

MISCELLANEOUS**265 WORKMEN'S COMPENSATION BENEFITS FOR STATE EMPLOYEES**

ITEM 270 of the Budget Bill

Budget page 615

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

Amount requested	\$1,762,000
Estimated to be expended in 1958-59 Fiscal Year	1,550,000
Increase (13.7 percent)	\$212,000

TOTAL RECOMMENDED REDUCTION None**ANALYSIS**

The State is a self-insurer for workmen's compensation insurance purposes. The State Compensation Insurance Fund administers the details of processing claims and paying benefits.

The cost of workman's compensation benefits for state officers and employees whose salaries are paid from the General Fund is estimated at \$1,550,000 for the budget year. This is an increase of \$212,000 or 13.7 percent over the amount estimated to be expended in the current year. The estimated expenditures for the current year include a \$150,000 proposed deficiency appropriation. The compensable injury experience of various state agencies obviously is not consistent on the basis of the actual costs shown in the budget for 1957-58. An example of this is found in the costs of this item as between the state hospitals administered by the Department of Mental Hygiene. These cost differences may well reflect either an inconsistent administration of the program or deficiencies in the application of safety principles as between or within agencies. This may well be the subject of administrative study and reform, however, on the basis of actual experience, the budget request appears reasonable and we recommend approval.

Miscellaneous**266 WORKMEN'S COMPENSATION FOR SUBSEQUENT INJURIES**

ITEM 271 of the Budget Bill

Budget page 617

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

Amount requested	\$885,000
Estimated to be expended in 1958-59 Fiscal Year	760,000
Increase (16.4 percent)	\$125,000

TOTAL RECOMMENDED REDUCTION None**ANALYSIS**

The fund is established to pay workmen's compensation benefits for permanent disabilities resulting from industrial injuries to employees who have previously suffered another specific permanent disability. The intent of the law is to encourage the employment of handicapped persons by relieving the employer of liability for the effects of a combination of injuries, some of which do not result from the hazards of his business.

Workmen's Compensation for Subsequent Injuries—Continued

Prior to the amendments of 1955 (Chapter 1092, Statutes of 1955) any pre-existing permanent disability which, when combined with a current compensable injury, resulted in a combined total permanent disability rating of 70 percent or more became a liability of the subsequent injury fund. The 1955 amendments were designed to limit the liability of the fund:

1. To cases where the subsequent injury was related to a previous disability of an opposite and corresponding member of the body,
2. Or to cases where the permanent disability resulting from the subsequent injury accounted for 40 percent or more of the total disability,
3. By preventing payment from the fund of certain duplicating payments on account of the pre-existing disability,
4. And to prohibit the computation of payments from the fund to a lump sum.

The 1955 amendments were limited to a two-year period which was extended another two years (until 1959) by amendments enacted in 1957 (Chapter 2061, Statutes of 1957) to Sections 4751 and 4753 of the Labor Code. The effect of these amendments has been to slow the rate of growth of the State's liability.

We recommend consideration be given to making the limitations contained in the present amendment permanent.

All of the statements and recommendations which have been made in the previous analysis dealing with the Department of Industrial Relations with respect to making these functions self-financing as a cost of insurance, and thereby basically an employer cost related to workmen's compensation insurance, have equal application to the General Fund cost of payments for subsequent injuries.

In view of court interpretation of the existing California law on this subject, it is probable that a constitutional amendment would be required. We recommend that such an amendment be considered by the Legislature which would authorize payments for subsequent injury liability as a cost of workmen's compensation insurance.

267 REFUND OF LICENSES, TAXES, OTHER FEES AND PAYMENT OF PRIOR JUDGMENTS, LIENS OR ENCUMBRANCES	
ITEM 272 of the Budget Bill	Budget page 618
FOR REFUND OF TAXES, LICENSES AND OTHER FEES FROM THE GENERAL FUND	
Amount requested	\$15,000
Estimated to be expended in 1958-59 Fiscal Year	15,000
Increase	None
TOTAL RECOMMENDED REDUCTION	None
ANALYSIS	

This appropriation request is made to provide funds for repayment of license fees, taxes and other fees which were, through error, collected and deposited in the General Fund. There is no specific provision of

Refund of Licenses, Taxes, Other Fees and Payment of Prior Judgments, Liens or Encumbrances—Continued

law which provides for refunds under these circumstances. This appropriation will also provide funds from which the Attorney General, with the direction of the Department of Finance, may redeem property from prior judgment, lien or encumbrance, under the provisions of Section 12516 of the Government Code.

We recommend approval of this item as budgeted.

268

LEGISLATIVE CLAIMS

ITEM 273 of the Budget Bill

Budget page 618

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

Amount requested	\$81,065
Estimated to be expended in 1958-59 Fiscal Year	463,447
Decrease (82.5 percent)	\$382,382

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

The Board of Control holds hearings and either approves or disapproves claims against the State for which there is no existing provision of law. These claims which are approved are then presented to the next session of the Legislature for final action. In accordance with Section 16020 of the Government Code, the board must transmit a statement of reasons for approval. Cases which have been denied by the board may come directly to the Legislature as individual claims bills. In any event, the Legislature serves in an appellate capacity in these matters.

ANALYSIS

The \$81,065 represents claims that were approved prior to December 1958. Claims that are heard and approved subsequent to this date but prior to final passage of the 1959 Budget Act will be presented and amended into the budget bill. Therefore, the above-stated amount does not truly reflect the figure which will appear in the Budget Act.

PURCHASING REVOLVING FUND

ITEM 274 of the Budget Bill

Budget page 619

FOR AUGMENTATION OF THE PURCHASING REVOLVING FUND FROM THE GENERAL FUND

Amount requested	\$410,000
------------------------	-----------

ANALYSIS

This budget item is for the augmentation of the Purchasing Revolving Fund in order to provide sufficient funds to support the increasing volume of services provided by the Purchasing Revolving Fund Operations of automotive pool operation, purchase and distribution of office supplies, and maintenance and repair of office machines and communications equipment.

We recommend approval of this item.

ITEM 275 of the Budget Bill

ANALYSIS

This item is identical to Item 268 of the Budget Act of 1958. It provides that the State Controller upon approval of the State Board of Control shall transfer to this item, from any appropriation in Section 2 of this act made from the General Fund, that part of such appropriation intended for the purchase of automobiles. These funds shall be available for augmentation of the Purchasing Revolving Fund.

This item provides the machinery whereby funds appropriated from the General Fund to the various state agencies for the replacement of or purchase of additional automobiles may be used to augment the Revolving Fund which finances the Department of Finance car pool.

We recommend approval.

PROVISION FOR SALARY INCREASE FUND

ITEMS 276 and 277 of the Budget Bill

Budget page 621

FOR PROVISION OF SALARY INCREASE FUND
FROM THE GENERAL FUND

Amount requested	\$17,966,627
TOTAL RECOMMENDED REDUCTION	\$138,809

GENERAL SUMMARY

The request for \$17,966,627 from the General Fund for a salary increase fund is being requested to provide a general 5 percent increase for all state employees and includes \$5,013,492 for the University of California. In addition, funds are also included for correcting internal inequities in the salary range structure.

ANALYSIS

The table below shows the breakdown of the proposed \$17,966,627 from the General Fund. Not included is \$1,378,306 in contributions to the State Employees' Retirement Fund.

Civil service classes	\$9,859,268
State colleges	
Academic salaries	1,351,580
Nonacademic salaries	904,343
Statutory positions	138,809
Other exempt positions	171,260
University of California	
Academic salaries	1,881,081
Nonacademic salaries	2,755,411
Provision for special adjustments	
Civil service classes	500,000
Exempt classes	28,875
University employees	207,000
Provision for academic retirement contributions	170,000

Total amount of proposed appropriation	\$17,966,627 ¹
--	---------------------------

¹ Due to a \$1,000 error in the budget the various parts of the breakdown do not add up to the proposed appropriation.

With the above proposed appropriation and the contributions to the State Employees' Retirement Fund, the cost to the General Fund for the proposed salary increase would be \$19,344,933.