

Woman's Relief Corps Home—Continued

1964-65 but an additional \$1,300 was required for medical attention in 1965-66 increasing the estimated total cost of care for the year to \$4,900.

We recommend approval of the item as budgeted.

Department of Veterans Affairs

UNITED SPANISH WAR VETERANS COMMISSION

ITEM 299 of the Budget Bill

Budget page 1010

FOR SUPPORT OF UNITED SPANISH WAR VETERANS COMMISSION FROM THE GENERAL FUND

Amount requested	\$3,400
Estimated to be expended in 1965-66 fiscal year	3,400
Increase	None

TOTAL RECOMMENDED REDUCTION \$3,400

GENERAL PROGRAM STATEMENT

The Legislature, in 1957, created the commission to promote and provide for the welfare of and assist in the maintenance of headquarters of the Department of California, United Spanish War Veterans. The commission is required to meet annually or more frequently at the call of the elected chairman.

ANALYSIS AND RECOMMENDATIONS

The \$3,400 level of support has been static since creation of the commission. We have recommended deletion of the support of the commission in our past several analyses because the Department of Veterans Affairs is staffed to assist this special group of veterans as it does all other veterans. We continue to question the policy of the state financing two separate state agencies which are responsible for the welfare of a single group.

We recommend deletion of the \$3,400 proposed.

ADVISORY COMMISSION ON INDIAN AFFAIRS

ITEM 300 of the Budget Bill

Budget page 1011

FOR SUPPORT OF THE ADVISORY COMMISSION ON INDIAN AFFAIRS FROM THE GENERAL FUND

Amount requested	\$45,201
Estimated to be expended in 1965-66 fiscal year	33,139
Increase (36.4 percent)	\$12,062

Increase to improve level of service \$12,062

TOTAL RECOMMENDED REDUCTION None

GENERAL PROGRAM STATEMENT

The Advisory Commission on Indian Affairs was established in 1961 under Section 8110 of the Government Code with the purpose of studying the problems of the American Indian in California, which includes

Advisory Commission on Indian Affairs—Continued

the problems presented by the termination of federal control over Indian affairs and the operation and needed revision of any state laws pertaining to the Indians and the three relocation centers in California.

ANALYSIS AND RECOMMENDATIONS

The commission proposes to expend \$45,201 in 1966-67 which will be entirely supported by a General Fund appropriation.

The commission is requesting one additional research assistant to make a detailed study of the termination and relocation problems in California. The long-range effect of federal termination of control over Indian affairs is unknown. The commission believes that a detailed study in this area will uncover solutions to the problems of lack of economic resources and employment resulting from federal termination.

Approximately one-half of the Indians being relocated in large urban centers are being sent to California each year. The commission feels that a detailed study of the relocation program is needed in order to better understand its ramifications. Through this study a close liaison relationship between levels of state and federal governments in the relocation program is anticipated.

In the fiscal year, 1964-65 the commission's total expenditures amounted to \$27,748 with a total staff authorization of 1.7 positions. During the year 1964-65, the commission conducted a survey of the reservations in California to determine their physical conditions and the ramifications of federal termination. The results of this survey were to be presented in 1965 but we are now informed that the results will not be available until April of 1966.

The budget proposes increased study activity in the areas of termination and relocation. To accomplish this, a new position of research assistant I is requested together with a substantial increase in contract services in the budget year.

We recommend approval as budgeted.

ADVISORY COMMISSION ON THE STATUS OF WOMEN

ITEM 301 of the Budget Bill

Budget page 1013

FOR SUPPORT OF ADVISORY COMMISSION ON THE STATUS OF WOMEN FROM THE GENERAL FUND

Amount requested	\$44,243
Available from prior year	1,152
 Total	 45,395
Estimated to be expended in 1965-66 fiscal year	33,848
 Increase (34.1 percent)	 \$11,547

TOTAL RECOMMENDED REDUCTION..... None

GENERAL PROGRAM STATEMENT

This 15-member commission, which includes six legislative members, two state officials and seven public members, has as its mission the development of study material and its incorporation into a report

Advisory Commission on the Status of Women—Continued

to be submitted to the Legislature at the 1967 General Session. This report should contain recommendations for legislation, if deemed desirable, to improve the status of women in respect to their position in society generally.

This agency was established by the enactment of Chapter 1378, Statutes of 1965, which carried an appropriation of \$35,000 for its support. The legislation also established the date of termination of the commission's authority as June 30, 1967.

ANALYSIS AND RECOMMENDATIONS

This program is composed of four study areas concerning the current status of women: 1) employment of women in all its aspects; 2) state law as it affects women in regard to civil and political rights; 3) education and educational needs, and 4) the effect of social pressures and economic considerations in shaping the role of women in modern society.

These studies will be carried out by the commission and its 15-member advisory committee assisted by the commission's executive secretary, and its clerical staff of one, at the same level of service as during the current year.

An amount of \$45,395 is requested to support the commission during the budget year, an increase of \$11,547 over the 9-month current year costs. Personal services increases for the full-year operation amount to \$10,827 and account for 93.7 percent of the increase.

We recommend approval of the program and the item as budgeted.

CALIFORNIA ARTS COMMISSION

ITEM 302 of the Budget Bill

Budget page 1014

**FOR SUPPORT OF THE CALIFORNIA ARTS COMMISSION
FROM THE GENERAL FUND**

Amount requested	\$157,128
Estimated to be expended in 1965-66 fiscal year	156,181
<hr/>	
Increase (0.6 percent)	\$947

TOTAL RECOMMENDED REDUCTION

None

GENERAL PROGRAM STATEMENT

The California Arts Commission is composed of 15 members appointed by the Governor representing all fields of the performing and visual arts plus two assemblymen and two senators. The commission and its staff of six permanent positions assist local communities in originating and developing their own cultural programs by providing technical consultative support when requested by the communities.

ANALYSIS AND RECOMMENDATION

The budget proposes an appropriation of \$157,128 from the General Fund for the 1966-67 fiscal year, which is \$947 or 0.6 percent more than is estimated to be expended during the current year.

California Arts Commission—Continued

The budget also shows a projected federal grant of \$50,000 for 1966-67 from the national endowment of the arts program. This amount will be in addition to the proposed General Fund appropriation.

A total of three positions, an associate director and two clerical, were administratively established during the current year as a result of the increase in the budget provided by the Legislature during the 1965 General Session. The positions are proposed to be continued in the 1966-67 fiscal year, bringing the total staff to 7.1 positions. During the 1965 General Session the original 1965-66 budget request of \$52,197 was augmented by \$100,000. The major portion of the augmentation is budgeted for contract services to assist communities or organizations in the development and growth of their performing or visual art programs. This portion of the commission's activity is budgeted at \$112,571 for the coming fiscal year.

We recommend approval of the item as requested.

COMMISSION OF THE CALIFORNIAS

ITEM 303 of the Budget Bill

Budget page 1016

**FOR SUPPORT OF THE COMMISSION OF THE CALIFORNIAS
FROM THE GENERAL FUND**

Amount requested -----	\$10,000
Estimated to be expended in 1965-66 fiscal year -----	10,000
Increase -----	None
TOTAL RECOMMENDED REDUCTION -----	•None

GENERAL PROGRAM STATEMENT

The Commission of the Californias was established to work with the Mexican State of Baja California in furthering favorable economic and cultural relations between the two states.

The commission was established by Chapter 139, Statutes of 1964, Second Extraordinary Session. It consists of 17 members, seven of whom are appointed by the Governor, five by Senate Rules Committee, and five by the Speaker of the Assembly. The commission has no authorized staff positions. There is a counterpart group in Mexico.

ANALYSIS AND RECOMMENDATIONS

The commission does not have formally established programs but pursues such activities as its several committees originate. Pleasure-boat regulation and hunting regulations have had commission attention. Rehabilitation of the hard-of-hearing, retirement homes, industry feasibility, water development, are programs being directed to the Mexican side of commission activity. There are no measurement statistics upon which to evaluate results.

For its operations during fiscal year 1966-67 the commission requests the sum of \$10,000, which is the identical amount requested for the current year.

Commission on the Californias—Continued

During 1964-65, the most recently completed fiscal year and the first year of its operation, the commission expended the sum of \$3,678 of which \$3,315 was for travel.

We recommend approval as budgeted.

BOARD OF HARBOR COMMISSIONERS FOR HUMBOLDT BAY

ITEM 304 of the Budget Bill

Budget page 1017

FOR SUPPORT OF BOARD OF HARBOR COMMISSIONERS
FOR HUMBOLDT BAY FROM THE GENERAL FUND

Amount requested	\$2,800
Estimated to be expended in 1965-66 fiscal year	2,800
Increase	None
TOTAL RECOMMENDED REDUCTION	\$2,800

GENERAL PROGRAM STATEMENT

The Legislature created the Board of Harbor Commissioners for Humboldt Bay in 1945 by Chapter 179 which added Sections 3800 through 3881 to the Harbors and Navigation Code. The board succeeded to the duties and responsibilities previously assigned to the Department of Public Works which consisted principally of keeping records of the activities on Humboldt Bay and Eureka Harbor and in maintaining liaison with the Corps of Engineers for maintenance of the navigable channels.

The board, which consists of three members appointed by the Governor, was inactive in the years between 1954 and 1962 at which time the Governor reactivated the commission administratively, and thereafter the Legislature has provided an annual appropriation. The appropriation is used to provide an annual salary of \$500 each for two of the commissioners and \$1,800 for the third commissioner, who is designated secretary of the board and ex officio surveyor of the port. No other operating expenses are provided.

ANALYSIS AND RECOMMENDATIONS

We have pointed out a number of times in the past that Humboldt Bay and Eureka Harbor are the only such facilities for which the state assumes a direct General Fund responsibility. Other harbors such as San Diego are locally sustained and while San Francisco is owned by the state it operates without assistance from the General Fund. The benefits which accrue to the users of the Humboldt Bay facilities should justify full local support for the functions assigned to the board. No benefits from these activities accrue directly to the state.

We recommend disapproval of this item.

PERSONAL SERVICES NOT ELSEWHERE REPORTED

ITEM 305 of the Budget Bill

Budget page 1018

FOR THE STATE'S CONTRIBUTION FOR THE COST OF A
BASIC HEALTH PLAN FOR ANNUITANTS
FROM THE GENERAL FUND

Amount requested	\$1,119,600
Estimated to be expended in 1965-66 fiscal year	942,700
Increase (18.7 percent)	\$176,900

TOTAL RECOMMENDED REDUCTION

None

ANALYSIS AND RECOMMENDATION

A sum of \$1,119,600 is proposed as the state's contribution toward the cost of a basic health plan for annuitants of retirement systems to which the state contributes. This amount is \$176,900, or 18.7 percent, more than is estimated to be expended during the current fiscal year.

The state pays \$6 per month plus 5 percent of the total cost of premiums for annuitants, the same as it does for active employees in accordance with the provisions of the Meyers-Geddes State Employees' Medical and Hospital Care Act.

The increase for the budget year is based on an estimated 8.9-percent increase in the number of enrolled annuitants and an increase in total premium cost.

The recent passage of the 1965 amendments to the Social Security Act—Medicare—will have a very major effect upon this benefit provided annuitants of various state retirement systems. All annuitants 65 years of age and over will be automatically eligible for Part A of Medicare, which is the hospitalization portion, and all those who wish may take advantage of Part B, which is the \$3-per-month contributory insurance portion which covers doctor fees and other related services. The federal government also pays \$3 per month toward the premium.

The Board of Administration of the State Employees' Retirement System is presently in the process of developing insurance plans to take advantage of the new legislation. Obvious problems arise since a great number of annuitants are under 65 years of age. However, the system anticipates that the plans will be ready by the July 1, 1966, starting date of Medicare.

The law presently prescribes that the state shall contribute \$6 per month toward the premium of a health plan for annuitants. Now that Medicare is law, consideration should be given to the elimination of that provision for all those over 65 years of age. At this point of time it is not fully known exactly what coverage will be provided in the Part B portion of Medicare. Some major segments of private industry have notified their annuitants that the private plans provided by the employer will be discontinued and that the annuitants must receive their hospital and medical protection through Medicare.

We recommend approval of the amount requested.

REFUND OF TAXES, LICENSES AND OTHER FEES

ITEM 306 of the Budget Bill

Budget page 1019

**FOR REFUND OF TAXES, LICENSES AND OTHER FEES
FROM THE GENERAL FUND**

Amount requested	\$20,000
Estimated to be expended in 1965-66 fiscal year	20,000
Increase	None

TOTAL RECOMMENDED REDUCTION None

ANALYSIS AND RECOMMENDATIONS

This item is used to refund fees paid to state agencies as a necessary prerequisite to receiving permits, taking examinations and making filings and inspections and also to refund overpayments into certain revolving funds in the State Treasury to assist individuals who are under the jurisdiction or care of state agencies. These refunds are described in Sections 13140-4 of the Government Code. The refunds are noncontroversial and use of this refund avoids the necessity of Board of Control action and inserting items in the claims bill. In addition, funds are made available from this item to pay prior judgments, liens or encumbrances under Government Code Section 12516.

We recommend approval as budgeted.

STATEWIDE FEDERATED INFORMATION SYSTEM

ITEM 307 of the Budget Bill

Budget page 1022

**FOR SUPPORT OF STATEWIDE FEDERATED INFORMATION
SYSTEM FROM THE GENERAL FUND**

Amount requested	\$571,653
Recommended for further Legislative Review	\$571,653

GENERAL PROGRAM STATEMENT

The statewide federated information system is a new budget item which represents the administration's program to implement recommendations included in the Lockheed study and would expand the scope and size of the systems analysis section in the Department of General Services. Lockheed Missiles and Space Company issued a report dated July 30, 1965, entitled "California Statewide Information System Study." This report was the result of a study conducted during the period from February 1, 1965, to August 1, 1965, under contract with the state for a fee of \$100,000. In general, the Lockheed study proposed the creation of a centralized state data clearinghouse and index to coordinate and cross-reference the various governmental sources of data as collected and disseminated through the vehicle of automatic data processing techniques. Proposed is an information system which, according to the printed budget, "would allow the concurrent development of information systems within the various functional areas of state government activity. The most effective system would be one to serve state departments; city, county, and other local government organizations; and federal organizations. This can be

Statewide Federated Information System—Continued

achieved through the planning for the development of a statewide federated information system.’’

The specific benefits proposed for such a system include :

1. Cost avoidance and reduction.
2. Increased revenues.
3. Better services.
4. New services.

To realize these benefits, a General Fund appropriation of \$571,653 is requested ; this would represent a staff of 24 and contract services of \$288,000.

ANALYSIS AND RECOMMENDATIONS

Due to the timing of the budgetary process and the magnitude of this request, we propose to defer analysis and recommendations until we have been supplied by the Department of Finance with additional supporting information for this proposed program.

WORLD TRADE AUTHORITIES COORDINATING COUNCIL

ITEM 308 of the Budget Bill

Budget page 1024

FOR SUPPORT OF THE WORLD TRADE AUTHORITIES COORDINATING COUNCIL FROM THE GENERAL FUND

Amount requested	\$197,136
Estimated to be expended in 1965-66 fiscal year	141,131
<hr/>	
Increase (39.7 percent)	\$56,005
Increase to improve level of service.....	\$53,700
RECOMMENDED FOR SPECIAL LEGISLATIVE REVIEW.....	\$149,500

Summary

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Travel—in-state	\$3,600	1024	67
Travel—out-of-state	6,900	1024	68
Director's expenses and guest meals.....	1,500	1024	69
World trade research and development.....	5,692	1024	73
Publicity and promotion.....	4,000	1024	74
Contract services	2,808	1024	72
World trade development program.....	125,000	1024	75

GENERAL PROGRAM STATEMENT

Effective July 1, 1965, the California World Trade Authorities Coordinating Council became operative and it assumed the responsibility for the world trade development program which formerly had been an activity of the San Francisco World Trade Center Authority.

The coordinating council consists of nine members appointed by the Governor, three of whom are members of the San Francisco World Trade Center Authority, three are members of the new Southern California World Trade Center Authority, and three are members at large. This council sets general policy for world trade promotion and establishes guidelines for the world trade authorities in San Francisco and

World Trade Authorities Coordinating Council—Continued

Los Angeles. The council members receive no compensation for their services but they are allowed necessary traveling expenses.

The new staff of the council consists of a director (\$18,768 per year) and 2.1 supporting clerical positions in the San Francisco office which is located in the Ferry Building. The director also has desk space and temporary clerical support in a Department of Finance office in Sacramento.

The world trade development program, which is the main activity of this council, started during 1963-64 when a commercial attache office was opened in Mexico City. A second office was established in Tokyo in November 1965 and a third office in Europe is proposed for the budget year. The stated objectives of these offices are to expand the overseas markets for California products and to promote tourist trade to California.

Table 1 shows that the expenditures for this program will have increased by over 1,300 percent between 1963-64 and the budget year. During 1963-64 and 1964-65, the expenditures for the world trade development program were reported as a separate part of the budget of the San Francisco World Trade Center Authority.

Table 1
Expenditures for the World Trade Development Program and the
World Trade Authorities Coordinating Council

	Actual		Estimated	
	1963-64	1964-65	1965-66	1966-67
Personal services -----	---	---	\$31,666	\$32,636
Operating expenses				
General -----	\$101	\$162	1,500	3,000
Printing -----	---	16,168	---	---
Communications -----	340	392	2,000	4,000
Travel—in-state -----	228	180	3,600	3,600
Travel—out-of-state -----	865	1,750	3,000	6,900
Director's expense and guest meals -----	332	300	1,500	1,500
Commercial attaches -----	10,223	20,228	77,700	125,000
Publicity and promotion -----	410	5,951	4,000	4,000
Research and development -----	---	---	6,000	8,500
Exhibit at World Trade Fair -----	---	---	4,000	---
Legal and fiscal service -----	1,187	940	2,000	2,000
Rent -----	---	---	1,580	4,000
	\$13,686	\$46,071	\$106,880	\$162,500
Equipment -----	109	701	2,589	2,000
Total expenditures— (General Fund) -----	\$13,795	\$46,772	\$141,131	\$197,136

ANALYSIS AND RECOMMENDATIONS

Since the coordinating council submitted very limited information either to explain or to justify its proposed budget, and because many of the expenditure categories are rather nebulous and seem to duplicate the activities of the San Francisco and Southern California World Trade Center Authorities, *we suggest that the Legislature give a special*

World Trade Authorities Coordinating Council—Continued

review to this budget and to those of the San Francisco and Southern California World Trade Center Authorities.

Some of the areas that need explanation are:

1. Why is it necessary for the director of the council to personally visit the attaché offices in Mexico, Japan and Europe? A total of \$5,500 is budgeted for these trips during 1966-67.
2. Why is it necessary for the director to have \$1,400 budgeted for trips to Washington, D.C., New York and New Orleans?
3. Why is \$1,500 budgeted for director's expenses and guest meals? The amounts spent on this function averaged about \$300 per year during 1963-64 and 1964-65. Is there a possibility of duplication since the council's office is in the same building as the San Francisco authority and the budget for the latter also includes \$1,500 for this function?
4. A total of \$12,500 is budgeted for publicity, promotion, research, contract services, etc. Definitive information on the need for these funds, or how they were to be used is lacking. Table 2 shows that the San Francisco and southern California authorities have \$8,500 budgeted for this function. What steps has the council taken to assure that these authority funds will not be used to duplicate those of the council?
5. In the budget year, \$125,000 is allocated for the commercial attaché program: \$25,000 for Mexico City, and \$50,000 each for Tokyo and Europe. What justification does the council have for spending General Fund money to establish offices in these locations? How does the council measure the effectiveness of these offices and which agricultural and industrial groups receive the main benefit? To what extent do these offices duplicate the activities of the federal government and private trade associations? In future years, does the council propose to establish additional offices in South America, the Philippines, Africa and the Near East?

When the state "commercial attaché" program was first proposed in the 1962-63 Budget (page 724), it was suggested specifically in terms of problems in common market countries. However, during the intervening years offices have been established in Mexico and Japan, and the proposed budget again calls for the establishment of a European office. The Legislature has never been informed of the reasons for this change in priorities.

Table 2
Expenditure Categories in the Proposed Budget Which Need Clarification

Category	Coordinating council	San Francisco trade authority	Southern California trade authority	Total
Travel—in-state -----	\$3,600	\$1,000	\$3,000	\$7,600
Travel—out-of-state -----	6,900	750	1,500	9,150
Director's expenses and guest meals -----	1,500	1,500	1,500	4,500
Publicity and promotion --	4,000	4,000	2,500	10,500

World Trade Authorities Coordinating Council—Continued

Table 2—Continued

Expenditure Categories in the Proposed Budget Which Need Certification

Category	Coordinating council	San Francisco trade authority	Southern California trade authority	Total
Research and development	5,692	2,000	--	7,692
Contract services	2,808	--	--	2,808
Attaché program	125,000	--	--	125,000
Total	\$149,500	\$9,250	\$8,500	\$167,250

SAN FRANCISCO WORLD TRADE CENTER AUTHORITY

ITEM 309 of the Budget Bill

Budget page 1025

FOR SUPPORT OF THE SAN FRANCISCO WORLD TRADE CENTER AUTHORITY FROM THE GENERAL FUND

Amount requested	\$78,410
Estimated to be expended in 1965-66 fiscal year	75,626
Increase (3.7 percent)	\$2,784

RECOMMENDED FOR SPECIAL LEGISLATIVE REVIEW \$9,250

Summary

	Amount	Page	Line
Travel—in-state	\$1,000	1026	9
Travel—out-of-state	750	1026	10
Director's expenses and guest meals	1,500	1026	11
World trade research and development	2,000	1026	15
Publicity and promotion	4,000	1026	16

GENERAL PROGRAM STATEMENT

The San Francisco World Trade Center Authority has as its stated objective the encouragement of domestic and international trade. The authority consists of the Director of Public Works, the Director of Finance, the President of the San Francisco Port Authority and eight public members appointed by the Governor. In addition to its other activities, it manages the World Trade Center located in the Ferry Building, San Francisco.

This authority has been in existence for many years, but prior to 1963-64, it was financed entirely from the San Francisco Harbor Improvement Fund. Starting in 1965-66 the General Fund will provide the sole support for this authority.

Prior to July 1, 1965, this authority also conducted the world trade development program which has been transferred to the World Trade Authorities Coordinating Council.

This authority has a staff consisting of a deputy director (\$12,000 per year), a librarian, and 4.1 clerical positions.

The following table shows the expenditures for this authority over a five-year period excluding those amounts attributable to the world trade development program.

San Francisco World Trade Center Authority—Continued

Table 1

San Francisco World Trade Center Authority

	Actual			Estimated	
	1962-63	1963-64	1964-65	1965-66	1966-67
Personal services -----	\$45,521	\$48,847	\$59,065	\$47,892	\$49,020
Operating expenses					
General -----	3,246	3,973	3,242	3,745	3,780
Communications -----	2,943	2,254	4,040	3,620	3,000
Travel—in-state -----	438	173	275	770	1,000
Travel—out-of-state -----	1,117	904	—	750	750
Director's expenses -----	1,026	1,285	1,212	1,500	1,500
Publicity and promotion -----	3,469	3,037	6,928	4,000	4,000
Research and development -----	3,222	4,832	11,169	2,000	2,000
Other -----	9,614	10,475	9,955	10,949	11,860
Total -----	\$25,075	\$26,933	\$36,821	\$27,334	\$27,890
Equipment -----	\$1,752	\$248	\$1,102	\$400	\$1,500
Reimbursements -----	—	—	—2,782	—	—
Total expenditures -----	\$72,348	\$76,028	\$94,206	\$75,626	\$78,410
General Fund -----	—	\$37,943	\$41,192	\$75,626	\$78,410
S.F. Harbor Improvement Fund -----	\$72,348	\$38,085	\$53,014	—	—

ANALYSIS AND RECOMMENDATIONS

Since very limited information was submitted by the authority to justify its proposed budget, and because some of the expenditure categories are rather nebulous and seem to duplicate those of the World Trade Authorities Coordinating Council, we suggest that the budget of this authority be given special review by the Legislature.

Some of the areas that need explanation are:

1. Why is \$1,000 budgeted for in-state travel in 1966-67, when the amounts spent during the last three actual years averaged only \$295?
2. Why is \$750 budgeted for out-of-state travel in 1966-67, when no funds were expended for this purpose during 1964-65?
3. Why should \$1,500 be budgeted for director's expenses and guest meals when this authority has its office in the same building as the coordinating council?
4. Why is \$6,000 budgeted for research, publicity and promotion? How will these funds be used, and will they duplicate the activities of other agencies in this field?

SOUTHERN CALIFORNIA WORLD TRADE CENTER AUTHORITY

ITEM 310 of the Budget Bill

Budget page 1027

FOR SUPPORT OF SOUTHERN CALIFORNIA WORLD TRADE CENTER AUTHORITY FROM THE GENERAL FUND

Amount requested -----	\$51,850
Estimated to be expended in 1965-66 fiscal year -----	45,194
Increase (14.7 percent) -----	\$6,656
Increase to improve level of service -----	\$2,750
RECOMMENDED FOR SPECIAL LEGISLATIVE REVIEW -----	\$8,500

Southern California World Trade Center Authority—Continued

	Summary	Budget		
		Amount	Page	Line
Travel—in-state	-----	\$3,000	1027	46
Travel—out-of-state	-----	1,500	1027	47
Director's expenses and guest meals	-----	1,500	1027	52
Publicity and promotion	-----	2,500	1027	53

GENERAL PROGRAM STATEMENT

This authority was activated during 1964-65 and it is composed of the Director of Public Works, the Director of Finance, and seven members appointed by the Governor. The stated objective of the authority is to develop domestic and international trade in the natural, processed and manufactured products of this state.

The authority has a staff consisting of a deputy director (\$12,000 per year) and 2.1 clerical positions.

The following table shows the budgets of this authority since it was activated :

	Southern California World Trade Center Authority		
	1964-65	1965-66	1966-67
Personal services	\$2,205	\$24,364	\$24,664
Operating expenses:			
General	\$1,050	\$2,741	\$3,250
Communications	588	2,000	3,200
Travel—in-state	571	2,000	3,000
Travel—out-of-state	--	750	1,500
Director's expenses	--	1,500	1,500
Publicity and promotion	--	2,000	2,500
Other	5,062	7,250	8,900
Total	\$7,271	\$18,241	\$23,850
Equipment	\$481	\$2,589	\$3,336
Total expenditures (General Fund)	\$9,957	\$45,194	\$51,850

ANALYSIS AND RECOMMENDATIONS

Since this authority submitted very limited information to justify its proposed budget, and because certain of the expenditure categories are rather nebulous and seem to duplicate those of the World Trade Authorities Coordinating Council, we suggest that the budget of this authority be given a special review by the Legislature.

Some of the areas that need explanation are:

1. Why is \$3,000 budgeted for in-state travel in 1966-67? The San Francisco authority has only \$1,000 budgeted for this same category.
2. Why is \$1,500 budgeted for out-of-state travel, which is twice the amount budgeted for the San Francisco authority?
3. How will the \$1,500 budgeted for director's expense and guest meals be used?
4. How will the \$2,500 budgeted for publicity be used?

MIGRANT MASTER PLAN

ITEM 311 of the Budget Bill

Budget page 1028

FOR STATE'S SUPPORT OF THE MIGRANT MASTER PLAN FROM THE GENERAL FUND

Amount requested -----	\$357,130
Estimated to be expended in 1965-66 fiscal year -----	162,008
Increase -----	<u>\$195,122</u>
Increase to improve level of service -----	\$99,050

TOTAL RECOMMENDED REDUCTION ----- None

GENERAL PROGRAM STATEMENT

During the current fiscal year a program called the Migrant Master Plan was established within the State Office of Economic Opportunity in the Governor's office. Chapter 1576, Statutes of 1965, authorized the Director of Finance to contract with school districts, housing authorities, health agencies and other local public and private nonprofit agencies for the procurement or construction of housing or shelter and to obtain services for migratory agricultural workers in the fields of education and sanitation and to obtain day care services for the children of such workers.

ANALYSIS AND RECOMMENDATION

The budget proposes a General Fund appropriation of \$357,130 for the 1966-67 fiscal year which is \$195,122 more than is estimated to be expended during the current fiscal year. Federal funds for the 1966-67 fiscal year are estimated to be \$5,914,170 compared to \$3,258,069 for the current fiscal year.

The following table shows a breakdown of costs. A total of 1,000 temporary housing units are being built at 10 locations with 1965-66 funds and 1,500 units at 15 locations with 1966-67 funds.

	1965-66			1966-67		
	Federal	State	Total	Federal	State	Total
Construction ----	\$2,000,000			\$3,000,000		
Local jurisdiction share (land)	<u>-200,000</u>			<u>-300,000</u>		
Net construction cost -----	\$1,800,000		\$1,800,000	\$2,700,000		\$2,700,000
Program support ¹						
Housing management ----	\$97,662	\$10,851	\$108,513	\$292,050	\$32,450	\$324,500
Day care ----	690,660	76,740	767,400	1,967,850	218,650	2,186,500
Education ----	601,524	66,836	668,770	886,770	98,530	985,300
Field sanitation	68,223	7,581	75,804	67,500	7,500	75,000
Totals ---	\$3,258,069	\$162,008	\$3,420,077	\$5,914,170	\$357,130	\$6,271,300

¹ Funds are included for support of program activities for 12 existing labor camps where there had been no program. The camps are under the jurisdiction of local housing authorities.

The migrant program consists basically of two parts. The first part is the purchase and construction of temporary housing units within migrant camp labor centers which is funded totally by federal funds. The second part consists of the program support for the migrant camp

Migrant Master Plan—Continued

labor centers. The funding for the program support is 90 percent federal and 10 percent state. The primary reason for the considerable increase in state funds during the 1966-67 fiscal year is that the units constructed during the current year will be in full operation during the 1966-67 fiscal year, thus the support program for the first 1,000 units will be on a full-year cost compared to partial cost for the current year. The budget proposes the construction of 1,500 new units from federal funds during fiscal year 1966-67.

The program support cost on an annual basis for the 1,500 units to be built during the 1966-67 fiscal year will be \$1,906,000, \$190,600 of which is state money. Since all the units will not be built at the start of the fiscal year the budget provides approximately one-half of the support money, or \$990,500, of which \$99,050 will be state funds.

We recommend approval of the requested \$357,130.

With the additional labor camps proposed by this budget item, there will be a total of 25 camps at 17 locations in 13 counties. The camps will house 2,500 families when completed. The individual housing unit is of a temporary nature that will be left standing for 180 days and then dismantled and put into storage. The unit is commercially referred to as "Ply-dom" with the sides made of polyurethane and the ends made of plywood. The interior floor dimension is 314 square feet.

The camps will have central toilet, shower, and washing facilities. In addition, central low cost buildings will be constructed for day care of children and for adult education programs. Where local schools cannot physically accommodate older children, some educational programs will be conducted. The federal government is paying the total cost for construction.

In each case the actual program will be conducted on a contractual basis. Local housing authorities will provide for the housing management and day care. Local school districts will provide the educational programs and the county health departments will inspect and supervise sanitary facilities. Each family will pay 50 cents per day.

PAYMENT OF INTEREST ON GENERAL FUND LOANS

ITEM 312 of the Budget Bill

Budget page 1031

FOR PAYMENT OF INTEREST ON GENERAL FUND LOANS FROM THE GENERAL FUND

Amount requested	\$8,724,114
Estimated to be expended in 1965-66 fiscal year	1,762,399
Increase (39.50 percent)	\$6,961,715
TOTAL RECOMMENDED REDUCTION	None

Payment on Interest on General Fund Loans—Continued

ANALYSIS

Because a lack of correlation in timing exists between General Fund Revenues and expenditures on a month-to-month basis throughout the year (two-thirds of the 1964-65 revenues were received during the last six months of the year, while the monthly rate of expenditures was more nearly constant) it has been necessary in recent years for the General Fund to borrow from special funds in order to meet expenditures pending collection of revenues.

Interest payments on these loans have been required under Section 16310.5 of the Government Code since 1961 when the section first became operative, with the amounts budgeted, the deficiencies, the savings, and the actual expenditures being as follows:

<i>Fiscal year</i>	<i>Amount budgeted</i>	<i>Deficiencies</i>	<i>Savings</i>	<i>Actual expenditures</i>
1961-62 -----	\$310,000	--	\$301,096	\$8,904
1962-63 -----	500,000	--	432,466	67,534
1963-64 -----	385,000	--	271,227	113,773
1964-65 -----	87,500	\$1,050,860	4	1,138,356
1965-66 (estimated) --	1,883,336	--	120,937	1,762,329
1966-67 (proposed) ---	8,724,114	--	--	8,724,114

The deficiency in 1964-65 was covered by an allocation from the emergency fund.

The increase of 395.0 percent proposed for the budget year over the current year appears to be due in part to an anticipated increase in the expenditure level and in part to an anticipated decrease in the carry-over balance of General Fund cash available at the beginning of the budget year.

Section 16310.5 was amended in 1965 to provide for payment of interest at a rate determined by the Pooled Money Investment Board to be that which the money borrowed would earn if otherwise invested. Formerly it was the maximum rate allowed interest-bearing time deposits in banks at the time of the loan.

The interest rate was 3.75 percent during 1964-65 and is estimated at 4.25 percent for the current and budget years. At these rates the interest paid and estimated for these years is sufficient to pay interest on the following amounts for a 6-month period.

<i>Year</i>	<i>Rate</i>	<i>Amount for 6 months</i>
1964-65 -----	3.75	\$60.7 million
1965-66 -----	4.25	82.9 million
1966-67 -----	4.25	410.5 million

Table 1 shows the borrowings and repayments during 1964-65 in millions of dollars, with a calculation of the amount of the borrowing for each month in terms of "million-dollar days," that is the number of millions borrowed times the number of days during each month for which the amount was owed.

Payment on Interest on General Fund Loans—Continued

Table 1
Borrowings by Months, 1964-65, in Millions

Date	Borrowed	Repaid	Balance	Monthly totals in million-dollar days
Oct. 26, 1964	\$25		\$25	125
Nov. 1964	None	None	25	750
Dec. 18, 1964	60		85	
24	20		105	
28	27		132	1,776
Jan. 19, 1965	20		152	
26	30		182	4,482
Feb. 16		\$35	147	
26	56		203	4,788
Mar. 11		15	188	
16		10	178	
23		57	121	
25		40	81	5,147
Apr. 27		26	55	
29		10	45	
30		45	--	2,342
Total				19,410

Borrowings, by funds, for 1964-65 are shown in Table 2.

Table 2
Borrowings, by Funds, 1964-65, Million-dollar Days and Interest Paid

Fund	Million-dollar days	Interest
Architecture Revolving Fund	8,310	None
Motor Vehicle Fund	3,240	\$330,822
Special Deposit Fund (Motor Vehicle uncleared collection account)	2,310	237,329
Highway Fund	2,100	215,753
Central Valley Water Project Construction Fund	1,590	163,356
Motor Vehicle Fuel Fund	1,190	122,260
California Water Fund	415	42,637
School Land Fund	255	26,199
Total	19,410	\$1,138,356

Table 3 shows through January 1966, compared to those for the preceding year, by months, in terms of million-dollar days, while Table 4 shows the same data by funds.

Table 3
Borrowings by Months Through January, 1964-65 and 1965-66
in Million-dollar Days

Month	1964-65		1965-66	
	Number	Percent	Number	Percent
October	125	143	268	114.4%
November	750	700	1,450	93.3
December	1,776	846	2,622	47.6
January	4,482	549	5,031	12.2
Total	7,133	2,238	9,371	31.4%

Payment on Interest on General Fund Loans—Continued

Table 4

Borrowings by Funds, Through January 1965-66,
Million-dollar Days and Interest Liability

<i>Fund</i>	<i>Total borrowed (millions)</i>	<i>Million- dollar days</i>	<i>Accrued interest at 4.25% per year</i>
Architecture Revolving Fund -----	\$107	7,042	None
Highway Fund -----	30	1,260	\$146,712
Surplus Money Investment Fund -----	80	1,069	124,473
Total -----	\$217	9,371	\$271,185

If interest had been required on borrowings from the Architecture Revolving Fund during 1964-65 at 3.75 percent per year, it would have amounted to \$853,757. These borrowings had the effect of reducing the cash available for investment in the Pooled Money Investment Account, the interest on which all accrues to the General Fund. As a result the borrowings reduced General Fund interest earnings by an amount approaching \$853,757, depending on the exact timing of the disbursements resulting therefrom.

By the same token, the loss of interest to the General Fund through January 31, 1966, by reason of borrowings from the Architecture Revolving Fund amounts to \$819,959 at 4.25 percent year year, and if these borrowings are not repaid till the end of April, as was the case with similar borrowings in 1964-65, an additional \$1 million in interest will be lost.

It is, therefore, reasonable to take the view that the total cost to the General Fund was approximately \$2 million in 1964-65 and will be approximately \$3.6 million in the current year and \$10.5 million during the budget year if the same pattern of borrowings from the Architecture Revolving Fund continues.

Section 16310.5 of the Government Code as amended in 1965 permits the General Fund to borrow from the Pooled Money Investment Account, interest earnings from which all accrue to the General Fund by law. To the extent that any borrowings are made from this account during either 1965-66 or 1966-67 the appropriations for interest payments will in effect include money which the General Fund pays to itself as interest income. It might be desirable to amend the law to make such borrowings interest free, as are those from the Architecture Revolving Fund. In any event we believe such amounts should be identified in the budget presentation for this item, and that mention should also be made of borrowings from the Architecture Revolving Fund.

Since this is a necessary cost to the General Fund under existing law we recommend approval as budgeted.

PROVISION FOR SALARY INCREASES

ITEM 313 of the Budget Bill

Budget page 1032

**FOR SUPPORT OF PROVISION FOR SALARY INCREASE
FROM THE GENERAL FUND**

Amount requested -----	\$20,594,431
Recommended for further legislative review -----	\$20,594,431

GENERAL PROGRAM STATEMENT

The responsibility for setting salaries and adjusting salaries for civil service employees from sums appropriated by the Legislature for that purpose has been delegated by the Legislature to the Personnel Board. Provisions within Section 18850 of the Government Code require the board to:

1. Set salaries so that "like salaries shall be paid for comparable duties and responsibilities."
2. Consider the salaries for comparable service in private business and in other governmental agencies in setting salaries.
3. Maintain the cost of salary adjustments within existing funds appropriated for salary increase purposes.

Each year the Personnel Board is required by Section 18712 of the Government Code to submit to the Governor and the Legislature an annual report on state civil service personnel. This report includes a review of the salary situation and recommendations concerning the need for salary adjustments for state employees. Generally, recommendations in the annual reports are based upon semiannual joint wage and salary surveys conducted by the board in March and October of each year.

In 1965 general state salary adjustments of 5 percent for certain classes and 2½ percent for others were recommended by the State Personnel Board and subsequently approved by the Legislature. These increases generally eliminated wage differences existing between the state and private industry, as reflected in the board's March 1965 semiannual wage and salary survey.

ANALYSIS AND RECOMMENDATIONS

Item 313 proposes a General Fund appropriation of \$20,594,431 for general salary increases and special inequity adjustments for civil service and exempt classes. The exempt classes involved include those whose salaries are fixed by the Department of Finance, and certain others, but does not include any whose salaries are fixed by statute. While the Personnel Board has no salary-fixing authority for exempt classes, traditionally these salaries have paralleled those for comparable civil service positions.

Table 1 summarizes proposed expenditures from all funds for the civil service and exempt classes.

Provision for Salary Increases—Continued

Table 1
Proposed Salary Increases, Civil Service and Exempt
Classes, by Source of Funds, 1966-67

	<i>General salary increases</i>	<i>Special inequity adjustments</i>	<i>Total</i>
General Fund			
Civil service classes -----	\$17,422,823	\$2,557,229	\$19,980,052
Exempt and other classes -----	427,061	187,318	614,379
Total -----	\$17,849,884	\$2,744,547	\$20,594,431
Special funds			
Civil service classes -----	\$11,444,059	\$1,039,027	\$12,483,086
Exempt and other classes -----	65,980	2,000	67,980
Total -----	\$11,510,039	\$1,041,027	\$12,551,066
Other funds			
Civil service classes -----	\$7,582,968	-	\$7,582,968
Exempt and other classes -----	26,877	-	26,877
Total -----	\$7,609,845	-	\$7,609,845
Combined total, all funds			
Civil service classes -----	\$36,449,850	\$3,596,256	\$40,046,106
Exempt and other classes -----	519,918	189,318	709,236
Total -----	\$36,969,768	\$3,785,574	\$40,755,342

The 1966 annual report of the board has recommended a general 4 percent salary range increase to most state classes and special inequity adjustments in certain salary classifications. These recommendations are based upon the following: The October 1965 survey of the board reflected that salary and wages paid by private industries had risen approximately 1.8 percent during the period between March 1965 and October 1965. The board has also estimated that salaries paid by private industries will increase an additional 1.2 to 2.2 percent during the period between October 1965 and March 1966, and that the trend will continue to July 1, 1966. This would justify a 4 percent increase in state salaries as of July 1, 1966. In addition, the board's surveys reflected that special inequity adjustments were necessary in certain special categories.

It would appear that the recommendations of the State Personnel Board are appropriate. The state's unemployment rate (seasonally adjusted) is projected to continue downward during the forthcoming year (the 5.7 rate experienced in December 1965 is expected to drop to 5.4 percent in January 1966). Such a trend is a reasonable indication that salaries and wages will continue to increase throughout the state, and thus, that the March 1966 survey of the board will probably indicate that state pay scales will be served percentage points behind those of private industry.

Inasmuch as the March 1966 salary survey data will be available while the Legislature is in session, and can be used to test the salary trends assumed by the board last December, *we recommend that final approval if this item be deferred pending receipt of the March survey results.*

**Provision for Salary Increases
UNIVERSITY OF CALIFORNIA**

ITEM 314 of the Budget Bill

Budget page 1033

**FOR SUPPORT OF SALARY INCREASES
FROM THE GENERAL FUND**

Amount requested ----- \$6,466,500

TOTAL RECOMMENDED REDUCTION ----- None

This item consists of salary increase recommendations for faculty and nonacademic positions. Of the total request, \$2,873,000 is for academic classifications and \$3,593,500 is for nonacademic classes.

Academic Salaries

The Coordinating Council for Higher Education (CCHE) prepared reports on faculty salaries, fringe benefits, selected faculty data and supplementary income in response to Senate Concurrent Resolution No. 51 of the 1965 General Session. This Senate concurrent resolution endorsed a study prepared by the Legislative Analyst which outlined specific types of faculty salary, fringe benefits and other data to be prepared for the Governor and the Legislature annually on consistent bases. This year's "Annual Report on Faculty Salaries and Recruitment" by the CCHE substantially complies with the legislative directive. Subsequently, a special CCHE report on supplementary faculty employment and compensation, based on an independent faculty survey conducted under contract by the System Development Corporation, was also issued.

The Governor's Budget recommends a 2.5-percent salary increase for University of California faculty in order to achieve parity with weighted average salaries of Harvard, Yale, Princeton, Columbia and the University of Michigan. This recommendation represents the findings and recommendations of the Coordinating Council for Higher Education based on faculty salary comparison methods recommended by the Joint Legislative Budget Committee and requested by the 1965 Legislature in Senate Concurrent Resolution No. 51.

Average salaries of University of California faculty have actually been higher than weighted average salaries at the established list of five comparable institutions during 1965-66 year at the associate and assistant professor ranks and the adjusted all ranks average. This is because rises in average salaries at comparable institutions did not increase as much as expected. One notable exception is faculty salaries at professional schools, which a special survey by the university has identified as a serious problem.

The following table summarizes salary comparison findings of the Coordinating Council for Higher Education :

Provision for Salary Increases—University of California—Continued

University of California					
Faculty Salary Comparisons by Rank					
	<i>Professor</i>	<i>Associate professor</i>	<i>Assistant professor</i>	<i>Instructor</i>	<i>All ranks (adjusted)</i>
1966-67—comparison institutions ¹ -----	\$18,242	\$11,849	\$9,074	\$7,263	\$11,905
Current University of California salaries	\$17,122	\$11,789	\$9,182	\$6,985	\$11,613
Governors Budget Salary Recommendation:					
Average amount per faculty member -----					\$292
Percent -----					2.5

¹ Estimated 1966-67 combined weighted averages for Harvard, Yale, Princeton, Columbia and the University of Michigan.

The annual salary survey of the CCHE also determined that significant differences exist between the University of California and the five comparable institutions regarding the dollar value (cost) of fringe benefits. Fringe benefits cost from \$1,319 to \$2,600 per faculty member at the comparable institutions and \$996 at the University of California. The CCHE report recommends that additional fringe benefits or an additional salary increase equal to 5.6 percent would be necessary to counterbalance the current differential in fringe benefits.

The Governor's Budget states that no provisions have been included to provide additional salary increases to make up for differences in fringe benefits because to do so would be contrary to established state policy and might establish a precedent for all state service classifications.

We recommend approval of 2.5-percent salary increase for academic classifications at the University of California at an estimated cost of \$2,873,000. Verification of the basis for deriving the specific amounts requested in the budget will be made by us prior to legislative hearings on this subject.

Nonacademic Salaries

Salary increases for nonacademic classifications generally are related to increases in comparable classifications in California's civil service. Nonacademic salary increases should not result in salary ranges in excess of ranges of comparable civil service positions established by the State Personnel Board.

We recommend that any legislative action regarding civil service salary increases also apply to nonacademic salary increases for University of California personnel.

**Provision for Salary Increases
CALIFORNIA STATE COLLEGES**

ITEM 315 of the Budget Bill

Budget page 1032

**FOR SUPPORT OF SALARY INCREASES
FROM THE GENERAL FUND**

Amount requested -----	\$8,943,551
TOTAL RECOMMENDED REDUCTION -----	\$500,000

Provision for Salary Increases—California State Colleges—Continued

Summary of Recommended Reductions

	Amount	Page	Line
Academic classes -----	\$500,000	1033	29

This item consists of a proposed \$6,732,817 increase in faculty salaries, a \$2,099,910 increase in nonacademic classes and \$110,824 for special inequity adjustments.

Academic Salaries

The Coordinating Council for Higher Education (CCHE) prepared reports on faculty salaries, fringe benefits, selected faculty data and supplementary income in response to Senate Concurrent Resolution No. 51 of the 1965 General Session. This Senate concurrent resolution endorsed a study prepared by the Legislative Analyst which outlines specific types of faculty salary, fringe benefit and other data to be prepared for the Governor and the Legislature every year on consistent bases. This year's "Annual Report on Faculty Salaries and Recruitment" by the CCHE substantially complies with the legislative directive. Subsequently, a special CCHE report on supplementary faculty employment, based on an independent faculty survey conducted by the System Development Corporation, was also issued.

The Governor's Budget recommends a 6.6-percent salary increase for California State College faculty to achieve parity with combined averages of the following 10 institutions: Brooklyn, Pomona, Colorado State University, Rutgers, Southern Illinois University, Purdue, Bowling Green, Occidental, Carleton and Wesleyan. This recommendation is also based on findings of the annual salary report of the Coordinating Council for Higher Education, the data from which is summarized as follows:

California State Colleges						
Faculty Salary Comparisons by Rank						
	Professor	Associate professor	Assistant professor	Instructor	All ranks (adjusted)	
1966-67—comparison institutions ¹ -----	\$15,113	\$11,512	\$9,321	\$7,527	\$11,322	
Current California State College salaries	\$14,136	\$10,836	\$8,700	\$7,452	\$10,620	
Governor's Budget salary increase recommendation						
Average amount per faculty member -----						\$702
Percent -----						6.6

¹ Estimated 1966-67 combined weighted averages for Brooklyn, Pomona, Colorado State, Rutgers, Southern Illinois, Purdue, Bowling Green, Occidental, Carleton and Wesleyan.

The above 6.6-percent salary increase recommendation is based on data available as of November 18, 1965. It is our understanding that actual rather than estimated information was received from Southern Illinois, Purdue and Bowling Green in January 1966 which reduces the salary increase needed to achieve parity to 6.1 percent.

We recommend approval of a 6.1-percent salary increase for California State College faculty at an approximate cost of \$6.1 million for a reduction of approximately \$500,000 from the \$6,732,817 contained

Provision for Salary Increases—California State Colleges—Continued

in the Governor's Budget. Verification of the basis for deriving the specific amounts requested in the budget will be made by us prior to legislative hearings on this subject.

The Governor's Budget does not include any recommendations relating to fringe benefits or salary increases in lieu of fringe benefits for the California State College faculties. The annual salary report of the CCHE states that the average dollar value of fringe benefits is 0.9 percent higher at the 10 comparison institutions than the California State Colleges.

Nonacademic Salaries

Proposed increases for nonacademic classes parallel requested salary increases for California's civil service, thus our recommendations relating to state employee salary increases also apply to California State College nonacademic classes.

We recommend that any legislative action regarding civil service salary increases also apply to nonacademic salary increases for California State College personnel.

RESERVE FOR CONTINGENCIES—EMERGENCY FUND

ITEM 316 of the Budget Bill

Budget page 1035

FOR SUPPORT OF THE EMERGENCY FUND TO BE EXPENDED ONLY UPON WRITTEN AUTHORITY OF THE DEPARTMENT OF FINANCE FROM THE GENERAL FUND

Amount requested	\$1,000,000
Appropriated by the 1965 Budget Act	1,000,000
Increase	None
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS AND RECOMMENDATIONS

The Emergency Fund provides a source from which the Department of Finance can allocate funds to state agencies for expenses which result from unforeseen contingencies and which are not covered by appropriations made by law. The item also includes a proposal, as it has in prior years, for authority to make loans to agencies whose operations would be curtailed due to delayed receipt of reimbursements or revenues. The authorization for loans for 1966-67 is for \$750,000, the same as that for 1964-65, as increased by Chapter 250, Statutes of 1965. In prior years the amount was \$500,000. Interest would be charged on loans made to special funds.

The amount proposed, \$1,000,000, amounts to a token request since total allocations from the fund have exceeded the budgeted amount in 8 of the last 10 years, including every year since 1959-60, and deficiency appropriations have been necessary. For the current year, the Department of Finance indicates a deficiency appropriation of \$5,400,000 will be requested to augment the \$1,000,000 appropriated for the fund in the Budget Act of 1965.

It also indicates that an additional deficiency appropriation will be requested for \$367,338, to augment the \$1,000,000 appropriated by the

Reserve for Contingencies—Emergency Fund—Continued

budget act of 1964, as augmented for \$3,739,162 by Chapter 250, Statutes of 1965.

The history of funds appropriated, amounts allocated to agencies and deficiency appropriations, starting with 1954-55 is shown below:

Contingency Fund, Appropriations and Allocations, 1954-55 to 1966-67

<i>Fiscal year</i>	<i>Appropriated</i>	<i>Allocated to agencies</i>	<i>Deficiency appropriation</i>
1954-55 -----	\$1,614,858	\$806,840	--
1955-56 -----	1,000,000	879,777	\$220,234
1956-57 -----	1,000,000	1,089,345	500,000
1957-58 -----	1,500,000	561,342	--
1958-59 -----	1,000,000	995,925	--
1959-60 -----	1,000,000	2,123,785	1,325,839
1960-61 -----	1,000,000	1,212,920	340,000
1961-62 -----	1,000,000	3,675,690	3,200,000
1962-63 -----	1,000,000	2,010,668	1,500,000
1963-64 -----	1,000,000	4,297,640	4,750,000
1964-65 -----	1,000,000	5,106,500	3,739,162
Proposed -----			367,338
1965-66 -----	1,000,000	5,912,485 (est.)	
Proposed -----			5,400,000
1966-67 (Proposed) -----	1,000,000		

For 1965-66, it is estimated that allocations from the fund will total \$5,912,485, all of which will be used for state operations. Loans during the current year will total \$200,000 for the Second District Agricultural Association. The major expense items, those for over \$100,000, account for 77 percent of the allocations expected in 1965-66. These major items are listed below:

Assembly:	
Legislative printing -----	\$210,000
Governor's Office:	
Governor's commission on the Los Angeles riot expenses -----	100,000
State Teachers' Retirement System:	
Enabling legislation to support one-half of the system from the State Teachers' Retirement Fund failed passage -----	448,481
Board of Equalization:	
Additional workload resulting from the enactment of AB 1, 1965 First Extraordinary Session -----	487,299
Health and Welfare:	
Implement medical assistance program -----	1,221,000
Industrial Relations:	
Reorganization of Industrial Accident Commission -----	210,025
Military Department:	
Watts riot expense -----	807,639
Department of Conservation:	
Emergency fire suppression and detection -----	900,000
Unallocated:	
Additional workmen's compensation benefits for state employees -----	150,000
Total -----	\$4,534,494

None of the expenditures being financed in 1965-66 from the Emergency Fund have been subject to legislative review. Where appropriate,

Reserve for Contingencies—Emergency Fund—Continued

we comment upon expenditures by individual agencies in the analysis of the budget request of the agency.

We recommend approval as budgeted.

AUTOMATIC DATA PROCESSING ALLOCATIONS

ITEM 317 of the Budget Bill

Budget page 1043

FOR SUPPORT OF AUTOMATIC DATA PROCESSING ALLOCATIONS FROM THE SEVERAL FUNDS

Amount requested	\$1,295,034
Recommended for further legislative review	\$1,295,034

GENERAL PROGRAM STATEMENT

In January 1964 the Director of Finance set up a steering committee of top-level state management, headed by the Director of the Department of Employment to study problems relating to automatic data processing (ADP) in state government on an overall basis. This committee, in a report issued November 30, 1964, recommended a permanent Automatic Data Processing Advisory Committee (ADPAC) which was established early in 1965. ADPAC has sponsored and completed a number of studies and developed a list of long-range objectives for the state in the field of ADP. To insure proper coordination with long-range objectives as well as compatibility with existing installations all proposals for new or increased ADP installations except that incorporated in Item 307 have been incorporated in this single item.

To the extent that any are approved the money will be allocated to the various agencies by the Department of Finance only upon a clear showing that proper ground work has been laid for implementation of the proposals and that they are in accord with overall state objectives in this field.

Pursuant to a recommendation in the November 30, 1964, steering committee report the 1965 Legislature authorized the establishment of a high-level position in the Department of Finance to advise the director on policy and plans for overall development of ADP systems in state service, and it is to be assumed that this position will play a large part in administration of any allocations proposed by this budget item which may be approved by the Legislature. The position will be titled Special Assistant, Department of Finance (Systems and ADP), at a salary range of \$1,490-1,810, and plans for conducting an appropriate civil service examination on a nationwide nonpromotional basis to fill the position are in process as this is written.

ANALYSIS AND RECOMMENDATIONS

Eighteen agency proposals are included in this item and five funds are proposed as sources of support. The funds and amounts are as follows:

Automatic Data Processing Allocations—Continued

General Fund -----	\$886,326
Insurance Fund -----	16,000
Real Estate Fund -----	16,000
Motor Vehicle Fund -----	261,708
Professional and Vocational Standards Fund -----	165,000
Total -----	\$1,295,034

Table 1 gives a summary of the proposed allocations by agency and department, which are discussed in detail on budget pages 1043 to 1046.

Due to the timing of the budgetary process and the magnitude and newness of this request, we propose to defer analysis and recommendations until additional information is made available. To secure such information, we have requested from the Department of Finance an explicit, objective, and quantified statement of goals, end products, and means of achievement. It is our belief that this proposal cannot be either adequately or realistically reviewed without information which would provide, at minimum, a cost-benefit statement which would set forth in some detail the relationship between the cost and the use which can be made of the product. It is significant that cost benefit or cost-effectiveness techniques are usually an integral and indispensable component of systems analysis.

While in principal we are prepared to support the kind of effort represented by the automatic data processing proposal, it is essential that information be presented in its support which is both measurable and subject to independent verification without being unduly technical.

Table 1
Automatic Data Processing Allocations as Proposed,
1966-77, by Agency and Department

<i>Agency and department</i>	<i>Amount</i>
General and administration	
Department of General Services—system analysis -----	\$99,236
Department of General Services—communications services ---	25,543
Secretary of State -----	66,736
State Personnel Board -----	49,442
	<hr/>
	\$240,957
Corrections	
Department of Youth Authority -----	38,400
Department of Corrections -----	57,600
	<hr/>
	96,000
Education	
Teachers' Retirement System -----	94,604
Higher Education	
University of California—Libraries -----	102,000
Trustees of California State Colleges -----	70,403
	<hr/>
	172,403
Fiscal Affairs	
State Lands Division -----	16,000
Department of Housing and Community Development -----	12,000
	<hr/>
	28,000

Automatic Data Processing Allocations—Continued

Table 1—Continued

Automatic Data Processing Allocations as Proposed,
1966-77, by Agency and Department

<i>Agency and department</i>	<i>Amount</i>
Health and Welfare	
Department of Public Health -----	\$12,991
Department of Social Welfare -----	57,902
Department of Rehabilitation -----	13,332
	<u>84,225</u>
Justice	
Department of Justice -----	120,137
Regulation and Licensing	
Department of Professional and Vocational Standards -----	165,000
Department of Insurance -----	16,000
Department of Real Estate -----	16,000
	<u>197,000</u>
Transportation	
Department of Motor Vehicles -----	261,708
	<u>1,295,034</u>

TORT LIABILITY CLAIMS

ITEM 318 of the Budget Bill

Budget page 1048

**FOR SUPPORT OF THE ADMINISTRATION AND PAYMENT OF
TORT LIABILITY CLAIMS FROM THE GENERAL FUND**

Amount requested -----	\$921,583
Estimated to be expended in 1965-66 fiscal year -----	7,050,000
Decrease -----	<u>\$6,128,417</u>

TOTAL RECOMMENDED REDUCTION ----- None**GENERAL PROGRAM STATEMENT**

In 1963, legislation was enacted prescribing state liability for tortious acts of its employees and officers. Under a program instituted in 1965-66, the state appropriates funds for the payment of nearly all valid claims under \$1 million individually, and purchases risk insurance for the payment of valid claims of from \$1 million to \$50 million. This budget item provides for the payment of the self-insured claims made against all state agencies except the University of California, the Department of Public Works, and a small number of agencies with unique liability problems (state-owned vehicles and aircraft, and facilities of state college dormitories, the San Francisco Port Authority, and agricultural districts). It also provides for costs of administration incurred in the processing of these claims, which amounts are allocated to the responsible agencies, namely the Department of Justice and the Board of Control.

The Department of Justice has the statutory responsibility of paying all claims which it approves. By a ruling of the Board of Control, the Department of Justice also is responsible for the payment of all tort liability claims approved by the Board of Control for which funds are available for payment from this budget act appropriation. Moneys not used for payment of claims revert to the General Fund.

Tort Liability Claims—Continued

ANALYSIS AND RECOMMENDATIONS

In 1965-66, \$7,050,000 was appropriated for the administration and payment of tort liability claims. Of this amount, \$170,470 was given to the Department of Justice and \$8,218 to the Board of Control for the cost of administration, leaving \$6,871,312 available for the payment of claims. Of the latter amount \$6,300,000 was designated for payment of the associated claims arising out of the Yuba City flood disaster of 1955. This left \$571,312 remaining as a fund to pay other types of tort liability claims.

During 1965-66, the Department of Finance approved budget revisions increasing allocations for administrative costs to \$247,007 for the Department of Justice and \$10,788 for the Board of Control, which proportionately reduced the amount of funds available for the payment of claims. Presently, the fund available in the current year for the payment of tort liability claims other than flood claims is \$492,205. It appears that the \$6,300,000 appropriated for the payment of the flood claims will be expended in that amount during the current year. Such claims will not be a part of the 1966-67 workload.

The budget-year proposal includes \$321,583 to meet administrative costs; \$310,795 for the Department of Justice and \$10,788 for the Board of Control. The remaining \$600,000 represents the fund available for payment of claims. This latter estimate represents an increase of \$107,795, or 21.9 percent, over the fund available for the payment of non-flood claims in the current year. *The requested amount appears a reasonable estimate, and we recommend approval.*

LEGISLATIVE CLAIMS

ITEM 319 of the Budget Bill

Budget page 1049

FOR CLAIMS OF THE STATE BOARD OF CONTROL FROM THE SEVERAL FUNDS

Amount requested	\$140,930
Estimated to be expended in 1965-66 fiscal year	115,608
Increase	\$25,322

ANALYSIS

This is the "omnibus claim appropriation" which includes 114 individual items approved for payment by the board of control as of November 16, 1965.

Section 905.2 of the Government Code provides that claims for money or damages in the following categories shall be presented to the board of control:

- “(a) For which no appropriation has been made or for which no fund is available but the settlement of which has been provided for by statute or constitutional provision.
- (b) For which the appropriation made or fund designated is exhausted.
- (c) For money or damages (1) on express contract, (2) for an injury for which the state is liable or (3) for the taking or

Legislative Claims—Continued

damaging of private property for public use within the meaning of Section 14 of Article I of the Constitution.

(d) For which settlement is not otherwise provided for by statute or constitutional provision.”

Claims under (c) (2) for an injury for which the state is liable are normally provided for under tort liability, budget bill Item No. 318, and are included in this item only if omitted from Item 318 through oversight.

The budget presentation on page 1049 gives the detail of the amount requested, by funds. The board of control classified the items into the following 10 groups by subject matter :

<i>Subject matter</i>	<i>Claim Nos.</i>	<i>Amount</i>
1. Outlawed checks, warrants, invoices, un-claimed deposits and wages -----	1- 23	\$1,645.36
2. Refund of taxes, penalties and fees -----	24- 42	36,888.20
3. Reimbursement of funds for shortages arising out of various fiscal transactions -----	43- 56	1,640.57
4. Compensation for services rendered (including reimbursement of revolving funds) -----	57- 78	41,163.87
5. Compensation for services rendered under contract or service agreement -----	79- 86	7,642.35
6. Damage to or loss of property (including lost or damaged clothing) -----	87- 95	34,861.87
7. Injuries -----	96	3,000.00
8. Travel expenses -----	97- 98	743.15
9. Moving and relocation expenses -----	99	313.73
10. Unclassified -----	100-114	13,024.46
Adjustment for rounding by funds -----		6.44
Total -----		\$140,930.00

The adjustment is necessary since appropriations from individual funds are made in even dollars, although claimants are paid the exact amount claimed.

The board of control normally meets twice each month to act on claims and those included in the total of \$140,930 represent only those claims approved between April 28 and November 16, 1965.

Past practice indicates that one or more supplemental listings of claims will be prepared by the board of control covering those approved at subsequent meetings and presented to the Legislature during the current session for inclusion in this item. It also indicates that the Legislature may approve and add claims not included on these lists.

Time does not permit the inclusion in this analysis of a review and appraisal of all of the 114 claims included in this proposed appropriation. The results of such a review will be presented to the appropriate legislative committees at the time this item is heard, a presentation which will also include any claims subsequently approved by the board of control.

At this time, however, we are including a summary of the three largest claims included in the total of 114, which aggregate \$83,990.98 or 60 percent of the total, plus an explanation of the two claims which were approved by the 1965 Legislature but refused payment by the

Legislative Claims—Continued

Controller and are to be reconsidered. The amount of the latter claims is not included in the total of this item.

Included in 2, Refund of Taxes, Penalties and Fees

Title Insurance and Trust Company, Coexecutor of will of Florence C. Robertson, deceased, \$29,362.07. Claimant is seeking refund of an overpayment of inheritance tax. Overpayment allegedly resulted because a credit was not allowed for inheritance taxes paid by the deceased in the estate of her predeceased spouse. A claim for refund was not made until after a court order fixing the amount of the inheritance tax had become final. The Controller's office indicates that it would have stipulated with the taxpayer to set aside the order had the claim for tax credit been submitted prior to the order's becoming final. But since the claim was made after the order became final, the Controller was without power to act upon the claim.

The Controller's office states that an inheritance tax hearing held for the purpose of reviewing the estate's liability, and attended by representatives of all parties involved, developed information relating to the estate of the predeceased husband.

Although it appears that the claimant was negligent in not presenting a timely claim, since the responsibility was his and he was on notice of the possible existence of the credit prior to the court order, it alleges its overpayment partly resulted from failings of the state in two respects: (1) the inadequacy of the inheritance tax form in that it did not provide a space for specifically claiming the credit in question; and (2) the failure of the inheritance tax appraiser and of the department's inheritance tax attorney, after having been put on notice of the possible existence of the credit, to investigate to determine whether the credit was allowable.

Included in 4, Compensation for Services Rendered

Pacific Gas and Electric Company, \$32,001.91. The claimant asks compensation for the cost of constructing a lakeshore riprap (sustaining wall) at the request of the Department of Public Works, to protect state highway 147, on the east shore of Lake Almanor, in Plumas County. The claimant had previously entered into a contract with the state's predecessor in interest, Plumas County, to grant the right-of-way for the highway in consideration for the county's promise that the claimant would not be liable to the county for any damage to the highway occasioned by flooding, erosion or spilling of the lake. The Department of Public Works recommends that the claim be allowed. The only factor precluding payment to claimant of the cost of the work, in the opinion of the Division of Contracts and Rights of Way, is that the work was completed before any contract or agreement could be entered into.

Included in 6, Damage to or Loss of Property

Union Oil Company of California, \$22,627. Claimant asks compensation for repair of its broken oil pipeline and the value of crude oil lost. The damage resulted from an earthslide caused by construction work on the San Joaquin portion of the state water project aqueduct.

Legislative Claims—Continued

The Attorney General's office recommends the claim be allowed, based on a recent California Supreme Court decision. The court held under a similar fact situation that although the governmental agent was not negligent in causing an earthslide, the property owners suffered directly as the result of work planned and performed by the public entity and thus were entitled to recover pursuant to Article I, Section 14, of the California Constitution, which prohibits damaging of private property for public use without just compensation.

Claims Approved by 1965 Legislature But Not Paid by State Controller

Two claims are being resubmitted to the Legislature for reconsideration under the provisions of Section 920.8, Government Code. These claims, Robert F. Galletly, \$634.92, and Roy R. Santin, \$852.06, arose because of a 1961 statute adjusting the retirement benefits of National Guard employees, including the claimants. On the basis of an opinion by the Attorney General that the act was unconstitutional, the 1965 Legislature approved the claims. Payment has been withheld by the State Controller on the ground that the statute should be followed until and unless declared unconstitutional by the courts.

A memorandum opinion of the Superior Court for Sacramento County, issued in September 1965, upholds the constitutionality of the statute. It is not expected that the Legislature will act on the resubmitted claim until after the constitutional question is finally determined on appeal.

WORKMEN'S COMPENSATION BENEFITS FOR STATE EMPLOYEES

ITEM 320 of the Budget Bill

Budget page 1050

FOR SUPPORT OF WORKMEN'S COMPENSATION BENEFITS FOR STATE EMPLOYEES FROM THE GENERAL FUND

Amount requested	\$3,380,000
Estimated to be expended in 1965-66 fiscal year	3,160,000
Increase (6.9 percent)	\$220,000

TOTAL RECOMMENDED REDUCTION..... None

GENERAL PROGRAM STATEMENT

This appropriation is made annually by the Legislature to provide for the payment of workmen's compensation benefits to state employees of General Fund supported agencies and the administrative costs of the State Compensation Insurance Fund associated with processing those industrial injury indemnity claims.

In the table below are shown the annual actual costs of this program through fiscal year 1964-65 and the estimated projection of costs from 1965-66 through fiscal year 1968-69.

Workmen's Compensation Benefits for State Employees—Continued

<i>Fiscal year</i>	<i>Cost</i>	<i>Increase over prior year</i>
1960-61	\$2,027,245	--
1961-62	2,225,195	9.7%
1962-63	2,415,750	8.5
1963-64	2,730,424	13.0
1964-65	3,013,039	10.3
1965-66 *	3,160,000	4.8
1966-67 *	3,380,000	6.9
1967-68 *	3,650,000	8.0
1968-69 *	3,942,000	8.0

* Estimated.

These annual costs are not the total annual industrial injury indemnity costs of the state as the special fund agencies and the University of California budget these costs as part of the cost of operating each agency.

ANALYSIS AND RECOMMENDATIONS

Providing compensation for state employees of General Fund agencies who are injured in the course of their employment is the state's manner of complying with the workmen's compensation law of the state. In effect the state is a self-insurer using the State Compensation Insurance Fund as its agent to accept and process claims for industrial accident indemnity for a fee fixed by agreement at 12.5 percent of the value of the claims.

The budget for the program as prepared by the State Compensation Insurance Fund for 48 General Fund agencies is proposed at \$3,380,000, an increase of \$220,000 over the current year. It is noted that in 1964-65 and 1965-66 an allocation from the Emergency Fund was necessary to meet unanticipated increases in the dollar value of paid claims.

We understand the Department of Finance with the cooperation of other key agencies is endeavoring to develop a new section of the *State Administrative Manual* to provide a new management approach for this program. As the details of this new approach are not firm we strongly recommend that it include among its provisions the establishment of a departmental experience rating plan for workmen's compensation benefits in order that management performance can be measured or compared with the end view of improving the experience ratings of all departments.

We recommend approval of this program as budgeted.

WORKMEN'S COMPENSATION BENEFITS FOR SUBSEQUENT INJURIES

ITEM 321 of the Budget Bill

Budget page 1052

FOR SUPPORT OF WORKMEN'S COMPENSATION BENEFITS FOR SUBSEQUENT INJURIES FROM THE GENERAL FUND

Amount requested	\$900,000
Estimated to be expended in 1965-66 fiscal year	828,000
Increase (8.7 percent)	\$72,000

Workmen's Compensation Benefits for Subsequent Injuries—Continued

TOTAL RECOMMENDED REDUCTION----- None

Summary of Policy Options

Interim study of an alternate manner of funding this disability indemnity program.

GENERAL PROGRAM STATEMENT

This appropriation is made annually by the Legislature to provide the funds from which the State Compensation Insurance Fund pays injury benefits, administrative charges and fees and costs of the Attorney General related to the indemnification of those industrially injured citizens of the state who have suffered a prior ratable industrial injury.

The table below indicates the annual expenditures in support of this program, the numbers of claims submitted, and the outstanding liability as of the end of the fiscal year.

Subsequent Injury Statistics			Outstanding liability
Years	Expenditures	Claims	(in millions)
1961-62 -----	\$702,806	108	\$6.8
1962-63 -----	652,860	94	7.6
1963-64 -----	657,534	135	8.7
1964-65 -----	746,129	139	11.4
1965-66 *	848,000	--	--
1966-67 *	900,000	--	--

* Estimated

A review of the above statistics together with the amounts by which the appropriation exceeded or failed to meet expenditures in the past 10 actual expenditure years reveals no firm basis on which to evaluate the program in terms of either claims or expenditures, as it appears the particular nature of individual claims governs the amounts of the expenditure.

ANALYSIS AND RECOMMENDATIONS

This benefit payment program for those workers suffering a second disabling industrial injury has as one of its paramount objectives the reduction of an employer's liability for indemnification of industrial injuries suffered by an employee who has suffered a prior disabling industrial injury. This substantially removes the liability aspect as a reason for denying employment to individuals in this category.

The program plan for the budget year is to continue this statutory activity of the acceptance and processing of subsequent injury claims as they occur in the manner required by law.

The State Compensation Insurance Fund has requested a total amount of \$900,000, an 8.7 percent increase over the current year's estimated expenditure of \$828,000. It should be noted that the latter includes a \$53,000 allocation from the Emergency Fund.

The fund estimates that the requested amount will be expended as follows: Benefits \$735,100; service charges \$36,700 (or 4.99 percent of the benefits paid), Attorney General charges \$128,200.

We recommend approval as budgeted.

**Workmen's Compensation Benefits for Subsequent Injuries—Continued
POLICY OPTION**

We recommend that consideration be given to an interim legislative study of an alternate manner of funding this annual expenditure from the General Fund as offered by ACA 72 of the 1961 General Session the effect of which would have been to relieve the General Fund of support of the program.

**TEMPORARY LOANS TO GENERAL FUND FROM CALIFORNIA WATER FUND
ITEM 322 of the Budget Bill**

ANALYSIS

This item, which is similar to Item 284 of the Budget Act of 1965, would authorize temporary transfers from the California Water Fund to the General Fund in the event the cash position of the General Fund would require such transfers. Under the terms of Section 16310 of the Government Code transfers made from special funds to the General Fund, upon a determination of necessity by the Governor, Controller, and Treasurer, are to be returned to the fund from which transferred as soon as there is sufficient money in the fund to return it. This section also provides that no transfers can be made which will interfere with the object for which a special fund was created.

Section 16310.5, added by Chapter 1861, Statutes of 1961, provides, in effect, that interest must be paid by the General Fund on any such temporary transfers from the California Water Fund at a rate determined to be that which the money borrowed would earn if otherwise invested. An appropriation to cover such interest payments is made by Item 312 of the current budget bill.

Since this authorization is in the nature of temporary, contingent financing only, we recommend approval.

**AID TO AREAS OF POVERTY AND RACIAL TENSION
ITEMS 323 and 324 of the Budget Bill Budget page 1052**

**FOR AID TO AREAS OF POVERTY AND RACIAL TENSION
FROM THE GENERAL FUND AND THE DEPARTMENT
OF EMPLOYMENT CONTINGENT FUND**

Amount Requested:	
From the General Fund	\$20,318,300
From the Department of Employment Contingent Fund	1,900,000
Total	\$22,218,300
Estimated to be expended in 1965-66 fiscal year	None
Increase	\$22,218,300
Increase to improve level of service	\$22,218,300

TOTAL RECOMMENDED REDUCTION..... Unresolved

ANALYSIS AND RECOMMENDATION

The budget proposes funds for several new programs to be implemented in concentrated areas of poverty and social tension as a result

Aid to Areas of Poverty and Racial Tension—Continued

of recommendations contained in the McCone Commission Report on civil disturbance in Los Angeles.

The budget proposes the following funds:

General Fund	\$20,318,300
Department of Employment Contingent Fund	1,900,000
Federal funds	19,377,000
Total	\$41,595,300

The budget states that "these special programs are designed to cope with the problems of law enforcement, employment, training and re-training, education, health and welfare and rehabilitation in these areas."

As of the preparation of this analysis, the Governor's office and the Department of Finance have not presented to us the programs to which reference is made in the budget document.

We can make no recommendation at this time since we have been presented no program to analyze.

LOCAL ASSISTANCE

Department of Agriculture

COUNTY AGRICULTURAL COMMISSIONERS

ITEM 325 of the Budget Bill

Budget page 1054

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

Amount requested	\$171,600
Estimated to be expended in 1965-66 fiscal year	171,556
Increase (0.0 percent)	\$44

TOTAL RECOMMENDED REDUCTION None

ANALYSIS AND RECOMMENDATION

This item appropriates funds under the authority of Section 635 of the Agricultural Code, which authorizes the Director of Agriculture to enter into cooperative agreements with any county for the purpose of increasing the salary of the county agricultural commissioner in recognition of enforcement of the provisions of the Agricultural Code at the county level. The state's contribution is limited to two-thirds of each salary or \$3,300, whichever is less. Fifty-two counties are now participating in this program and the funds requested in this item provide the maximum contribution of \$3,300 to the salary of each commissioner.

Approval is recommended.