

MILITARY DEPARTMENT

ITEM 184 of the Budget Bill

Budget page 645

FOR SUPPORT OF MILITARY DEPARTMENT
FROM THE GENERAL FUND

Amount requested	\$3,094,620
Estimated to be expended in 1964-65 fiscal year.....	3,149,267
Decrease (1.7 percent).....	\$54,647
TOTAL RECOMMENDED REDUCTION.....	None

PROGRAM PLANS AND BUDGET

The Military Department has two major programs proposed for the 1965-66 fiscal year which represent, essentially, a continuation of the current year's programs.

1. The first major program involves the recruitment and training of ground combat and support forces estimated to number 21,548 men in the 1965-66 fiscal year, dispersed among 236 units comprising two military divisions, the 40th and 49th. The training is carried out, during most of the year, in 122 armory installations or complexes of which seven are rented and the balance are state owned having largely been constructed as joint ventures in which the federal government paid slightly more than half the total cost of the armory buildings proper, with the state paying the balance, and the federal government paying all the cost of the auxiliary facilities such as warehouses, vehicle storage buildings, etc. To the latter the state merely contributed the cost of plans, working drawings and construction control and inspection.

The training program is broken down into two basic functions:

(a) The actual field training function is wholly supported by federal funds which are used to pay both enlisted and officer grades. All expenses incidental to actual training, such as equipment, uniforms, etc., are federally financed also. However, certain interim expenses such as communications are not covered by federal funds but are defrayed by state funds through an activity known as the "National Guard Organizations." This latter for the most part provides interim communication expenses, recruiting expenses, and minor sums for other activities. It is under the control of 8.8 full-time military positions of which two are reimbursed by the federal government and balance are wholly state supported. Most of the work involves the ground combat installations with the air forces taking the lesser part since they represent the least part of the total operation.

The total training activity involves only military personnel with no civil service personnel assigned at field level. At state headquarters level, a considerable number of civil service personnel are employed together with full-time military personnel all of whom are fully state paid.

(b) The broad housekeeping functions of the armory and auxiliary facilities are a separate activity almost wholly staffed by civil service personnel numbering 187.9 and comprising positions such as janitors, custodians, groundsmen, etc. The activity is divided into 6 areas or

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regions each under the supervision of a military position. All operational costs such as utilities, rent, cleaning and maintenance materials, and all personnel salaries and wages are defrayed by state funds for the basic armory buildings. For auxiliary buildings such as warehouses and shops, the federal government makes reimbursement for most of the operational costs. For the 1965-66 fiscal year, the cost of this phase of the program is proposed at \$1,854,343 as compared with \$1,777,574 estimated to be expended in the current fiscal year. The increase is occasioned both by additional positions required for newly completed state owned armories and by increases in the costs of operating expenses mostly for alterations, painting, and repair work to the armory buildings.

2. The second major program consists of training military aircraft flight personnel and supporting ground facility crews. Military personnel are anticipated to number 4,645 in the 1965-66 fiscal year dispersed among 41 units comprising two "wings" or divisions and several tactical support groups.

Training is carried out during most of the year on four flying bases and three tactical support bases, all of which are state owned or controlled and on which most of the facilities were constructed wholly at federal expense. The one notable exception is the four modern messhall facilities which were constructed in recent years on the four airbases wholly at state expense.

The training program for air, as in the ground forces, is broken down into two significant functions:

(a) The actual air and field training function is wholly supported by federal funds which pay the enlisted and officer grades, provide aircraft, airplane fuel, spare parts, aircraft maintenance, training devices, etc. Almost all expenses incidental to actual training and exercises, such as uniforms, tools, training aids, etc., are also covered by federal funds. No civil service personnel are involved in field training and exercises but there are a substantial number of such positions involved in headquarters level.

(b) The housekeeping function of the airbases is staffed entirely by civil service personnel which are proposed to number 49.5 for the 1965-66 fiscal year. These are generally custodial, janitorial, and maintenance positions. The cost of utilities, operating supplies, etc., are paid in the first instance by state funds, but much of the operating expenses are reimbursed by the federal government. This is a distinctly different relationship than prevails in the army portion of the National Guard.

It should be pointed out that in the current year there was a reduction of 12.7 state paid security guard positions whose pay was taken over by the federal government so that the positions no longer appear on the state budget. The same reduction is carried forward in the proposed budget. A partial offset is occasioned by one new custodial position needed to maintain the newly completed Costa Mesa Airbase. The gross cost of the housekeeping function at the airbases is proposed to be \$551,357 for the 1965-66 fiscal year as compared with \$535,861 in

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the current fiscal year. The relatively small increase is occasioned by the one additional position mentioned and small increases in all operating expenses. A substantial part of the total is reimbursable by the federal government. However, the exact amount for this portion of the operation cannot be ascertained from the way the budget is presented.

3. A third program of relatively minor proportions, involves the so-called State Military Reserve. It represents a cadre group estimated at 1,150 personnel in the current fiscal year, dispersed among 74 units which would take over as State Militia in the event the regular National Guard forces were federalized to meet a national emergency. This force would provide the Governor with a military group presumably capable of taking over essentially military duties, at state level, in the event of state disasters whether natural or war caused.

This activity is carried on wholly at state expense which, for the 1964-65 fiscal year, is estimated at \$67,063 for the field operations. This does not include any pay for the evening or weekend attendance at drills and exercises of the personnel mentioned. However, it does include two full-time state paid military positions for the north and two for the south. The balance of the cost is for communications, travel, field exercise supplies and ammunition and training supplies. The proposed budget for 1965-66 eliminates the function entirely.

A fourth program, the California Cadet Corps, which provided for military training in high schools and junior colleges, is proposed to be abolished in the 1965-66 fiscal year. The cost for the current year is estimated at \$83,602 which means about that much savings in the budget year. There were 2.7 full-time state paid military positions used in this activity.

The headquarters operation cannot be broken down on a specific program basis as to cost. However, the budgetary cost of the Adjutant General and the headquarters operation totals \$1,056,672 for the 1965-66 fiscal year almost all of which is attributable to the two major programs, divided approximately 25 percent for Air National Guard and 75 percent for Army National Guard.

REVIEW OF AGENCY ACCOMPLISHMENTS

The accomplishments of this agency, as a training and preparedness organization, can in the absence of an emergency be best expressed in numbers of participants and related expenditures. For the 1963-64 fiscal year the Military Department had estimated that it would have in training 21,000 men in the ground forces in 260 units. This materialized into 21,367 men in 238 units. The air group was estimated at 5,275 men in 40 units which materialized at 4,363 men in 41 units. The reserves were estimated at 763 men in 93 units which materialized at 850 men in 59 units.

The headquarters staff was estimated at a net, after salary savings, of 118 positions at a cost of \$841,993 not including retirement benefits. This materialized at 118.2 positions at a cost of \$859,289. Total headquarters cost was estimated at \$980,709 whereas ultimate cost was

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\$962,839. The reduction was occasioned largely by unrealized expenditures in staff retirement and other benefits which were partially offset by upward salary adjustments made from the salary increase fund.

The armory housekeeping function was estimated to require 177.6 net positions at a cost of \$1,027,898 for salaries and wages which ultimately developed into 178.2 positions at a cost of \$1,063,608. Total cost for the function was estimated at \$1,679,974 which ultimately developed into \$1,695,875. In this instance the overall increase was the result of upward salary adjustments from the salary increase fund which were only partly offset by reductions in operating expenses.

The housekeeping function for the airbases was estimated to require 66.5 net positions at a cost of \$344,832 for salaries and wages. These finally materialized as 51.8 positions at a cost of \$277,135. The bulk of this downward change resulted from unfilled positions and reduction of security personnel who were transferred to the federal payroll. The total cost of the function was estimated at \$607,250 which materialized at \$513,636, the reduction being mainly for the reasons mentioned above.

The total cost of the State Military Reserve was estimated at \$61,789 which changed very little to \$62,475.

The total state cost of the entire department was estimated at \$3,622,765 before federal reimbursements. This finally became \$3,572,819. The estimated federal reimbursements was \$583,404 which materialized as \$522,407.

The Budget Act of 1963 appropriated \$3,001,152 to which were allocated \$28,184 from the O.A.S.D.I. Fund and \$32,851 from the salary increase fund making a total availability of \$3,062,187. However, \$49,269 remained unexpended which made a total expenditure of \$3,012,918.

ANALYSIS AND RECOMMENDATIONS

The Military Department is a statutory creation as described in Division 1, Chapter 1 of the Military and Veterans Code. As such it establishes a form of state militia or national guard consisting of the Army National Guard, the Air National Guard, the State Military Reserve, and the California Cadet Corps as well as the Naval Militia. The statutes adopt all of the federal military and naval laws pertaining to establishments of this type and thereby set up organizations, at the state level, which have all of attributes and characteristics of the United States Army and the United States Air Force together with all of the rules and regulations pertaining to these forces to the extent they are not inconsistent with the rights of the state. The federal government through the National Guard Bureau establishes the maximum strength of each state's National Guard forces. In the case of the State of California, the forces are now very close to the maximum established. The budget proposed for the 1965-66 fiscal year appears to carry forward about the same level of service as was proposed for the current fiscal year. The total proposed budget for the 1965-66 fiscal year for state costs is \$3,166,473 which compares with \$3,149,267 estimated to be expended in the current fiscal year. The relatively small increase of

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slightly over \$16,000 is occasioned principally by additional civil service positions made necessary by the completion of new state-owned armories and by small increases in general operating expenses. These figures are exclusive of federal funds which are provided for maintenance and operation of installations. For the 1965-66 fiscal year these federal funds will add an estimated \$539,585 as compared with \$528,009 in the current fiscal year.

While the National Guard Bureau sets the maximum size of the state's National Guard forces, it does not set minimum sizes. Therefore it might be said that to the extent the Legislature wished to control the size of the National Guard forces, it could do so by controlling what is essentially the administrative budget which represents the state's cost of operating the National Guard. The federal share of operating the National Guard which appears largely as payments made to the enlisted men and officers as well as equipment and supplies amounts to about \$20,000,000 annually. In view of this relationship, it would appear reasonable that the state continue to support the National Guard at its present level. *We recommend approval of the item as budgeted.*

**Military Department
MILITARY RETIREMENT**

ITEM 185 of the Budget Bill

Budget page 645

**FOR SUPPORT OF MILITARY RETIREMENT
FROM THE GENERAL FUND**

Amount requested	\$64,321
Estimated to be expended in 1964-65 fiscal year	48,770
	\$15,551
Increase (31.9 percent)	\$15,551
TOTAL RECOMMENDED REDUCTION	None

PROGRAM PLANS AND BUDGET

This item involves a single program which provides for retirement payments for certain members of the state military establishment. Prior to 1961 and based on a statute passed in the early 1950's, military retirement pay was provided to full-time National Guard employees upon retirement, at state expense. However, during this period the total cost of retirement payments was small enough that it was simply contained in the regular support budget for the Military Department.

In 1961, Chapter 2174 provided that commencing with October 1, 1961, all full-time military employees entering upon their duties for the first time from that date forward would become members of the regular State Employees' Retirement System and could not become eligible under the Military Retirement System. However, those positions already in service would continue under the Military Retirement System, but were given the option of joining the State Employees' Retirement System under specified conditions. At present there are about

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70 full-time military positions that are not in the State Employees' Retirement System but are eligible under the Military Retirement System. The amount proposed in the budget is an actuarial determination, based on information obtained from military employees expressing retirement plans and dates.

REVIEW OF ACCOMPLISHMENTS

In the 1964-65 Budget Act there was provided \$70,530 for anticipated military retirement purposes. Apparently some of the retirements anticipated have not materialized so that the current expectation for the current fiscal year is now \$48,770 with the balance of the appropriation reverting at the end of the fiscal year.

ANALYSIS AND RECOMMENDATIONS

The proposal for the 1965-66 fiscal year is \$64,321 which appears reasonable based on expressed intentions of retirement plans. *We recommend approval.*

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

ITEM 186 of the Budget Bill

Budget page 650

FOR SUPPORT OF THE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL FROM THE GENERAL FUND

Amount requested -----	\$4,693,531
Estimated to be expended in 1964-65 fiscal year -----	4,616,392
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Increase (1.7 percent) -----	\$77,139

TOTAL RECOMMENDED REDUCTION ----- None

PROGRAM PLANS AND BUDGET

The Department of Alcoholic Beverage Control is administered by a director who is appointed by the Governor with the consent of the Senate. The director serves at the Governor's pleasure.

The department has as its purpose the enforcement of the Alcoholic Beverage Control Act. This act regulates within the state the manufacture, importation and sale of alcoholic beverages. The department has 465.4 currently authorized employee positions and conducts its operations through the Sacramento headquarters and field offices located in 23 California cities.

In fulfilling its responsibility the department pursues three programs —(1) administration, (2) licensing, and (3) enforcement.

1. Administration. By department definition this program provides "policy interpretation of law and housekeeping services for the licensing and enforcement programs." Units included within this program area include, director, lawyers, hearing unit, business officer, accounting, personnel, price posting, area and district administrators.

Work load estimates for these supporting services are not currently available. Cost estimates of the administrative program were forecast by the department for the budget year as follows: