for other disabling conditions only on a "time available" basis.*

Approximately one-third of the therapists are still state employees, although it has long been the department's policy to contract with counties in which they work so that they will be county employees whose costs would be covered by the state subvention to counties. It is administratively desirable for therapists to be county employees so that county crippled children service directors have full administrative responsibility over their work at cerebral palsy schools within each county.

*We recommend that language be added to the budget bill to effect the transfer of all therapists to county employment not later than July 1, 1962.*

**Department of Public Health  
HOSPITAL CONSTRUCTION**

ITEM 398 of the Budget Bill

Budget page 966

**FOR ASSISTANCE TO LOCAL AND NONPROFIT AGENCIES FOR  
HOSPITAL CONSTRUCTION FROM THE GENERAL FUND**

Amount requested .....	\$6,105,866
Prior year balance available .....	2,223,792
<b>Total .....</b>	<b>\$8,329,658</b>
Estimated to be expended in 1960-61 fiscal year.....	8,231,058
 Increase (1.2 percent) .....	 98,600

**TOTAL RECOMMENDED REDUCTION.....** None

**GENERAL SUMMARY**

This item provides for continued participation by the State in the federal hospital construction program (Hill-Burton and Wolverton Acts) on a matching basis. Section 435.6 of the Health and Safety Code

**Hospital Construction—Continued**

provides that the amount of state assistance which shall be provided to any public agency for hospital construction shall be a sum equal to the assistance received by the agency for that hospital under the federal act, but in no event shall the amount of the state assistance exceed one-third of the cost of the construction of the hospital.

**ANALYSIS**

The budget proposes \$8,329,658 for this item for the 1961-62 fiscal year. This is an increase of \$98,600 or 1.2 percent above the \$8,231,058 estimated to be expended for this subvention for the current year.

*We recommend approval of the item as budgeted.*

**Department of Water Resources  
FLOOD CONTROL**

ITEM 399 of the Budget Bill

Budget page 969

**FOR SUBVENTION FOR FLOOD CONTROL  
FROM THE GENERAL FUND**

Amount requested -----	\$1,757,797
Estimated to be expended in 1960-61 fiscal year -----	10,510,577
	\$8,752,780

Decrease (83.3 percent) -----

**TOTAL RECOMMENDED REDUCTION -----** None

**ANALYSIS**

The State has since 1946 assumed the costs of lands, easements and relocation of utilities which federal law requires local governments to pay on any U.S. Corps of Engineers flood control projects involving levee and channel work. Originally these costs were reimbursed by the Department of Water Resources to the local agencies from appropriations made to the Flood Control Fund of 1946. In the 1959 General Session the Flood Control Fund was abolished. Since then the appropriations and reimbursements have been made directly from the General Fund.

The request being made this year is for \$1,757,797 which is substantially below the level of previous years. There are no large amounts for major projects being requested this year and only one new project is being financed, the Green Valley Creek Project in Solano County which is a small flood control project automatically authorized by Section 12750 of the Water Code.

Although the request for new funds is reduced this year, the level of expenditure will remain high because of the large amount of carryover funds appropriated in past years and not yet reimbursed. By the end of next year some improvement can be expected in reducing the amount of carryover funds, but more improvement could be made. *On the basis that the request is to meet the State's commitments on the federal flood control program, approval of the request is recommended.*

Flood Control—Continued

The appropriation being requested for the fiscal year 1961-62 is for the following projects,

(a) Santa Ana River Basin, San Bernardino County.....	\$149,000
(b) Los Angeles and San Gabriel Rivers and Ballona Creek, Los Angeles County .....	92,297
(c) Santa Maria River, Santa Barbara County.....	374,000
(d) Santa Clara River, Ventura County.....	172,000
(e) Ventura River Basin, Ventura County.....	187,000
(f) Green Valley Creek, Solano County.....	70,200
(g) San Lorenzo Creek, Alameda County.....	116,300
(h) Santa Ana River Basin, Riverside County.....	243,000
(i) San Lorenzo River, City of Santa Cruz.....	50,000
(j) Santa Ynez River Watershed Protection, Santa Barbara County.....	304,000
<b>Total</b> .....	<b>\$1,757,797</b>

**Department of Water Resources  
WATERSHED PROTECTION PROJECTS**

ITEM 400 of the Budget Bill

Budget page 969

**FOR SUBVENTIONS FOR WATERSHED PROTECTION PROJECTS  
FROM THE GENERAL FUND**

Amount requested .....	\$753,500
Estimated to be expended in 1960-61 fiscal year.....	2,471,863
<b>Decrease (69.5 percent)</b> .....	<b>\$1,718,363</b>

**TOTAL RECOMMENDED REDUCTION**..... None

Sections 12850 to 12875 of the Water Code authorize the Department of Water Resources to reimburse local agencies for costs of lands, easements and relocation of utilities for watershed protection projects constructed by the U.S. Soil Conservation Service.

*Approval of the request is recommended.*

Projects included in the request for fiscal year 1961-62 are:

(a) Buena Vista Creek, San Diego County.....	\$16,000
(b) Central Sonoma, Sonoma County .....	305,100
(c) Adobe Creek, Lake County .....	40,700
(d) Walnut Creek, Contra Costa County.....	249,700
(e) Marsh-Kellog, Contra Costa County.....	142,000
<b>Total</b> .....	<b>\$753,500</b>

**Reclamation Board  
FLOOD CONTROL**

ITEM 401 of the Budget Bill

Budget page 970

**FOR SUBVENTIONS TO PAY THE COSTS OF CO-OPERATION IN  
FEDERAL FLOOD CONTROL PROJECTS IN THE CENTRAL  
VALLEY, FROM THE GENERAL FUND**

Amount requested .....	\$6,155,000
Appropriated in 1960-61 fiscal year .....	\$3,610,000

**TOTAL RECOMMENDED REDUCTION**..... None

Flood Control—Continued  
ANALYSIS

The funds appropriated by this item are used for the acquisition of lands, easements, and rights of way and relocation of improvements for Corps of Engineers flood control projects in the Central Valley and for constructing the Lower San Joaquin River Flood Control Project.

The program for 1961-62 includes the following project expenditures:

1. Sacramento River Flood Control Project. The sum of \$968,500 is requested to finance state participation with the Corps of Engineers in continuing projects on the Sacramento River and its tributaries. This request includes \$849,500 for the Chico and Mud Creeks and Sandy Gulch portions of the Major and Minor Tributaries Project, \$114,000 for the Old Sacramento River Project, and \$5,000 for bank protection work from Chico Landing to Red Bluff.

2. Lower San Joaquin River Flood Control Project. The bulk of the \$3,266,500 request will be expended for design and construction of the State's portion of this project above the mouth of the Merced River. The remainder is for co-operation with the Corps of Engineers in the portion of the project below the mouth of the Merced River.

3. Calaveras River and Littlejohn Creek and Tributaries Project. The \$1,920,000 budget for this project is based on significant relocation and acquisition activity throughout most of fiscal year 1961-62.

*The total of \$6,155,000 requested by the Reclamation Board for 1961-62 local assistance projects is recommended for approval.*

Department of Water Resources  
BEACH EROSION CONTROL

ITEM 402 of the Budget Bill

Budget page 972

FOR THE STATE'S SHARE AND FEDERAL ADVANCES FOR BEACH  
EROSION CONTROL FROM THE GENERAL FUND

Amount requested -----	\$357,300
Estimated to be expended in 1960-61 fiscal year -----	823,500
Decrease (56.6 percent) -----	<u>\$466,200</u>

TOTAL RECOMMENDED REDUCTION ----- None

ANALYSIS

The U.S. Corps of Engineers Beach Control program has been in existence only a few years. Sections 335 through 338 of the Water Code authorize the Department of Water Resources to pay one-third of the project costs and advance one-third for the federal costs which is subsequently reimbursed. The remaining one-third is paid by some local agency. New projects being added this year are San Buenaventura Beach State Park and Doheny Beach State Park. In prior years this appropriation has come from the California Water Fund but for fiscal year 1961-62 it is being made from the General Fund. *Approval is recommended.*

**Beach Erosion Control—Continued**

The projects and the amounts being requested for each are as follows:

(a) Ventura County, State's share.....	\$110,500
(b) City of Oceanside, States' share.....	44,000
(c) City of Oceanside, advance for federal share.....	44,000
(d) San Buenaventura Beach State Park, States' share.....	27,000
(e) San Buenaventura Beach State Park, advance for federal share .....	27,000
(f) Doheny Beach State Park, States' share.....	52,400
(g) Doheny Beach State Park, advance for federal share.....	52,400
 Total .....	 <u>\$357,300</u>

**Department of Social Welfare**

**ADMINISTRATIVE ASSISTANCE FOR COUNTY WELFARE DEPARTMENTS**

ITEM 404 of the Budget Bill

Budget page 990

**FOR SUPPORT OF ADMINISTRATIVE ASSISTANCE FOR COUNTY WELFARE DEPARTMENTS, FROM THE GENERAL FUND**

Amount requested .....	\$721,000
Estimated to be expended in 1960-61 fiscal year.....	None
 Increase .....	 <u>\$721,000</u>
<b>TOTAL RECOMMENDED REDUCTION.....</b>	<b>\$721,000</b>

**GENERAL SUMMARY**

Administrative Assistance for County Welfare Departments is a Budget Act item containing new services, for which legislation is proposed. These new services would benefit county welfare departments and would be financed from federal and state funds. The total program proposed for 1961-62 would cost \$721,000 in state and \$590,000 in federal funds for a total of \$1,311,000. Services provided to counties by these funds would include; (1) support of local research projects, (2) expansion of inservice training for new county social workers, and (3) the granting of scholarships and educational leaves for those wishing to work in county welfare departments.

**ANALYSIS**

Since the need for funds requested in this Budget Act item is contingent upon legislation, it would be better to either include appropriation requests in the legislation itself, or add an augmentation to the Budget Act if the legislation precedes the passage of the Budget Bill.

*Therefore, we recommend the deletion of this item as a Budget Act appropriation, the amount of which is \$721,000.*

**Department of Social Welfare**

**GRANTS FOR COMMUNITY SERVICES FOR OLDER CITIZENS**

ITEM 405 of the Budget Bill

Budget page 991

**FOR GRANTS FOR COMMUNITY SERVICES FOR OLDER CITIZENS FROM THE GENERAL FUND**

Amount requested .....	\$150,000
Estimated to be expended in 1960-61 fiscal year.....	None
 <b>TOTAL RECOMMENDED REDUCTION.....</b>	 <b>\$150,000</b>

## Grants for Community Services for Older Citizens—Continued

## ANALYSIS

Proposed legislation is to become effective January 1, 1962, and would offer grants to communities on a matching basis to promote activities for older citizens.

The need for funds in this item is contingent upon proposed legislation, thus we are not in a position to analyze this request and it would be preferable to include the amount of the appropriation either in the legislation itself, or as an augmentation to the budget if the legislation passes before the Budget Bill.

*Therefore, we recommend the deletion of this item as a budget act appropriation, the amount of which is \$150,000.*

## Department of Social Welfare

## LOCAL INSPECTION OF HOMES FOR AGED AND CHILDREN

ITEM 406 of the Budget Bill

Budget page 991

FOR SUPPORT OF LOCAL INSPECTION OF HOMES AND  
AGENCIES CARING FOR AGED AND CHILDREN  
FROM THE GENERAL FUND

Amount requested .....	\$1,304,004
Estimated to be expended in 1960-61 fiscal year.....	1,228,752
Increase (6.1 percent) .....	\$75,252
<b>TOTAL RECOMMENDED REDUCTION.....</b>	<b>\$75,252</b>

## GENERAL SUMMARY

This item provides for the reimbursement of administrative expenses incurred by cities and counties for the licensing and inspection of boarding homes and institutions for the aged and children, under Sections 1622 and 2302 of the Welfare and Institutions Code. Full costs are reimbursed up to a limit of \$65 per new or renewal license issued.

Claims have been reimbursed in full up to the statutory maximum in the past. Section 1622 of the Welfare and Institutions Code states that reimbursements to a city or county shall be reimbursed by the State, "In the amount found necessary by the State Department of Social Welfare for proper and efficient administration," up to the \$65 maximum.

## ANALYSIS

*We recommend this item be reduced to the 1960-61 appropriation of \$1,228,752, for a savings of \$75,252.*

In the 1959 General Session the Legislature directed the Department of Social Welfare to establish standards for the proper and efficient administration of this program. The department was directed to prepare a report and submit it to the 1960 Budget Session. This was not done, and the increase of \$59,968 for 1960-61 was deleted from the budget in the 1960 Budget Session. As of this time, nearly two years later, such a report has not been submitted, although the department is apparently attempting to complete such a report in the near future. Until the report is completed, and the proposed standards for efficient administration of the inspection of day nurseries, boarding homes, and institutions are justified, there does not appear to be any basis for an increase in this item.

**Department of Social Welfare  
COUNTY ADOPTIONS PROGRAM**

ITEM 407 of the Budget Bill

Budget page 992

**FOR SUPPORT OF REIMBURSEMENT TO COUNTIES FOR ADMINIS-  
TRATION AND COST OF CARE OF ADOPTIONS  
FROM THE GENERAL FUND**

Amount requested -----	\$3,045,828
Estimated to be expended in 1960-61 fiscal year -----	2,559,726
<hr/>	
Increase (19.0 percent) -----	\$486,102
<b>TOTAL RECOMMENDED REDUCTION -----</b>	<b>\$67,000</b>

**ANALYSIS**

The State Department of Social Welfare has the authority to license county adoption agencies to provide relinquishment and independent adoption services. Section 1641 of the Welfare and Institutions Code provides for the State to reimburse counties for all necessary administrative expenses for adoption programs, after deducting any collections of adoption fees (up to \$300 per adoption), received by the counties from adopting parents.

Increases for this item result from (1) county administrative cost increases, (2) increased adoption caseload within counties, and (3) the licensing of new counties to provide adoption services.

*We recommend reducing this item to \$2,978,828, for a savings of \$67,000.*

By 1955, 17 counties had been licensed by the State Department of Social Welfare to provide relinquishment adoption services; now there are 20. Yet in every year since 1956-57, the department has budgeted an increase to allow for three new counties to be licensed for relinquishment adoptions. In the current budget year, funds for three additional counties were again provided, yet now the department feels that no counties will be licensed for relinquishment adoptions in 1960-61. In the 1961-62 proposed budget, for the sixth year in a row, the department is again budgeting in anticipation of licensing three new counties to provide relinquishment adoption services, despite the fact that only three new counties have been licensed in the past five years. No additional requests for the licensing of additional counties should be granted until some acceptable criteria for determining such requests in developed by the department.

A comparison of original budgeted amounts to actual expenditures for the fiscal years 1957-58 through 1959-60, illustrates over-estimations, which are in part due to the failure to license counties for which the Department of Social Welfare has budgeted.

<i>Fiscal year</i>	<i>Original budgeted amount</i>	<i>Actual expenditures</i>	<i>Over-estimation</i>
1957-58 -----	\$1,820,485	\$1,560,702	\$259,783
1958-59 -----	1,965,454	1,711,904	253,550
1959-60 -----	2,214,286	2,099,824	114,412
1960-61 -----	2,642,176		
1961-62 -----	3,045,828		

County Adoptions Program—Continued

A reduction of \$67,000 in the proposed budget, while not equaling recent over-estimations, represents the approximate amount budgeted for 1961-62 in anticipation of licensing three new counties for relinquishment adoptions.

**Subventions for Other Purposes**

**SALARIES OF SUPERIOR COURT JUDGES**

ITEM 408 of the Budget Bill

Budget page 994

**FOR STATES SHARE OF SALARIES OF JUDGES OF SUPERIOR COURTS, FROM THE GENERAL FUND**

Amount requested .....	\$3,583,900
Estimated to be expended in 1960-61 fiscal year.....	3,579,275
Increase (0.1 percent) .....	\$4,625
<b>TOTAL RECOMMENDED REDUCTION.....</b>	<b>None</b>

**ANALYSIS**

The State shares a portion of the annual salary of each of the 303 superior court judges. The portion paid by the county is fixed by statute, the State's portion is the difference between that figure and the statutory salary. The population of the county in which the judge is appointed or elected determines the amount of his salary which in turn determines the State's share.

There are four county population categories set forth in the statutes. These categories, together with the number of judges in each and the total state share of their statutory salaries for the budget year is shown for clarity in the table below:

<i>Population</i>	<i>Number of judges</i>	<i>State's annual share per judge</i>	<i>Total cost to State</i>
250,000 and over.....	229	\$10,500	\$2,404,500
100,000-249,999 .....	28	12,500	350,000
40,000-99,999 .....	22	10,500	231,000
Less than 40,000.....	24	12,500	300,000
	<u>303</u>		<u>\$3,285,500</u>

The amount requested includes \$298,400 to continue the 5 percent salary increase effective July 1, 1960, under Item 275 of the Budget Act of 1960. This increase is borne entirely by the State. The State's statutory contribution of 2½ percent of the total salaries of 544 judicial positions to the Judges Retirement Fund is also increased by this salary increase.

*We recommend approval of this item as budgeted.*

**Department of Veterans Affairs**  
**COUNTY VETERANS SERVICE OFFICERS**

ITEM 409 of the Budget Bill

Budget page 995

**FOR CONTRIBUTIONS TO COUNTIES TOWARD THE COMPENSATION  
AND EXPENSES OF COUNTY VETERANS SERVICE OFFICERS  
FROM THE GENERAL FUND**

Amount requested -----	\$500,000
Estimated to be expended in 1960-61 fiscal year -----	350,000
<hr/>	
Increase (42.9 percent) -----	\$150,000
<b>TOTAL RECOMMENDED REDUCTION -----</b>	<b>\$150,000</b>

**ANALYSIS**

Section 970 of the Military and Veterans Code as enacted by Chapter 429, Statutes of 1939, provides that county boards of supervisors may create the position of, and set the compensation for, a county veterans service officer. In 1945, the Legislature, through Chapter 1493, Statutes of 1945, added Section 972 to the Military and Veterans Code, which allows the Veterans' Welfare Board to contribute state funds towards the compensation and expenses of these service officers. The maximum is \$75 per month and 80 percent of the first assistant's salary, plus 50 percent of the salaries of other assistants, in addition to a maximum of \$600 towards the operating expenses of the office. Currently, 53 of the State's 58 counties participate in this program.

The function of the county veterans service officer is to assist veterans pursuing claims against the federal government and aiding them in gaining whatever state benefits to which they might be entitled. The county veterans service officers program, carried on at the local level, complements the program conducted by the Department of Veterans Affairs at its headquarters office.

For a number of years the State's contribution for this purpose fluctuated in amounts below \$350,000. In the Budget Act of 1952 it was set at \$350,000. It remained at this figure until the Budget Act of 1957 when it was raised to \$500,000, at which figure it remained until in the Budget Act of 1959 the Governor reduced it to \$350,000. The Budget Act of 1960 retained the lower figure.

The services rendered by the existing county organizations should be reserved for difficult cases requiring expert advice and assistance. Many requests for service could be handled by simple informational materials and by a modest personal effort on the part of those seeking help. This is an area of state aid which should be minimized as much as possible in order to prevent unnecessary and unjustified drains on an already strained General Fund resource. We should also point out that both the state and the federal government also provide assistance. Furthermore, the various national veterans organizations still have staffs and services available to help veterans initiate and further claims for assistance. *Consequently, we recommend that the proposal be reduced to \$350,000 thus providing the same level of service that is available in the current fiscal year.*

**Department of Agriculture  
COUNTY AGRICULTURAL COMMISSIONERS**

ITEM 410 of the Budget Bill Budget page 995

**FOR SALARIES OF COUNTY AGRICULTURAL COMMISSIONERS  
FROM THE GENERAL FUND**

Amount requested .....	\$176,100
Estimated to be expended in 1960-61 fiscal year .....	167,402
<hr/>	
Increase (5.2 percent) .....	\$8,698
<b>TOTAL RECOMMENDED REDUCTION</b> .....	None

**ANALYSIS**

This item provides for payment to the counties by the State of not more than two-thirds of the agricultural commissioners' salaries or \$3,300, whichever is the lesser, in accordance with Section 63.5 of the Agricultural Code as amended by Chapter 1686 of the Statutes of 1959. Prior to 1959, the State contributed a maximum of \$3,000 towards the salaries of the agricultural commissioners and the amount was raised at that time. The State participates in this program in order to secure more uniform statewide enforcement of the State's agricultural laws which are largely enforced at the county level. This participation enables the State to set employee standards and qualifications which are important to intelligent, uniform application of state agricultural laws and regulations. *We recommend approval of this item as requested.*

**State Disaster Office**

**WORKMEN'S COMPENSATION FOR CIVIL DEFENSE WORKERS**

ITEM 411 of the Budget Bill Budget page 996

**FOR SUPPORT OF WORKMEN'S COMPENSATION FOR CIVIL  
DEFENSE WORKERS, FROM THE GENERAL FUND**

Amount requested .....	\$50,000
Estimated to be expended in 1960-61 fiscal year .....	43,000
<hr/>	
Increase (16.3 percent) .....	\$7,000
<b>TOTAL RECOMMENDED REDUCTION</b> .....	None

**GENERAL SUMMARY**

Compensation insurance to cover hospitalization and medical care for disaster service workers injured in training programs or during active disaster work is provided by the Labor Code. The cost of administrative services rendered by the State Compensation Insurance Fund is also included in this item.

**ANALYSIS**

Expenditures proposed for the budget year are scheduled at \$50,000, an increase of \$7,000 or 16.3 percent over estimated expenditures for the current year.

*We recommend approval as budgeted.*

The projected level of expenditure reflects a consistent annual increase in cost experienced in recent years. Except for injuries incurred in training exercises the incidence of claims under this item is related to the occurrence of events over which the State has limited or no control.

**Department of the Youth Authority**  
**ASSISTANCE TO COUNTIES FOR MAINTENANCE OF**  
**JUVENILE HOMES AND CAMPS**

ITEM 412 of the Budget Bill

Budget page 996

**FOR ASSISTANCE TO COUNTIES FOR MAINTENANCE OF JUVENILE**  
**HOMES AND CAMPS, FROM THE GENERAL FUND**

Amount requested .....	\$2,726,550
Estimated to be expended in 1960-61 fiscal year .....	2,365,820
<hr/>	
Increase (15.2 percent) .....	\$360,730
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>None</b>

**ANALYSIS**

The present law provides that the State shall reimburse counties for one-half the cost, not exceeding \$95 per month per ward, of operating juvenile homes and camps established by the counties for the care of juvenile offenders.

*We recommend approval of the amount requested.*

The department estimates a total of 39 camps will be in operation at the end of 1961-62 fiscal year.

Last year the department estimated 47 camps would be in operation at the end of 1960-61. However, we have been informed that certain counties submitted plans which required revisions or deferred their construction program due to a lack of funds.

The following table reflects the budget requests submitted by the agency for his program in prior years, with the re-estimate the following year, and the actual expenditure as related to the original budget request:

**Comparison of Budget Request With Actual Expenditure**

<i>Budget year</i>	<i>Budget request authorized</i>	<i>Re-estimate following year</i>	<i>Actual expenditure</i>	<i>Increase or decrease</i>	<i>Percent</i>
1954-55 .....	\$971,000	\$936,480	\$863,467	-\$107,533	-11.0
1955-56 .....	1,346,000	951,740	897,167	-448,833	-33.3
1956-57 .....	1,243,000	1,126,000	1,172,015	-70,985	-5.7
1957-58 .....	1,636,000	1,566,000	1,427,540	-208,460	-12.7
1958-59 .....	2,080,000	1,801,650	1,560,579	-519,421	-24.9
1959-60 .....	2,490,960	2,095,584	1,773,626	-717,334	-28.8
1960-61 .....	2,744,000	2,365,820	--	--	--
1961-62 .....	2,726,550	--	--	--	--

The amount budgeted for this program for each of the six years from 1954-55 through 1959-60 was in excess of actual expenditures. The excess dollar amount appropriated by the Legislature ranged from a high of \$717,334 in 1959-60 to a low of \$70,985 in 1956-57.

We recommend that the agency endeavor to develop a procedure whereby more accurate estimates of county camp population will be submitted, thereby reducing the surplus that has been allocated to this program in prior years.

The increased cost of care has been recognized by the Legislature, in that state subventions to counties for the cost of operating juvenile homes and camps has been increased from \$50 to \$95, an increase of \$45 or 90 percent since 1945. However, the \$25 per month paid

**Assistance to Counties for Maintenance of Juvenile Homes and Camps—Continued**

by counties for wards committed to the Youth Authority remains unchanged and is the amount approved by the Legislature in 1947.

We again submit recommendations proposed in a prior year's analysis that legislation be enacted to effectuate the following changes in the Youth Authority subvention program :

1. Provide state reimbursement to counties for one-half the cost, not exceeding \$125 per month per ward, for operating juvenile homes and camps established by the counties for the care of juvenile offenders.
2. Provide that counties shall pay one-half the average cost, not exceeding \$150 per month per ward, for the care and treatment of juvenile court wards committed to the Youth Authority.
3. Provide that, where the juvenile court has ordered payment of money by the parent or other responsible sources for the cost of support and maintenance of any juvenile ward, the county shall remit 50 percent of the reimbursements collected for the cost of care to the Youth Authority after deducting the collection expense.
4. Provide that the reimbursement payments be readjusted annually to conform to one-half of the actual average per capita support costs in both the counties and the Youth Authority program ; such amount to be rounded out to the nearest \$5 of actual expense.

**Department of the Youth Authority  
ASSISTANCE TO COUNTIES FOR CONSTRUCTION OF  
JUVENILE HOMES AND CAMPS**

ITEM 413 of the Budget Bill

Budget page 996

**FOR ASSISTANCE TO COUNTIES FOR CONSTRUCTION OF JUVENILE HOMES AND CAMPS, FROM THE GENERAL FUND**

Amount requested -----	\$286,415
Estimated to be expended in 1960-61 fiscal year -----	902,844
Decrease (68.3 percent) -----	<u>\$616,429</u>
<b>TOTAL RECOMMENDED REDUCTION -----</b>	<b>None</b>

**ANALYSIS**

The 1957 Legislature enacted legislation for state participation in the cost of county construction of juvenile homes, ranch camps or forestry camps, established after July 1, 1957, and for construction at existing county facilities including site development and utilities.

The amount of state assistance provided to any county is not to exceed 50 percent of the project cost approved by the Youth Authority and, in no event, to exceed \$3,000 per bed unit of a new facility or per bed unit added to an existing facility.

The amount of \$286,415 requested in 1961-62 is for a two-year period of availability. However, the amount scheduled for expenditure in 1961-62 is \$967,500 which represents \$861,085 of a prior year appropriation and \$106,415 of the amount requested for 1961-62.

Assistance to Counties for Construction of Juvenile Homes and Camps—Continued

The department estimates approximately 1,680 additional beds will have been added to county facilities when the 1961-62 appropriation has been expended.

*We recommend approval of the amount requested.*

**Department of Finance Office Buildings  
(LOAN FROM STATE TRUST FUND)**

ITEM 414 of the Budget Bill

Budget page 1044

**FOR MAJOR CONSTRUCTION, IMPROVEMENT AND EQUIPMENT  
FROM THE PUBLIC BUILDING CONSTRUCTION FUND**

**RECOMMENDATIONS**

Amount budgeted .....	\$10,100,000
Legislative Analyst's recommendation .....	None
Reduction .....	\$10,100,000

**ANALYSIS**

This item provides authority to borrow additional funds, probably from the State Employees' Retirement System, on loan certificates, to finance the construction of an addition to the existing Public Health Building in Berkeley. The addition contemplated is two separate wings each attached to opposite ends of the existing building. At present the total gross area of the additions is estimated to be something approaching 220,000 square feet. The design will probably be very similar to the existing building and will be of the same height with the possible exception of one wing which may be one story higher to provide quarters for experimental animals on a top floor.

One of the two wings will be predominantly offices and the other predominately if not wholly laboratories. We have seen only the most elementary preliminary sketches of the proposed plan and, consequently, we have insufficient data on which to make any judgment as to the propriety of the design, the accuracy of the cost estimate the justification for space assignments.

It has been our recollection that the basic philosophy expressed in support of Chapter 1687 of the Statutes of 1955, as later amended, which established a program of construction of office buildings through borrowing state trust funds on certificates was to permit the substitution of existing leased office space by state-owned space, or to avoid the necessity for leasing such office space, on the theory that it would cost the State no more to amortize these certificates than it was paying in lease rentals with ultimately the State owning outright the buildings so constructed. This would not open the door to a new source of credit for facilities which imposed new support burdens on the General Fund. In the case of the Public Health Building, however, as we have mentioned above, at least half of the space will be highly specialized laboratory space, generally not suitable for any other purpose except at a great loss in tearing out expensive laboratory furnishings. Secondly, it is true that there is presently under lease to the Department of Public Health in Berkeley approximately 17,000 useable square feet

**(Loan From State Trust Fund)—Continued**

of space and about 12,500 square feet of useable space owned in another building which would be vacated as a result of the additions to the main building. This action would to that extent save the rental paid for the leased space and would probably recover some money for the General Fund from the sale of the owned space. Compared to these, however, the addition to the main building will probably have something on the order of 142,000 square feet of net useable space. This represents more than 100,000 square feet of expansion in specialized facilities involving high cost support functions and in this sense violates the concept we have mentioned above concerning the use of certificate funds. The use of bonds for facilities of this nature would require clear definition of the nature of the program and its authorization by a vote of the people.

*Due to lack of plans and other data we are in no position to make any recommendations on the technical aspects of the project. We also believe that the state policy as to use of building certificates for this type of expansion is not clear and in our opinion is not in any case a desirable approach. It circumvents the right of the electorate to authorize well defined limits to credit financing of state construction. The use of borrowings dilutes the concept of a balanced budget in that expenditures from borrowings do not show up in the budget year's outgo, and this process thereby permits the creation of expenditure obligations far in excess of that reflected in a so-called "balanced budget." To keep such borrowing programs well contained in a major bond authorization is one thing. To permit a hodgepodge of collateral lines of credit to be created is another. As a management device restricted to reducing office building type of rentals it can be justified. As a basis for expanding this type of specialized operational program it cannot be justified, in our opinion. We recommend disapproval.*

**DEPARTMENT OF FINANCE OFFICE BUILDINGS**

ITEM 415 of the Budget Bill

Budget page 1044

**FOR MAJOR CONSTRUCTION AND EQUIPMENT FROM THE PUBLIC BUILDING CONSTRUCTION FUND****RECOMMENDATIONS**

Amount budgeted .....	\$2,710,100
Legislative Analyst's recommendation .....	No change

**ANALYSIS**

The Budget Act of 1958, item 460 provided \$12,789,900 for the construction of an office building in the City of Sacramento to be financed through the use of certificates applied against state trust funds. The fund actually involved in this case would be the State Employees' Retirement Fund. Subsequently, it developed that the building would need to be both totally larger and considerably taller than was contemplated because of severe site limitations. These two factors have raised the total cost to \$15,500,000. This item proposes to expand the original authorization by the amount shown above to permit the project to move ahead.

## Department of Finance Office Buildings—Continued

We have not yet seen final preliminary plans for the new approach to the design. However, it is our understanding that the gross area of the building will be approximately 600,000 square feet which would indicate a cost of over \$25 per square foot at total project level. This is considerably higher than the State has heretofore experienced in even its largest buildings in San Francisco and Los Angeles. Part of the difference may be ascribed to the fact that the building will probably go to 15 stories, but not all of it can be rationalized on this basis. *Consequently, we would recommend approval of the request on a tentative basis subject to further review when the preliminary plans and specifications have been made available.*

## DEPARTMENT OF FINANCE OFFICE BUILDINGS

ITEM 416 of the Budget Bill

Budget page 1045

FOR ACQUISITION AND DEVELOPMENT FROM THE STATE  
EMPLOYEES' RETIREMENT FUND

## RECOMMENDATIONS

Amount budgeted .....	\$1,500,000
Legislative Analyst's recommendation .....	No change

## ANALYSIS

Chapter 760 of the Statutes of 1959 broadened the authorization of the State Employees' Retirement System in making investments of its surplus funds. The system is now permitted to invest in acquisition of property and the making of improvements thereon for lease to a public agency. This item proposes the purchase of real property and the development of a parking lot adjacent to the new building to be constructed, as mentioned in item 415 above, which will be rented to the State and for the use of which employees will pay fees which will be adequate to retire the investment with interest as well as to maintain and operate the lot.

Our interpretation of the language in Chapter 760 of 1959 would indicate that the Retirement System is free to make such an investment without further action on the part of the Legislature. Consequently, we assume that the reason for including this item in the budget bill is to represent an exercise of the State's fiduciary responsibility with respect to this trust fund and perhaps also to indicate the State's intention to lease the facilities to assure that the investment will be returned to the fund with interest.

We believe that under the circumstances this is a proper action on the part of the Retirement System and it affords a civic benefit in providing much needed parking space. *Consequently, we recommend approval.*

**SAN FRANCISCO WORLD TRADE CENTER AUTHORITY**

ITEM 417 of the Budget Bill

Budget page 1049

**FOR SUPPORT OF SAN FRANCISCO WORLD TRADE CENTER AUTHORITY FROM THE SAN FRANCISCO HARBOR IMPROVEMENT FUND**

Amount requested -----	\$71,518
Estimated to be expended in 1960-61 fiscal year -----	68,705
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Increase (4.1 percent) -----	\$2,813
<b>TOTAL RECOMMENDED REDUCTION</b> -----	<b>None</b>

**GENERAL SUMMARY**

The San Francisco World Trade Center Authority was established by Chapter 1508, Statutes of 1947. The mission of the authority was to construct and operate a building which would house agencies which would foster and promote world trade activities. The original legislation was designed to provide for a self-supporting activity through subscriptions from private business and revenues to be derived from rentals from the then proposed World Trade Center Building. Subsequently, Chapter 1189, Statutes of 1949, provided for a loan of \$300,000 from the San Francisco Harbor Improvement Fund to be used in constructing the building. The building was completed in March 1956, and was managed from that time until 1958 by the San Francisco Bay Area Council under a contract. In 1959 support for this function was provided from the San Francisco Harbor Improvement Fund as it has been since.

**ANALYSIS**

The San Francisco World Trade Center proposes to continue at the same level of service as is available currently. The \$2,813 increase results from merit salary increases and minor increases in categories of operating expense.

*We recommend approval of the item as requested.*

**DEPARTMENT OF EMPLOYMENT**

ITEM 418 of the Budget Bill

Budget page 1066

**FOR SUPPORT OF THE DISABILITY AND HOSPITAL BENEFITS PROGRAM, FROM THE UNEMPLOYMENT COMPENSATION DISABILITY FUND**

Amount requested -----	\$6,220,713
Contribution to State Employees' Retirement System -----	366,871
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Total -----	\$6,587,584
Estimated to be expended in 1960-61 fiscal year -----	6,099,445
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Increase (8.0 percent) -----	\$488,139
<b>TOTAL RECOMMENDED REDUCTION</b> -----	<b>None</b>