

CONTROL SECTIONS

This section of the analysis deals with the so-called control sections of the Budget Bill. These sections, which are distinguished from the items of appropriation in Sections 2 and 2.3, deal in the largest part with reappropriations, or reversions of amounts previously appropriated, or limitations upon expenditures authorized by the Budget Bill. The numbering of these sections is not completely consecutive for the reason that section numbers have been assigned which correspond, by and large, with the section number used for a corresponding section in the previous Budget Bill.

Section 3.6**RECOMMENDATION:**

We recommend approval.

Section 3.6 is similar to language in previous budget bills. It appropriates all revenues coming into the California Water Fund in excess of \$11,000,000 per year for purposes of school apportionment under Section 17301 of the Education Code. Although Senate Bill 60 of the First Extraordinary Session (now Chapter 138) limited Long Beach tidelands received by the California Water Fund to \$11,000,000 per year, revenues under Section 6816 of the Public Resources Code continue to be deposited in the California Water Fund. The effect of Section 3.6 therefore is simply to appropriate all revenues received from tidelands oil and gas bonuses and leases on lands outside of Long Beach for purposes of Section 17301.

The Governor's Capital Outlay Budget on page 244, line 58, shows \$29,886,417 estimated to be appropriated under Section 3.6 to the General Fund. Similar actions in prior years amount to \$43,003,782 in fiscal year 1964-65 and \$35,546,954 in fiscal year 1963-64 for a total of \$108,437,153 during the three years. The Governor's Budget Message proposes to set aside \$5,000,000 per year to pay the costs of recreation and fish and wildlife enhancement at the State Water Project. Presumably enactment of such legislation would reduce the amount appropriated to the General Fund for purposes of Section 17301 in future years.

Closely related to Section 3.6 is Section 19.5 which in previous years provided for establishing a reserve in the General Fund equivalent to the amount of the appropriation from the California Water Fund for the purposes of Section 17301. This reserve could be expended only by appropriation made by the Legislature. Section 19.5 of the Budget Bill of 1965 eliminates this reserve and appropriates all of the reserve balance for purposes of Section 17301 of the Education Code (local school apportionments).

Section 4.5**RECOMMENDATION:**

We recommend approval.

This section, which is similar to Section 4.5 in the Budget Act of 1964, provides that, subject to the provisions of this act and approval by the Director of Finance, obligations for expenditure during 1965-66 may be incurred prior to July 1, 1965, to be paid after June 30, 1965.

Section 5**RECOMMENDATION:**

We recommend approval.

This section continues the policy which was established for the first time by a similarly numbered section in the 1961 Budget Act and continued through the Budget Act of 1964 by which the Department of Finance is provided with authority to permit the placing of advance orders for equipment to be used in funded construction projects. The equipment is usually of the type that takes very long lead time between order and delivery, generally highly complex and technical scientific equipment. The section authorizes the placing of such advance orders to be financed by the 1966 Budget Act up to a maximum of \$1 million. This provides a useful and timesaving flexibility and possibly even a money saving.

Section 6**RECOMMENDATION:**

We recommend approval.

This section continues a long-standing policy of the Legislature whereby all major capital outlay projects are required to be approved by the State Public Works Board for any expenditures to be made. This is assured by the fact that this section requires that all capital outlay appropriations with the exception of minor projects shall be subject to the provisions of Section 15790 of the Government Code.

Section 7**RECOMMENDATION:**

We recommend approval.

This section also continues a policy of the Legislature whereby all acquisitions of land or other real property are made subject to the Property Acquisition Law which requires action by the State Public Works Board. The section, however, specifically exempts any acquisitions made from appropriations of the California Water Fund and acquisitions made by the University of California.

However, the section also continues the policy established for the first time in the same numbered section in the 1961 Budget Act whereby all property acquisitions, without exception, are required to be reported to the Public Works Board which thereby provides useful information and yardsticks of values involving acquisitions made by other agencies outside the purview of the State Public Works Board.

Section 8**RECOMMENDATION:**

We recommend approval.

This section continues a long-established policy of the Legislature which requires that all major projects be reviewed and approved by the State Public Works Board before working drawings are started. The section also provides that no construction project may be put out to bid, when the Department of Finance has requested the working drawings to be reviewed by it, until the project has been subsequently approved and released for bidding.

The section provides that no substantial changes may be made in the working drawings from the basic preliminary plans as approved by the Department of Finance and the Public Works Board without prior approval of these two agencies. The section also provides that no money appropriated for equipment may be expended without prior approval of the Department of Finance.

The section specifically exempts minor construction projects from these controls and exempts all the projects of the University of California from these same controls. However, as a practical matter, the University submits all its major projects to the State Public Works Board for review and approval.

Section 8.5**RECOMMENDATION:**

We recommend approval.

This section, which is similar to Section 8.5 in the Budget Act of 1964, provides that it is the intent of the Legislature, when making appropriations to state agencies which are eligible for federal aid, that such agencies shall apply for the maximum amount available under federal law.

Section 9**RECOMMENDATION:**

We recommend approval.

This section continues the policy established by the Legislature in the Budget Act of 1957 which gave legislative approval to the University of California for the use of savings from capital outlay appropriations for augmentation of other capital outlay projects already approved by the Legislature which might be short of funds for various reasons. The section also specifically provides that the University may not use such savings to start or implement projects that have not previously been approved or authorized by the Legislature. The university is also required to submit to the Public Works Board a report of all allocations of its savings from construction projects. It should be pointed out that this allows the university to increase the scope of approved projects by use of savings from other projects. All other state agencies responsible to the Public Works Board are not allowed such latitude but may augment from savings only to cover price rises or unforeseen contingencies not occasioned by scope increases.

Section 10**RECOMMENDATION:**

We recommend approval.

This section proposes a lengthy list of reappropriations or one year time extensions of various capital outlay items affecting the Departments of Agriculture, Corrections, Youth Authority, Motor Vehicles, Mental Hygiene, Conservation, Parks and Recreation, University of California, State Colleges, Public Works and Water Resources. The greatest number of these items are those which were appropriated in

1962 and which would therefore lapse on June 30, 1965. There are, however, a few which go back to appropriations in 1956, 1957, 1958 and 1959.

The extensions are proposed for a wide variety of reasons mostly resulting from delays which made it impossible for the specific project to be consummated within the normal three-year period for which capital outlay items are available. We have reviewed the list in detail and recommend approval of the section.

Section 10.1**RECOMMENDATION:**

We recommend approval.

Chapter 1071, Statutes of 1957, appropriated \$7,495,686 from the General Fund for programming, plans and construction of a new State Fair. The availability of these funds was subsequently extended by the Budget Acts of 1960, 1961 and 1963. On the basis of the last extension, the availability of the funds would cease on June 30, 1965. The Budget Act of 1963 also deducted \$898,000 from the amount to go to the support of the State Exposition and Fair Executive Committee. It is anticipated that almost \$400,000 will be expended for phase I of architectural and engineering studies during the current fiscal year.

This section proposes to extend the availability of the funds until June 30, 1968, and the budget is scheduling the expenditure of \$1,586,200 for phase II which includes site development, during the new fiscal year. We have heretofore recommended against the commitment of money from the General Fund for this project which seemed to us to have many elements of uncertainty as to its ultimate financing and size. However, since funds have already been committed and since the Legislature has repeatedly supported the project, we would recommend approval at this time.

Section 10.2**RECOMMENDATION:**

We recommend approval.

Item 322(b) of the Budget Act of 1964, was intended to appropriate \$32,000 for the construction of street improvements at the Merced Armory and at the 35th District Agricultural Association. Inadvertently, while the \$32,000 was appropriated, the 35th District Agricultural Association was not listed in the item language and as a result the Controller would not honor any expenditures for the benefit of the agricultural association. The expenditures that have been made cover only the armory and the balance has been held in reserve pending new legislation. This section proposes to provide the necessary legislative authority to expend the funds in favor of the street improvement work at the 35th District Agricultural Association. We recommended both these projects for a total of \$32,000 at the time it was proposed before legislative committees. The language error was entirely inadvertent.

Section 10.3**RECOMMENDATION:**

We recommend approval.

Item 353(qq) of the Budget Act of 1964, appropriated \$137,500 for working drawings for science classroom building at the new San Bernardino State College campus. At that time it was contemplated that one single structure would be erected. Subsequently, it was decided by the trustees and concurred in by the Department of Finance that the project should be two buildings, one for biological science classrooms and the other for physical science classrooms. This section simply changes the appropriation language to permit the two named projects to have working drawings prepared for each. The period of availability is not changed since any capital outlay appropriation in the Budget Act of 1964 is normally available for three years which would take it to June 30, 1967.

Section 10.4**RECOMMENDATION:**

We recommend approval.

Item 353(rr) of the Budget Act of 1964, provided \$666,000 for the construction of a physical education fieldhouse at the San Bernardino State College. Subsequent to the appropriation, the trustees and the Department of Finance decided that a minimum type general gymnasium rather than a fieldhouse would be more suitable in the long run. This section merely changes the language to eliminate fieldhouse and substitute "facility." It should be pointed out that the new Budget Bill contains an additional \$600,000 towards the construction of a gymnasium which would naturally be more costly than a fieldhouse. We concur in the proposal.

Section 10.5**RECOMMENDATION:**

We recommend approval.

Item 391.1(e) of the Budget Act of 1962, provided \$4 million for working drawings and construction of three multipurpose psychiatric centers. This appropriation would automatically lapse on June 30, 1965, if the funds were not encumbered. As of this moment, only San Francisco and Contra Costa County have taken advantage of these units to the point where it is possible to predict that working drawings moneys can be expended in the budget year 1965-66. Therefore, it is proposed to let \$1,250,000 revert and to extend the availability of the balance to June 30, 1966. This section would accomplish that purpose.

Section 11**RECOMMENDATION:**

We recommend approval.

Section 11 reverts a number of appropriations for flood control and project planning purposes made in 1963 or earlier years to the Department of Water Resources and the Reclamation Board.

Also reverted to the General Fund are balances in two appropria-

tions for legislative expenses in connection with extraordinary sessions in 1963 and 1964.

Section 11.1**RECOMMENDATION:**

We recommend approval.

Item 352(a) of the Budget Act of 1964, appropriated \$730,000 to the Trustees of the California State Colleges for advance preliminary planning for projects to be included in the budget for the 1965-66 fiscal year which is now under consideration. This section proposes to revert any of the unencumbered funds in that item instead of carrying over any part of it and the new budget bill will provide a new amount to take care of projects to be presented at the 1966 session. The exact reversion amount is not known at this time.

Section 11.2**RECOMMENDATION:**

We recommend approval.

This section reverts the unencumbered balance of Item 158, Budget Act of 1964, to the General Fund on June 30, 1966. This item appropriated \$987,000 to the Department of Mental Hygiene for research projects and made the funds available until June 30, 1967.

Section 11.3**RECOMMENDATION:**

We recommend approval.

Items 319(b) and 319(e) of the Budget Act of 1964, provided funds for site acquisition and construction of a state-owned office building for the Highway Patrol in Carlsbad. Subsequently, a reevaluation of the area, particularly its ultimate population growth, appeared to indicate that Carlsbad would not be a good location for a period of 25 years or more. The patrol is now leasing inadequate quarters in Oceanside and it has determined to lease larger quarters for a 10-year to 15-year period in the same general vicinity and to abandon the Carlsbad project. This section reverts the unencumbered balance of the appropriation to the Motor Vehicle Fund.

Section 11.4**RECOMMENDATION:**

We recommend approval.

Item 337(a) of the Budget Act of 1963 provided \$350,000 from the General Fund for working drawings for an office building in Sacramento. Item 337(k) of the same act provided \$500,000 for working drawings for the heating and cooling plant in Sacramento. The new budget contains working drawings and construction funds for both of these projects from special fund sources and this section proposes to revert the original working drawing appropriations to the General Fund. The new appropriations will provide the funds for the repayment and reversion.

from the California Water Fund which was designated to be used for purposes of Section 17301 of the Education Code, the section that provides for appropriation to the State School Fund. This reserve could be expended only by appropriations made by the Legislature. Section 19.5 of the Budget Bill for 1965 eliminates this reserve and appropriates all of the reserve balance (\$78,550,736) for purposes of Section 17301 of the Education Code.

Section 19.6**RECOMMENDATION:**

We recommend approval.

Section 19.6 authorizes the State Scholarship Commission to incur scholarship award obligations during 1965-66 for 5,120 scholarships, in an amount not to exceed \$4,000,000, for awards effective in 1966-67. This authorization was first introduced in 1964.

The commission has found it necessary to announce new awards in the spring of the fiscal year preceding the fiscal year in which the awards go into effect. Inasmuch as the budget bill carrying the appropriation for the awards often is not enacted until later in the year, an advance authorization has been granted so that the commission may announce new awards early enough to give the recipients sufficient time to make their plans for the following fall term.

The number of awards is limited to the maximum number allowed by statute. The maximum amount is \$96,000 less than was provided in the Budget Act for 1964-65.

Section 20**RECOMMENDATION:**

We recommend approval.

This section, which is similar to Section 20 of the Budget Act of 1964 and like sections in previous budget acts, provides that no money appropriated by this act shall be used to pay the salary of any authorized state position which was vacant or continuously unfilled between October 1, 1964, and July 1, 1965, except with the specific approval of the Director of Finance subsequent to July 1, 1965.

This section also provides that the Director of Finance shall make a report of all positions vacant for the period specified to the Joint Legislative Budget Committee not later than 30 days prior to the convening of the 1966 Regular Session of the Legislature. A report of positions authorized to be filled and positions abolished pursuant to this section is also required.

The report submitted to the Legislative Budget Committee pursuant to Section 20 of the Budget Act of 1964 lists 384 positions continuously unfilled during the period October 1, 1963, and July 1, 1964.

Action taken on these positions by the Department of Finance as well as that taken in the four previous years is shown in the following:

Period	Total positions reported	Authorized for continuance		Abolished	
		Number	Percent	Number	Percent
October 1, 1959, to July 1, 1960...	337	304	90.2	33	9.8
October 1, 1960, to July 1, 1961...	457	401	87.7	56	12.3
October 1, 1961, to July 1, 1962...	452	367	81.2	85	18.8
October 1, 1962, to July 1, 1963...	457	394.5	86.3	62.5	13.7
October 1, 1963, to July 1, 1964...	384	325	84.6	59	15.4

As indicated in the foregoing, the vacant positions abolished is a relatively low percentage of the total involved. This appears to indicate that this section is not being administered in accordance with legislative intent that, in general, positions continuously vacant for long periods of time should be abolished and rejustified as new positions in the budget currently before the Legislature.

Section 21

RECOMMENDATION:

We recommend approval.

This section continues, without change, authorization for the University of California and the California State Colleges to incur academic salary obligations during the budget year for the following year to the extent of \$1,500,000 for the university and \$1,500,000 for the state colleges. This authorization is to enable these institutions to recruit the additional faculty required to maintain accepted staffing standards in the face of rapid enrollment growth. Recruitment of new faculty members occurs, in large part, six to eight months prior to actual employment.

Section 22

RECOMMENDATION:

We recommend approval.

This section which is similar to Section 22 of the Budget Act of 1964 provides that the Department of Finance must investigate and establish the necessity for the acquisition or replacement of motor vehicles. It also provides that all passenger automobiles shall be of the light class, except for constitutional officers or unless the Director of General Services determines that unusual requirements, such as use by the California Highway Patrol, would justify a heavier class automobile.

Section 23

RECOMMENDATION:

We recommend approval.

This section which is similar to Section 23 of the Budget Act of 1964 establishes the same restriction of light automobiles for the Department of Public Works as is provided by Section 22.

Section 24**RECOMMENDATION:**

We recommend approval.

This section prohibits the expenditure of any funds appropriated by the Budget Act for the purchase of furnishings for any house or apartment of three or more rooms, other than a dormitory, except for a house occupied by a superintendent of an institution, a warden of a prison, or a physician. This provision does not apply to refrigerators, heaters, air-conditioning equipment, stoves, linoleum, or equipment normally furnished in the construction of the house. This control section continues a long-standing policy of the Legislature.

Section 25**RECOMMENDATION:**

We recommend approval.

This section limits the purchase of rugs or carpets for state offices to those occupied by elected officials or department heads. This section continues a long-time legislative policy.

Section 26**RECOMMENDATION:**

We recommend approval.

The meaning of words, terms and phrases found in the categorical schedules of the several Budget Act items are defined by this section. It also restricts expenditures to categories or projects set forth in the Budget Act schedule unless otherwise provided in other sections of the Budget Act. This section also continues a long-standing policy of the Legislature.

Section 26.5**RECOMMENDATION:**

We recommend approval.

This section provides that when an appropriation is made by the 1965 Budget Act for the support of boards, commissions, departments, etc., there shall be charged from each appropriation from which salaries and wages are paid, the State's contribution to the State Employees' Retirement Fund, the Old Age and Survivors' Insurance Revolving Fund, the State Employees' Contingency Reserve Fund, and for the partial cost of a basic health benefits plan for employees. The section also authorizes the Controller to transfer the above contributions to the State Payroll Revolving Fund.

Each budget item has included money to provide for the contribution to each of the above funds.

Section 27**RECOMMENDATION:**

We recommend approval.

This section authorizes the Director of Finance, when requested by the agency to which the appropriation is made, to transfer amounts between categories or projects within the same schedule in any item of appropriation. The Director of Finance is required to report quarterly

to the Joint Legislative Budget Committee all transfers pursuant to this authority.

Section 28**RECOMMENDATION:**

We recommend approval.

This item authorizes the Director of Finance to increase the amount available for expenditure in any category in the schedule set forth in the appropriation items where amounts over and above the amount considered in determining the amount in the Budget Act are received from other sources. Conversely, it permits the Director of Finance to reduce the amount in any category when the amount to be received is less than the amount considered in establishing the schedule.

Section 29**RECOMMENDATION:**

We recommend approval.

This section, which is identical with Section 29 of the Budget Act of 1964, permits the payment of premiums for official bonds covering a period in excess of one fiscal year.

Section 30**RECOMMENDATION:**

We recommend approval.

This section, which is identical with Section 30 of the Budget Act of 1964, provides that an expenditure authorized from the Emergency Fund, salary increase funds, price increase funds, or from a special fund pursuant to Section 11006 of the Government Code, in addition to an appropriation made by the Budget Act, may, for accounting purposes, be deemed an augmentation and increase of the appropriation made by the Budget Act.

Section 31**RECOMMENDATION:**

We recommend approval.

This section provides that appropriations in the Budget bill shall be expended in accordance with the allotments and other provisions of fiscal year budgets approved by the Department of Finance. Provisions are made for a salary savings reserve.

The section further provides that no money in any salary savings reserve may be expended to pay increases established after July 1, 1964, unless the Department of Finance certifies to the State Personnel Board, or other salary-fixing authority, that funds will be available to pay the increased salaries.

Section 31.5**RECOMMENDATION:**

We recommend approval.

Section 31.5 provides for certain exemptions for the California State Colleges under Section 31 of this act and Section 13320 of the Government Code, which require that annual expenditures conform to allotments provided in fiscal year budgets approved by the Department of Finance.

Under the terms of this section, the Trustees of the California State Colleges may authorize, without the approval of the Department of Finance, the following actions with respect to state college budgets: transfers of funds between line items within the categories of salaries and wages, operating expenses and equipment within each of the major functional categories of instruction, libraries, etc.; the substitution of one item of equipment for another within the major functional categories and the use of savings in equipment allotment; and expenditures for in-state travel, travel expenses and the relocation of employees in accordance with the allowances established by the Board of Control. All such actions are to be reported to the Director of Finance on forms prescribed by him.

The principal effect of these exemptions is to permit the Trustees to make certain changes in state college program expenditures with respect, for example, to curricula and courses, within well-circumscribed limits. No exemption is authorized, however, as to the establishment of new positions.

This section is identical to that amended into the Budget Act of 1961 and continued in the Budget Acts of 1962, 1963 and 1964. Its purpose is to grant to the state colleges a degree of budgetary flexibility, consistent with Senate Concurrent Resolution No. 16, 1960 session, which is deemed to be appropriate to the achievement of the most effective use of funds in terms of educational policy.

Section 32

RECOMMENDATION:

We recommend approval.

This section prohibits and declares invalid any action by any public officer which would cause any expenditure to be in excess of amounts appropriated, except with the written consent of the Director of Finance.

Section 32.5 (Budget Act of 1964)

Section 32.5 of the Budget Act of 1964 which was added by the Legislature is not contained in the 1965 Budget Bill as introduced. This section was designed to limit the freedom of the Department of Social Welfare to change welfare rules and regulations which have the effect of increasing caseloads and costs during the fiscal year. It was designed to permit increases in costs, however, which result from factors other than changes in rules and regulations. It required a reporting of excessive payments at the start of the legislative session so that the Legislature could act if it chose to do so.

Despite this control, the costs of welfare have continued to rise disproportionately to the growth in state population and to changes in economic conditions. This section should be continued and revised to reflect the levels of welfare expenditure which the Legislature desires to maintain in the budget year and to assure annual budgetary review of this program. The general summary section of our analysis of the Department of Social Welfare contains an extended discussion of this problem and our recommendations concerning a closed end appropriation for Social Welfare.

RECOMMENDATION: **Section 33**

We recommend approval.

This section is a severability clause which declares the intent of the Legislature that an item veto by the Governor shall not affect other items of the Budget Bill.

RECOMMENDATION: **Section 34**

We recommend approval.

This section is a severability clause which states the legislative intent that a finding of unconstitutionality with respect to any part of the Budget Bill shall not affect other parts.

RECOMMENDATION: **Section 35**

We recommend approval.

This section is the urgency clause which, under the Constitution, is necessary for the bill to have immediate effect.

RECOMMENDATION: **Section 36**

We recommend approval.

This section defines the urgency stated in Section 35.