

CONTROL SECTIONS**SECTION 3 OF THE BUDGET BILL****RECOMMENDATION****Disapproval.**

This section authorizes the Director of Finance, with the approval of the Public Works Board, to invest any funds in the School Land Fund in the acquisition of real properties for sites for state construction. A limitation of \$5,000,000 to be invested "at any one time" is expressed in the section. The amount so borrowed from the School Land Fund is to be repaid to the fund from subsequent appropriations for construction of the facility for which the site is acquired.

The section also appropriates \$150,000 from the General Fund for the payment of interest to the School Land Fund for any amounts so invested.

Although a policy has been established of constructing state facilities by borrowings from state funds, it should be pointed out that existing policy for construction of state facilities through revenue bonds or certificates given to trustees of state funds is limited to specific legislative approval of each project. To the extent that this authorization might be used for the purchase of sites for projects not previously approved by the Legislature, the Legislature could be committed to the project and to the location. For this reason we do not recommend approval. The language of the section also does not appear to express an overall limitation upon the extent of borrowings from the School Land Fund, but rather a limitation on the amount at any one time.

SECTION 4 OF THE BUDGET BILL**RECOMMENDATION**

We recommend approval of this section.

This section provides that all capital outlay appropriations from all funds, for major construction or acquisition shall be subject to the provisions of Section 15790 of the Government Code. This in effect requires that every project be first approved by the Public Works Board before expenditures can be made from the appropriations. This is the continuation of a long-standing policy of the Legislature.

SECTION 5 OF THE BUDGET BILL**RECOMMENDATION**

We recommend approval of this section.

This section continues a long-established policy of the Legislature which requires that all major projects first receive preliminary plan approval from the Public Works Board before working drawings can be started. Also, it requires that no bids may be requested for construction where the working drawings have been requested to be reviewed by the Department of Finance and their approval and release has not first been given. The section also provides that no substantial changes may be made in working drawings from the basic preliminary plans as approved by the Department of Finance and the Public Works Board. Finally, it provides that no equipment money may be spent without prior approval of the Department of Finance. The University of California is specifically exempted from the control of this section.

Control Sections

SECTION 6 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This section is similar to Section 4.1 which was added to the Budget Act of 1957 for the purpose of giving legislative approval to the active policy of the University of California, whereby it used savings from capital outlay appropriations for augmentation of other capital outlay projects already approved by the Legislature which were short of funds for various reasons. The section also specifically provides that such savings may not be used in furtherance of projects which have not been specifically authorized by the Legislature. The section also requires that the Regents of the University of California submit to the Public Works Board a report of all allocations of savings.

SECTION 7 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This section continues the policy first established by the Legislature in 1956 by Section 5.5 in the Budget Act of that year, which authorized the Division of Architecture to expend appropriations in advance of their July 1st availability by the use of the Revolving Fund. Such prior expenditures must have the approval of the Public Works Board and the Department of Finance. The purpose of the section is to speed up the process of developing working drawings after preliminary plans are available and approved.

SECTION 8 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This item would extend by one more year from June 30, 1958 to June 30, 1959 the availability for expenditure of certain prior appropriation items which would otherwise expire on June 30, 1958. These items all require this extension in time primarily because of various difficulties which were encountered in the development of the projects involved. For example, the first item in the list is for Fricot Ranch School for Boys Item 289b of the Budget Act of 1951, which was an initial appropriation of \$25,000 to start the replacement of the existing open water ditch with a permanent pipe line. This would have been the first increment of a series of probably five increments. No expenditure has been made from this item principally because of extremely complex easement and right-of-way problems that exist which must all be cleared up before construction equipment can get into the otherwise inaccessible area. The other items in the list were held up for many other reasons, all of them which we believe to be legitimate and justifiable.

Control Sections

SECTION 9 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This section would extend the availability of three specific items, one from the Budget Act of 1953, one from the Budget Act of 1955 and one from the Budget Act of 1956, all payable from the State College Fund for construction projects. These items were inadvertently not made available for three-year periods as were other items, and delays in expenditure have occurred. This section would extend the availability to June 30, 1959.

SECTION 9.1 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

Item 399 of the Budget Act of 1955 is an augmentation item for construction, improvement and equipment projects payable from the Capital Outlay and Savings Fund. This section would continue the availability of this augmentation to June 30, 1959.

SECTION 10 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This section would extend the availability of the flood relief funds which were appropriated by the Flood Relief Law of 1956; to June 30, 1960. While no further allocations can be made from these funds, certain existing allocations have not yet been claimed, particularly by Humboldt County, because of various delays in the projects involved. The basis for the delays appear to be legitimate and, consequently, the extension of time is justified.

SECTION 11 OF THE BUDGET BILL

RECOMMENDATION

This represents the usual amount necessary for preliminary planning for a project of this size. If the program goes ahead as presently scheduled, we recommend approval.

SECTION 12 OF THE BUDGET BILL

RECOMMENDATION

This section reappropriates the funds made available last year for the Lower San Joaquin River Flood Control Project and the Middle Creek Flood Control Project. These funds were made available from the Flood Control Fund of 1946 for a period of one year. Because the work has been delayed, not all of the funds have been expended and are, therefore, being made available for expenditure in the next fiscal year.

We have recommended in Budget Item 428 that the funds for Middle Creek Flood Control Project be reverted to the General Fund. If this is the decision of the Legislature, the reference to subitem "c" in this section should be deleted.

Control Sections

SECTION 13 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

The Budget Act of 1957 provided a series of appropriations from bond funds for the construction of state college dormitories. These appropriations were for the entire cost of each dormitory with the understanding that half of the cost would be covered by a loan from the Federal Government which would be repaid to the Federal Government by the state colleges from proceeds of the operation of the dormitories. Consequently, this section covers the transfer of these federal funds into the State Construction Program Fund where it will be deposited in the unallocated portion. The net result of these actions will be that 50 percent of the cost of the dormitories will be borne by the State as an out-right grant and 50 percent will be financed by the Federal Government to be repaid by the colleges from proceeds resulting from the operation of the dormitories.

SECTION 14 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

There remains in the original appropriation contained in the Flood Control Fund of 1946 an unreverted balance of \$1,081 from the Fresno Stream Group. The language of Section 14 reverts this money within the Flood Control Fund of 1946.

SECTION 15 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

Chapter 1587 of the Statutes of 1957 authorized the construction of an office building in Sacramento to the extent of \$6,126,600 on the basis of trust certificates against state trust funds. The new budget bill includes a proposal to construct this office building at a cost in excess of \$12,000,000 for a larger structure than was originally contemplated. Therefore, this section now proposes to completely eliminate the earlier appropriation so that the new one can substitute in its entirety.

SECTION 16 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

The basic source of funds for the Veterans Dependents' Education Fund is the State Lands Act Fund. Up until several years ago the annual transfer from the State Lands Act Fund was \$150,000 instead of the \$300,000 which is the current authorization. At that time, there were several occasions when the \$150,000 annual transfer was inadequate to cover the demands on the Veterans Dependents' Education Fund. As a result executive order transfers were made from the General Fund to the extent of a total of \$49,120. This section now proposes to recover those advances made by the General Fund and reimburse the General Fund accordingly.

Control Sections

SECTION 17 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

Item 422 of the Budget Act of 1957 appropriated that sum of money from the General Fund which was needed to make the Capital Outlay and Savings Fund solvent against the appropriations for construction projects which were made by the Legislature. It is now proposed that certain of these appropriations will not be expended, consequently, to that extent the transfer from the General Fund does not have to be made.

SECTION 18 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section transfers \$32,792.58 from the State Water Pollution Control Fund and \$27,674.79 from the Soil Conservation Development Fund to the General Fund representing the interest which has been earned on idle money within these funds during periods that this idle money was invested in the Surplus Money Investment Fund. This transfer does not cover interest paid into these respective funds by borrowers. The transfer of this money is another bookkeeping transaction to provide funds which will assist in balancing the budget for the next fiscal year.

SECTION 19 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

Chapter 9 of the Statutes of 1956, First Extraordinary Session, authorized that \$10,000,000 from the State Lands Act Fund be established as a lending fund to assist local state governments in repairing flood damages. Up to the final effective date for making such loans only approximately \$400,000 had been requested. Nevertheless, the Controller had withheld from the State Lands Act Fund the full \$10,000,000 in anticipation that it might be called upon. As a consequence, this money did not receive the usual distribution to the General Fund and the State Park and the State Beach Funds. Since this flood damage loan fund is no longer required, this section seeks to make the distribution of the remaining balance of approximately \$9,500,000 in the same manner as would have occurred if the Legislature had not set aside this amount for lending purposes.

SECTION 20 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section provides for a transfer from bond sinking funds to the General Fund of amounts in excess of that needed to retire an issue of \$3,000,000 of 1913 Sacramento State Building Bonds which mature in 1965. The amount estimated for transfer is \$744,835.

Control Sections

SECTION 21 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section is similar to one contained in the Budget Bill last year which provides for transfer from the Revenue Deficiency Reserve Fund, the so-called Rainy Day Fund, to the General Fund as needed during the fiscal year to avoid the use of registered warrants or borrowings from other funds and to maintain the solvency of the General Fund. Revenues as estimated in the budget will be insufficient to balance the General Fund without using all but approximately \$500,000 of this fund, and this language, therefore, is necessary to make the fund available for this purpose.

SECTION 22 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This section 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, 1957, and July 1, 1958, except with the specific approval of the Director of Finance subsequent to July 1, 1958.

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 1959 Regular Budget Session of the Legislature. A report of positions authorized to be filled and positions abolished pursuant to this section is also required.

SECTION 23 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section allows the university and the state colleges to incur salary obligations in the amount of \$1,500,000 (university) and \$1,500,000 (state colleges) by appointment of staff in 1958-59 for 1959-60. The intent of the authorization is to assist in maintaining current academic standards and faculty-student ratios relative to expanding enrollments. This is a problem which is peculiar to the educational institutions in that recruitment is based on annual commitments and the ability to recruit in advance of actual availability of funds. It assists the State in securing the most qualified academic personnel at minimum salary cost.

SECTION 24 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section provides that the Department of Finance must investigate and establish the necessity for the acquisition or replacement of motor vehicles. It provides that all passenger automobiles shall be of the light class, except for constitutional officers or unless the Director of Finance determines that unusual requirements would justify a heavier class automobile.

Control Sections

SECTION 25 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section establishes the same restriction of light automobiles for the Department of Public Works as is provided by Section 24.

SECTION 26 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section prohibits the purchase of furnishings for any house or apartment of three or more rooms other than a dormitory, except for a superintendent of an institution, warden, or physician.

SECTION 27 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section prohibits expenditure of funds appropriated by this act for employee cafeterias in state office buildings unless expressly authorized in this act.

SECTION 28 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section restricts expenditures for rugs or carpets for state offices.

SECTION 29 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section interprets the meaning of the words, terms and phrases contained in the categorical schedules of the Budget Act items. The section also restricts expenditures from appropriations made in the Budget Act to categories or projects set forth in the Budget Act schedule, except as otherwise provided in other sections of the Budget Act.

SECTION 30 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This section authorizes the Director of Finance, upon the request of an agency to which an appropriation is made, to transfer amounts between categories or between projects designated in any schedule of an item of appropriation. The section provides further that the Director of Finance shall present to the Joint Legislative Budget Committee assembled in meeting a report on all authorizations given pursuant to this section during the preceding quarter.

SECTION 31 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This section permits the Director of Finance to augment appropriations in the Budget Act where additional amounts are received from state, local, or Federal Government agencies or other sources, which are in excess of the amount considered in determining such an appropriation. Conversely, it permits the Director of Finance to reduce appropriations in the same manner.

Control Sections

SECTION 32 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval of this section.

This section permits the payment of premiums for official bonds covering a period in excess of one fiscal year.

SECTION 33 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section 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, is deemed an augmentation and increase of the appropriation made by the Budget Act.

SECTION 34 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section provides that appropriations under this act shall be expended in accordance with the allotments and other provisions of fiscal year budgets approved by the Department of Finance. Provision is made for Salary Savings Reserve.

SECTION 35 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section prohibits officers of state agencies who receive appropriations in the Budget Act from making expenditures in excess of such appropriations without the consent of the Department of Finance.

SECTION 36 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section provides that if any item in this act is eliminated or vetoed by the Governor it will not affect the other appropriations in the act.

SECTION 37 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This is a savings clause to protect the Budget Act should a portion of it be declared unconstitutional.

SECTION 38 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section provides that the Budget Act shall take effect immediately as prescribed under the provisions of Section 1 of Article IV of the State Constitution.

SECTION 39 OF THE BUDGET BILL

RECOMMENDATION

We recommend approval.

This section declares the Budget Act of 1958 an urgency measure and defines the urgency, for purposes of immediate effect as provided in Section 38.